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IDAHO PUBLIC UTILITIES COMMISSION

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|----------------------------------|---|----------------------------|
| IN THE MATTER OF THE APPLICATION |) | |
| OF IDAHO POWER COMPANY FOR |) | CASE NO. IPC-E-19-38 |
| APPROVAL OR REJECTION OF AN |) | |
| ENERGY SALES AGREEMENT WITH BIG |) | MOTION FOR APPROVAL OF |
| WOOD CANAL COMPANY FOR THE SALE |) | FIRST AMENDMENT TO |
| AND PURCHASE OF ELECTRIC ENERGY |) | ENERGY SALES AGREEMENT |
| FROM THE SAGEBRUSH HYDRO |) | IN COMPLIANCE WITH ORDER |
| PROJECT. |) | NO. 34677 OR ALTERNATIVELY |
| |) | FOR CLARIFICATION AND/OR |
| |) | RECONSIDERATION |
| |) | |

Idaho Power Company ("Idaho Power"), in accordance with RP 53, 56, 325, 331, and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), hereby respectfully moves the Idaho Public Utilities Commission ("Commission") for an order accepting or rejecting the First Amendment ("Amendment") to the Energy Sales Agreement ("ESA") between Idaho Power and Big Wood Canal Company ("Big Wood" or "Seller") under which Big Wood sells and Idaho Power purchases electric energy generated by the Sagebrush hydro project ("Facility") located near the city of Gooding, Idaho. This First Amendment is submitted in compliance with

Commission Order No. 34677, which approved the submitted ESA in this case, but directed that Seller be paid for capacity up to 430 kW, and the incremental 145 kW increase in nameplate capacity not be eligible for capacity payments until Idaho Power becomes capacity deficient, which is 2026.

Idaho Power and Big Wood have executed the submitted Amendment in order to provide the required changes to the approved ESA necessary to provide for payment of a different rate (no capacity) for any hourly delivery of generation in excess of 430 kW. Alternatively, should the Commission desire a different compliance with its Final Order No. 34677, the Company seeks clarification and/or reconsideration of said order for further guidance on compliance.

In support of this Motion, Idaho Power represents as follows:

I. INTRODUCTION AND BACKGROUND

1. Idaho Power and the Seller (jointly, "Parties") entered into an ESA on November 22, 2019, for the purchase and sale of energy produced by the Facility. The ESA is for the purchase of generation from the 575 kW nameplate capacity Sagebrush hydro facility. The ESA is a replacement ESA to an April 1, 1985 ESA for the facility that ran its full term on May 31, 2020. This ESA was approved by the Commission in this case by Order No. 34677, on May 28, 2020.

2. Staff, Big Wood, and Idaho Power all filed Comments in this case. Staff recommended approval of the ESA conditioned upon modifying the avoided cost rates in the ESA, by treating the 145 kW increase in nameplate capacity from 430 kW (which is the nameplate in the expired, 1985 ESA) as a new project that receives capacity payments only after the Company become capacity deficient. *Staff Comments, p 2-3.* Staff proposed a blended avoided cost rate to the Facility's 575 nameplate capacity which used the weighted-average of two sets of rates based on the different nameplate

capacities. *Id.* Big Wood filed comments proposing a netting of output with a different QF facility, and disagreeing with Staff's proposed blended rate proposal. *Wood Hydro Comments*. Idaho Power filed comments agreeing with Staff's recommendation that only the nameplate capacity in the expiring contract be entitled to capacity payments during the Company's current capacity deficiency period. *Idaho Power Reply Comments*, p 2.

3. In Order No. 34677 the Commission approved the ESA but stated, "such approval only allows for the Seller to receive capacity payments for the previous nameplate capacity of the Sagebrush Facility." *Order No. 34677*, p 5.

The Commission finds it reasonable for the Seller to be paid for capacity up to 430 kW for the full term of this renewal ESA. See Order No. 32697 at 21-22. The Commission also finds that the 145 kW increase in capacity for the Sagebrush Facility comes at a time when the Company is not capacity deficient. This "new" capacity is analogous to a new QF whose output and pricing must be evaluated when an executed energy sales agreement with an electric utility is filed with the Commission for review. Therefore, the Commission finds that the Seller shall not receive capacity payments for the 145 kW increase to the nameplate capacity of the Sagebrush Facility until the Company becomes capacity deficient.

