



calculate non-firm energy in determining its avoided energy cost. The Company also proposed to replace use of the Dow Jones non-firm Mid-C electricity price index with the Platts non-firm Mid-C electricity price index.<sup>1</sup>

### THE STIPULATION AND SETTLEMENT

The parties met on March 4, 2014, for confidential settlement discussions. The parties reached agreement on all issues. Based upon the settlement discussions, and as a compromise of the respective positions of the parties, the parties agreed to the following terms:

1. The Parties agree to amend the definition of "Avoided Energy Cost" contained in Schedule 86 to state as follows:

Avoided Energy Cost is 82.4% of the monthly arithmetic average of each day's Intercontinental Exchange ("ICE") daily firm Mid-C Peak Avg and Mid-C Off-Peak Avg index prices. Each day's index prices will reflect the relative proportions of peak hours and off-peak hours in the month as follows:

Heavy Load (HL) Hours: The daily hours from hour ending 0700-2200 Mountain Time, (16 hours) *excluding* all hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Light Load (LL) Hours: The daily hours from hour ending 2300-0600 Mountain Time (8 hours), plus all other hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The actual Avoided Energy Cost calculation being:

$$.824 * \left( \sum_{x=1}^n \{(\text{ICE Mid-C Peak Avg}_x * \text{HL hours for day}) + (\text{ICE Mid-C Off-Peak Avg}_x * \text{LL hours for day})\} / (n*24) \right)$$

where n = number of days in the month

If the ICE Mid-C Index prices are not reported for a particular day or days, prices derived from the respective averages of HL and LL prices for the immediately preceding and following reporting periods or days shall be substituted into the formula stated in this definition and shall therefore be multiplied by the appropriate respective numbers of HL and LL Hours for such particular day or days with the result that each hour in such month shall have a related

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<sup>1</sup> McGraw Hill Financial, the publisher of both the Dow Jones and Platts indices, provided notice to the Company that as of September 13, 2013, it was discontinuing publication of the Dow Jones non-firm index and transitioning to use of the Platts non-firm index.

price in such formula. If the day for which prices are not reported has in it only LL Hours (for example a Sunday), the respective averages shall use only prices reported for LL hours in the immediately preceding and following reporting periods or days. If the day for which prices are not reported is a Saturday or Monday or is adjacent on the calendar to a holiday, the prices used for HL Hours shall be those for HL hours in the nearest (forward or backward) reporting periods or days for which HL prices are reported.

Filed as Attachment No. 1 to the Settlement Stipulation is an example of a Schedule 86 avoided cost rate calculation using one month of actual data from the ICE Mid-C daily price index. Filed as Attachment No. 2 to the Settlement Stipulation is a red-lined version of Schedule 86 showing the above-referenced changes.

2. The Parties agree to amend the Firm Energy Sales Agreements (“FESA”) between Idaho Power and each intervening party to reference the ICE index using the same language as, and consistent with, the Schedule 86 language agreed upon herein. Filed as Attachment No. 2 to the Settlement Stipulation are the amendments to the associated Firm Energy Sales Agreement Amendments, signed by Idaho Power and the relevant intervening party, required to effectuate this change to the power sales agreements. The parties jointly recommend approval of each of these contract amendments as part of this Settlement Stipulation.
3. The Parties jointly recommend to the Commission that it allow any existing PURPA qualifying facility (“QF”) that currently has a contract with Idaho Power containing reference to the Dow Jones non-firm Mid-C electricity price index to amend their respective FESAs consistent with the terms agreed to in this Settlement Stipulation and similar to the contract amendments submitted for approval herewith between Idaho Power and the intervening parties, should they choose to do so.

The Settlement Stipulation contains a provision stating that all terms and conditions of the settlement agreement are subject to approval by this Commission and that only after such approval, without material change or modification, has been received shall the settlement agreement be valid.

### **FINDINGS AND CONCLUSIONS**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978

(PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

In this case, the parties entered into a Settlement Stipulation agreement. Our Procedural Rule 276 recognizes that the Commission is not bound by the parties' settlement agreement. The Commission may accept, reject, or amend a proposed settlement. IDAPA 31.01.01.276. The Commission will independently review any settlement to determine whether it is fair, just and reasonable; in the public interest; and otherwise in accordance with law and regulatory policy. *Id.* Furthermore, the proponents of a proposed settlement have the burden of showing that the settlement is reasonable, in the public interest, and otherwise in accordance with law and regulatory policy. IDAPA 31.01.01.275.

The parties assert that the Settlement Stipulation is fair and equitable. The parties maintain that the Settlement Stipulation is a reasonable resolution of all issues related to the Application filed by Idaho Power. The Stipulation further resolves disputed language contained in each intervenor's Firm Energy Sales Agreement. The parties state that it is also in the public interest for the Commission to approve the settlement.

Based upon our review of the record and the Settlement Stipulation presented by the parties, we find that the settlement represents a reasonable compromise of the original positions of the parties. We further find that the changes to both Schedule 86 and the intervenors' Firm Energy Sales Agreements are just and reasonable and in the public interest. We commend the parties for resolving their disputes through settlement negotiations. We also find it reasonable to allow any additional existing PURPA QFs that currently have a contract with Idaho Power containing reference to the Dow Jones non-firm Mid-C electricity price index, should they so choose, to amend their respective agreements consistent with the terms of this Settlement Stipulation and similar to the contract amendments approved by this Order.

### **ORDER**

IT IS HEREBY ORDERED that the Joint Motion of Idaho Power; Commission Staff; J.R. Simplot Company; SE Hazelton A; Fulcrum; BP Hydro Associates; Bypass Power Company; Notch Butte Hydro Company; and Cassia Wind Farm for approval of the Settlement Stipulation is granted.

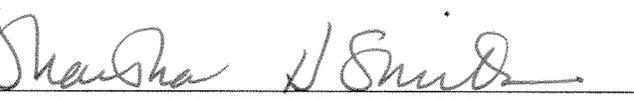
IT IS FURTHER ORDERED that the parties shall comply with all of the terms and conditions contained in the Settlement Stipulation.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10<sup>th</sup> day of June 2014.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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