

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. IPC-E-14-12**  
**OF IDAHO POWER COMPANY FOR )**  
**APPROVAL OR REJECTION OF AN ) NOTICE OF APPLICATION**  
**ENERGY SALES AGREEMENT WITH )**  
**EIGHTMILE HYDRO CORPORATION ) NOTICE OF**  
**FOR THE SALE AND PURCHASE OF ) MODIFIED PROCEDURE**  
**ELECTRIC ENERGY FROM THE )**  
**EIGHTMILE HYDRO PROJECT. ) ORDER NO. 33063**

On May 27, 2014, Idaho Power Company filed an Application requesting that the Commission accept or reject an Agreement between Idaho Power and Eightmile Hydro Corporation (Eightmile Hydro), for the sale and purchase of electric energy generated by the Eightmile Hydro Project. Idaho Power asks that its Application be processed by Modified Procedure.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that, on May 5, 2014, Idaho Power and Eightmile Hydro entered into an Agreement pursuant to the terms and conditions of various Commission Orders applicable to PURPA agreements for non-seasonal hydro projects. Idaho Power states that Eightmile Hydro proposes to operate and maintain a 360 kilowatt (kW) non-seasonal hydro energy facility to be located near Leadore, Idaho. The Company maintains that the project will be a qualified facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act (PURPA).

YOU ARE FURTHER NOTIFIED that, under the terms of the Agreement, Eightmile Hydro elected to contract with Idaho Power for a 20-year term using the non-levelized other published avoided cost rates as currently established by the Commission in Order No. 32817 for energy deliveries of less than 10 average MW (aMW). As defined in paragraphs 1.20 and 4.1.4 of the Agreement, Eightmile Hydro will be required to provide data on the facility that Idaho Power will use to confirm that under normal and/or average conditions, the facility will not exceed 10 aMW on a monthly basis. As described in paragraph 7.5 of the Agreement, should the facility exceed 10 aMW on a monthly basis, Idaho Power will accept the inadvertent energy that

does not exceed the maximum capacity amount, but will not purchase or pay for inadvertent energy.

YOU ARE FURTHER NOTIFIED that Eightmile Hydro has selected August 30, 2014, as the project's Scheduled Operation Date. Various requirements have been placed upon the project in order for Idaho Power to accept energy deliveries from this facility. Idaho Power will monitor compliance with these requirements. Idaho Power will continue to monitor the ongoing requirements throughout the term of the Agreement.

YOU ARE FURTHER NOTIFIED that the Agreement provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Eightmile Hydro. A Schedule 72 Generator Interconnection Agreement (GIA) between Eightmile Hydro and Idaho Power was executed on December 4, 2013. Idaho Power states that PURPA QF generation must be designated as a network resource (DNR) to serve Idaho Power's retail load on its system. In order for the facility to maintain its DNR status and maintain compliance with Idaho Power's non-discriminatory administration of its Open Access Transmission Tariff (OATT) and FERC requirements there must be a power purchase agreement (PPA) associated with its transmission service request.

YOU ARE FURTHER NOTIFIED that Idaho Power explains that the recent hydro agreements are the first hydro-based agreements submitted for approval "that contain revised terms and conditions subsequent to the Commission's final and reconsideration orders from Case No. GNR-E-11-03. As such, the form of the [Agreement] has several terms and conditions that vary from previously approved agreements in order to comply with the Commission's recent orders." Application at 4.

YOU ARE FURTHER NOTIFIED that Idaho Power and Eightmile Hydro also agreed to changes in some standard provisions that the parties now propose for Commission approval. Idaho Power identifies the major changes as follows:

- Change to the definition of "Mid-Columbia Market Energy Cost" to replace reference to the Dow Jones index with reference to the Intercontinental Exchange (ICE) index and formula consistent with the proposed settlement in Case No. IPC-E-13-25<sup>1</sup>;

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<sup>1</sup> This change is relevant to the 90/110 performance requirement. The settlement was approved by the Commission on June 10, 2014. Order No. 33053.

- Addition of definitions and provisions, paragraphs 1.29, 1.38, 1.39, 3.4 and 7.6 to incorporate definitions of “non-seasonal hydro facility” and “seasonal hydro facility” as well as “seasonal hydro facility test periods” to incorporate and maintain separate rates for seasonal and non-seasonal hydro projects and to ensure that seasonal hydro projects perform within the requirements of generating 55 percent of their annual generation in the months of June, July and August;
- Removal of the provisions providing for delay liquidated damages and maintained provisions to provide for delay security and actual delay damages as provided for by the Commission’s adoption of the partial stipulation in Commission Order No. 32697;
- Change to Article VIII, “Environmental Attributes,” to indicate that Eightmile Hydro owns all Environmental Attributes or Renewable Energy Credits/Certificates;
- Change to paragraph 6.2 to allow Eightmile Hydro to adjust the “Initial Year Monthly Net Energy Amounts” on a monthly, rather than quarterly, basis;
- Revision to paragraph 12.4 relating to Scheduled Maintenance; and
- Several other minor revisions in an attempt to add clarity.

YOU ARE FURTHER NOTIFIED that Article 21 of the Agreement provides that the PPA will not become effective until the Commission has approved all terms and conditions and declared that all payments Idaho Power makes to Eightmile Hydro for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **no later than Thursday, July 24, 2014**. The comment must contain a statement of reasons

supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary Idaho Public Utilities Commission PO Box 83720 Boise, ID 83720-0074	Donovan E. Walker Lead Counsel Idaho Power Company PO Box 70 Boise, ID 83707-0070 E-mail: <a href="mailto:dwalker@idahopower.com">dwalker@idahopower.com</a>
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Street Address for Express Mail: 472 W. Washington Street Boise, ID 83702-5918	Randy C. Allphin Energy Contract Administrator Idaho Power Company PO Box 70 Boise, ID 83707-0070 E-mail: <a href="mailto:rallphin@idahopower.com">rallphin@idahopower.com</a>
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These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

**YOU ARE FURTHER NOTIFIED that reply comments may be filed **no later than Thursday, July 31, 2014.****

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the

page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

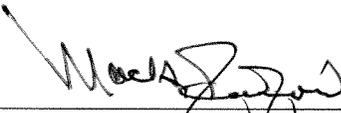
**ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than July 24, 2014.

IT IS FURTHER ORDERED that reply comments be filed no later than July 31, 2014.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25<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

O:IPC-E-14-12\_ks

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NOTICE OF MODIFIED PROCEDURE  
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