Id., p 5-6. The Commission also rejected Big Wood's proposed netting with another QF facility, and Staff's proposed blended rate. *Id.*, p 6.

II. THE AMENDMENT

4. Subsequent to Commission Order No. 34677, Idaho Power verified that it has the capability and was able to obtain hourly meter data for the Facility and administer the contract so that on an hourly basis, it can pay one rate that contains both capacity and energy for any generation delivered by the Facility up to 430 kW, and that it could apply a different rate (that does not contain capacity) for any incremental generation delivered over 430 kW. In order to administer both rates in the approved ESA, an

Amendment was necessary to provide an additional rate schedule, as well as some language adjustments to effectuate the two different rates approved by the Commission in Order No. 34677.

5. The Amendment provides the additional and proper rate tables as Appendix H, as well as the additional required language adjustments to Articles 1.8, 7.4, 7.5, 7.6, and Appendices E and F, as set forth in the First Amendment to the Energy Sales Agreement Between Idaho Power Company and Big Wood Canal Company. The Amendment to the ESA was executed by Big Wood on June 16, 2020, and by Idaho Power on June 17, 2020. The Amendment does not otherwise change any of the obligations of the Parties set forth in the ESA. A copy of the Amendment is attached to the Application as Attachment 1 and is subject to the Commissions approval.

III. PROCEDURE

6. Idaho Power believes that the First Amendment can be considered and approved or rejected by the Commission without further procedure as a compliance filing with the requirements of Final Order No. 34677. Alternatively, should the Commission desire a different method of compliance than that presented by the First Amendment, then Idaho Power seeks either Clarification and/or Reconsideration with the appropriate process as directed by the Commission.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

6. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

Donovan E. Walker
Lead Counsel
Idaho Power Company

Energy Contracts
Idaho Power Company
1221 West Idaho Street (83702)

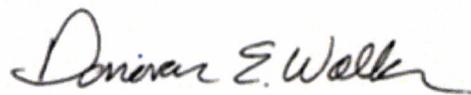
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
dockets@idahopower.com

P.O. Box 70
Boise, Idaho 83707
energycontracts@idahopower.com

V. REQUEST FOR RELIEF

7. Idaho Power respectfully requests that the Commission issue an order accepting or rejecting the First Amendment between Idaho Power and the Seller in compliance with Order No. 34677.

Respectfully submitted this 18th day of June 2020.



DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 18th day of June 2020 I served a true and correct copy of the within and foregoing MOTION FOR APPROVAL OF FIRST AMENDMENT TO ENERGY SALES AGREEMENT IN COMPLIANCE WITH ORDER NO. 34677 OR ALTERNATIVELY FOR CLARIFICATION AND/OR RECONSIDERATION upon the following named parties by the method indicated below, and addressed to the following:

John Hammond Jr.
Deputy Attorney General
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

email to: john.hammond@puc.idaho.gov

David Stephenson
Big Wood Canal Company
409 N. Apple Street
Shoshone, Idaho 83352

email to: davidstephenson@cableone.net

Ted Sorenson
Wood Hydro LLC
1032 Grandview Drive
Ivins, UT 84738

email to: ted@sorenson.net

C. Thomas Arkoosh
Arkoosh Law Offices
802 W. Bannock St.
Suite LP 103
P.O. Box 2900
Boise, ID 83701

email to: tom.arkoosh@arkoosh.com



Christy Davenport, Legal Assistant

**FIRST AMENDMENT
TO THE
ENERGY SALES AGREEMENT
BETWEEN
IDAHO POWER COMPANY
AND
BIG WOOD CANAL COMPANY**

This First Amendment of the Energy Sales Agreement (“First Amendment”) is entered into on this 17th day of June 2020, by and between Idaho Power Company, an Idaho corporation (“Idaho Power”), and Big Wood Canal Company, a non-profit Idaho canal company (“Seller”) (individually a “Party” and collectively the “Parties”).

