

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION)	CASE NO. IPC-E-24-04
STAFF’S APPLICATION TO UPDATE)	
IDAHO POWER COMPANY’S COST OF)	
CAPITAL INPUTS IN THE SURROGATE)	ORDER NO. 36123
AVOIDED RESOURCE METHODOLOGY)	
)	

On January 18, 2024, Commission Staff (“Staff”) applied to the Commission requesting that it issue an order updating inputs to the surrogate avoided resource model (“SAR Model”) used to calculate Idaho Power Company’s (“Company”) published avoided cost rates for qualifying cogeneration and small power production facilities under applicable resource-specific eligibility caps (“Application”). Supplemental materials were filed with the Application including the updated SAR Model and the proposed updated published avoided cost rates. The Application was triggered by the update of the cost of capital from the Company’s most recent general rate case (Case No. IPC-E-23-11). Staff requested the proposed published avoided cost rates be retroactively effective January 1, 2024.

On February 7, 2024, the Commission issued a Notice of Application and Notice of Modified Procedure setting comment and reply deadlines. Order No. 36080. The Company filed comments. Staff did not reply.

Having reviewed the record in this case, we issue this Final Order updating the Company’s published avoided cost rates.

APPLICATION

The Application was filed in accordance with the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and Federal Energy Regulatory Commission (“FERC”) regulations.

Staff stated that “the cost of debt and the capital structure were not specified in [the most recent case]. . . .” Application at 2. Accordingly, Staff proposed to use the Company’s existing capital structure of 49.27 percent common equity and 50.73 percent long-term debt—which was set in Case No. IPC-E-08-10. Using this capital structure, Staff imputed the Company’s cost of debt at 4.96 percent.

Using the Company’s imputed cost of debt of 4.96 percent and a cost of equity of 9.6 percent, Staff updated the Company’s weighted cost of capital and Carrying Charge. Staff also

updated the avoided cost of capacity for energy storage qualifying facilities to reflect the updated cost of capital information.

Staff noted supplemental materials were filed concurrently with the Company's Application including (1) an updated SAR Model; (2) Avoided Cost Rates for new contracts; and (3) Avoided Cost Rates for renewal contracts.

THE COMMENTS

The Company filed comments noting its review and general agreement with Staff's proposed update. Of note, the Company asked that the effective date "should coincide with the issuance of the Commission's final order in this case" rather than Staff's initially proposed January 1, 2024, retroactive effective date. Company Comments at 2. The Company stated that this would avoid creating complications with its current legally enforceable obligations.

COMMISSION FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission has the power to "supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law]." *Idaho Code* § 61-501. The Commission also has authority under PURPA and the implementing regulations of the FERC to set avoided cost rates, to order electric utilities to enter fixed-term obligations for the purchase of energy from qualifying facilities, and to implement FERC rules.

Having reviewed the record, we find that Staff correctly calculated the updated published avoided cost rates using the Commission-approved method. We also find that the Company's request to approve this update—effective upon the publication of this Order—is reasonable based on the Company's representations concerning its legally enforceable obligations. Last, we find the proposed SAR-based published avoided cost rates are fair, just, and reasonable and order that these rates, as well as the SAR method model, be approved accordingly.

ORDER

IT IS HEREBY ORDERED that the updated SAR Model and updated published avoided cost rates contained in Staff's Application are approved—effective upon the publication of this Order.

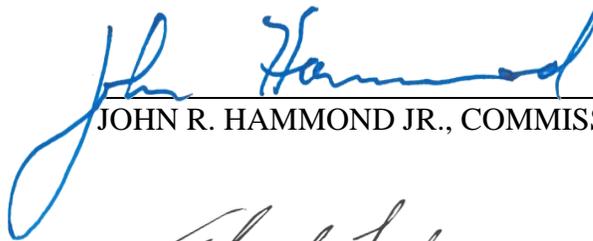
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter

decided in 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 28th day of March 2024.



ERIC ANDERSON, PRESIDENT



JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary

I:\Legal\ELECTRIC\IPC-E-24-04_SAR\IPCE2404_Final_md.docx