WHEREAS, Idaho Power and the Seller hold an Energy Sales Agreement (“ESA”) dated November 22, 2019, for the purchase and sale of generation produced by the Sagebrush Hydro PURPA Qualifying Facility (“Facility”). The ESA contains Idaho Public Utilities Commission (“Commission”) published avoided cost prices for a replacement ESA; and

WHEREAS, Appendix B of the ESA identifies that the Facility has increased the Nameplate Capacity to 575 kilowatts (“kW”), an increase of 145 kW from the Nameplate Capacity previously approved by the Commission in the Party’s original firm energy sales agreement that expired May 31, 2020; and

WHEREAS, on May 28, 2020, the Commission approved the ESA in Order No. 34677, which states, “The Commission finds it reasonable for the Seller to be paid for capacity up to 430 kW for the full term of this renewal ESA. ...the Commission finds that the Seller shall not receive capacity payments for the 145 kW increase to the nameplate capacity of the Sagebrush Facility until the Company becomes capacity deficient”; and

WHEREAS, Seller and Idaho Power desire to amend the ESA to include the appropriate published avoided cost appendices for pricing generation delivered by the Facility to Idaho Power applicable to the 145 kW increase in Nameplate Capacity.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

1. **Incorporation of Recitals.** The above-stated recitals are incorporated into and made a part of this ESA by this reference to the same extent as if these recitals were set forth in full at this point.

2. **Article I.** The following section of Article I shall be modified as written below:

1.8 “Delay Price” – The current month’s Mid-Columbia Market Energy Cost minus the current month’s All Hours Energy Price specified in Appendix E ~~and~~, F ~~and~~ H of this Agreement. If this calculation results in a value less than zero (0), the result of this calculation will be zero (0).

3. **Article VII.** Sections 7.4, 7.5 and 7.6 of Article VII of the ESA shall be deleted in their entirety and replaced with the following sections as written below:

7.4 Base Energy Heavy Load Purchase Price – For all Base Energy received up to 430 kW during Heavy Load Hours, Idaho Power shall pay the monthly non-levelized Base Energy Heavy Load Purchase Price as specified in Appendix E or F. For all Base Energy received between 431 kW and 575 kW during Heavy Load Hours for calendar years 2020-2025, Idaho Power pay the monthly non-levelized Base Energy Heavy Load Purchase Price as specified in Appendix H. For all Base Energy received between 431 kW and 575 kW during Heavy Load Hours for calendar years 2026 through the remaining term of the ESA, Idaho Power pay the monthly non-levelized Base Energy Heavy Load Purchase Price as specified in Appendix E or F.

7.5 Base Energy Light Load Purchase Price – For all Base Energy received up to 430 kW during Light Load Hours, Idaho Power shall pay the monthly non-levelized Base Energy Light Load Purchase Price as specified in Appendix E or F. For all Base Energy received between 431 kW and 575 kW during Light Load Hours for calendar years 2020-2025, Idaho Power pay the monthly non-levelized Base Energy Light Load Purchase Price as specified in Appendix H. For all Base Energy received between 431 kW and 575 kW during Light Load Hours for calendar years 2026 through the remaining term of the ESA, Idaho Power pay the monthly non-levelized Base Energy Light Load Purchase Price as specified in Appendix E or F.

7.6 All Hours Energy Price – The price to be used in the calculation of the Surplus Energy Price and Delay Price shall be the monthly non-levelized All Hours Energy Price in Appendix E or F for generation received up to 430 kW, and the All Hours Energy Price in Appendix H for generation received between 431 and 575 kW for calendar years 2020-2025. For calendar years 2026 through the remaining term of the ESA, the price to be used in the calculation of the Surplus Energy Price and Delay Price shall be the monthly non-levelized All Hours Energy Price in Appendix E or F.

4. **Appendix E, F and H.** Appendix E and Appendix F of the ESA shall be modified as written below and the ESA shall include a new Appendix H.

APPENDIX E

SEASONAL HYDRO FACILITY ENERGY PRICES

(Prices based on the Maximum Capacity Amount of ~~575-430~~ kW (Years 2020-2025) and 575 kW (Years 2026-remaining Term), Non-Fueled Rates)

APPENDIX F

NON-SEASONAL HYDRO FACILITY ENERGY PRICES

(Prices based on the Maximum Capacity Amount of ~~575-430~~ kW (Years 2020-2025) and 575 kW (Years 2026-remaining Term), Non-Fueled Rates)

APPENDIX H

SEASONAL AND NON-SEASONAL HYDRO FACILITY ENERGY PRICES
WITHOUT CAPACITY, YEARS 2020 THROUGH 2025
(Prices based on the Maximum Capacity Amount of 575 kW, Non-Fueled Rates)

H-1 Base Energy Heavy Load Purchase Price – For all Base Energy received during Heavy Load Hours, Idaho Power will pay the non-levelized energy price in accordance with Commission Order No. 34350 effective June 1, 2019, and seasonalization factors applied:

| Year | Season 1 - (73.50 %) Mills/kWh | Season 2 - (120.00 %) Mills/kWh | Season 3 - (100.00 %) Mills/kWh |
|------|-----------------------------------|------------------------------------|------------------------------------|
| 2020 | 23.53 | 38.42 | 32.02 |
| 2021 | 23.75 | 38.78 | 32.31 |
| 2022 | 24.79 | 40.47 | 33.72 |
| 2023 | 26.52 | 43.30 | 36.08 |
| 2024 | 28.66 | 46.80 | 39.00 |
| 2025 | 30.77 | 50.23 | 41.86 |

H-2 Base Energy Light Load Purchase Price – For all Base Energy received during Light Load Hours, Idaho Power will pay the non-levelized energy price in accordance with Commission Order No. 34350 effective June 1, 2019, and seasonalization factors applied:

| Year | Season 1 - (73.50 %) Mills/kWh | Season 2 - (120.00 %) Mills/kWh | Season 3 - (100.00 %) Mills/kWh |
|------|-----------------------------------|------------------------------------|------------------------------------|
| 2020 | 18.18 | 29.68 | 24.74 |
| 2021 | 18.40 | 30.04 | 25.03 |
| 2022 | 19.44 | 31.73 | 26.44 |
| 2023 | 21.17 | 34.56 | 28.80 |
| 2024 | 23.31 | 38.06 | 31.72 |
| 2025 | 25.42 | 41.50 | 34.58 |

H-3 All Hours Energy Price – The price to be used in the calculation of the Surplus Energy Price and Delay Damage Price shall be the non-levelized energy price in accordance with Commission Order 34350 effective June 1, 2019, and seasonalization factors applied:

Season 1 - (73.50 %) Season 2 - (120.00 %) Season 3 - (100.00 %)

| Year | Mills/kWh | Mills/kWh | Mills/kWh |
|------|-----------|-----------|-----------|
| 2020 | 21.15 | 29.68 | 24.74 |
| 2021 | 21.37 | 30.04 | 25.03 |
| 2022 | 22.41 | 31.73 | 26.44 |
| 2023 | 24.14 | 34.56 | 28.80 |
| 2024 | 26.28 | 38.06 | 31.72 |
| 2025 | 28.39 | 41.50 | 34.58 |

5. **Commission Approval.** The obligations of the Parties under this First Amendment are subject to the Commission’s approval of this First Amendment and such approval being upheld on appeal, if any, by a court of competent jurisdiction. The Parties will submit this First Amendment to the IPUC and request approval or rejection in its entirety pursuant to RP 274.

6. **Effect of Amendment.** Except as expressly amended by this First Amendment, the ESA shall remain in full force and effect.

7. **Capitalized Terms.** All capitalized terms used in this First Amendment and not defined herein shall have the same meaning as used in the ESA.

8. **Scope of Amendment.** This First Amendment shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, executors, administrators, successors, and assigns, who are obligated to take any action which may be necessary or proper to carry out the purpose and intent thereof.

9. **Authority.** Each Party represents and warrants that (i) it is validly existing and in good standing in the state in which it is organized, (ii) it is the proper party to amend the ESA, and (iii) it has the requisite authority to execute this First Amendment.

10. **Counterparts.** This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be duly executed as of the date above written.

BIG WOOD CANAL COMPANY

IDAHO POWER COMPANY

By:  _____

By: _____

Name: David Stapleton _____

Name: _____

Title: Manager _____

Title: _____

Date: 6-16-2020 _____

Date: _____

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be duly executed as of the date above written.

BIG WOOD CANAL COMPANY

IDAHO POWER COMPANY

By: _____

By: Tom J Harvey

Name: _____

Name: Tom J Harvey

Title: _____

Title: VP Power Supply

Date: _____

Date: 6/17/20