

DONOVAN E. WALKER (ISB No. 5921)  
Idaho Power Company  
1221 West Idaho Street (83702)  
P.O. Box 70  
Boise, Idaho 83707  
Telephone: (208) 388-5317  
Facsimile: (208) 388-6936  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER FOR APPROVAL OR	)	CASE NO. IPC-E-19-01
REJECTION OF AN ENERGY SALES	)	
AGREEMENT WITH J.R. SIMPLOT	)	IDAHO POWER COMPANY'S
COMPANY – POCATELLO	)	RESPONSE TO THE FIRST
COGENERATION AND SMALL	)	PRODUCTION REQUEST OF
PURCHASED POWER PROJECT	)	THE COMMISSION STAFF
	)	

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COMES NOW, Idaho Power Company (“Idaho Power” or “Company”), and in response to the First Production Request of the Commission Staff to Idaho Power Company dated January 24, 2019, herewith submits the following information:

**REQUEST NO. 1:** Page 3 of the Application states that “Under the terms of this ESA, Simplot elected to contract with Idaho Power for a three-year term using the non-levelized, non-seasonal hydro published avoided cost rates as currently established by the Commission in Order No. 34062 dated May 16, 2018, for replacement contracts and for energy deliveries of less than 10aMW.” Please confirm whether the term “non-seasonal hydro” is correct. Please provide an explanation.

**RESPONSE TO REQUEST NO. 1:** The term “non-seasonal hydro” on page 3 of the Application is not correct. The prices contained in the Energy Sales Agreement (“ESA”) with J.R. Simplot Company (“Simplot”) are the current non-levelized “other” published avoided cost rates.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 2:** Order No. 29632 requires a 48-hour minimum forced outage requirement to discourage unreasonable numbers of forced outage declarations that could result in a burdensome amount of accounting and contract administration activities. Please confirm that parties agree to apply the 48-hour minimum requirement to both forced outage and force majeure events even though the Commission order only requires it to be applied to forced outages.

**RESPONSE TO REQUEST NO. 2:** As stated in the Application, Simplot asked that the process for requesting a Seller Declared Suspension of Energy Deliveries be modified regarding the types of events and the process of declaring a suspension of delivery. Article 12.3 of the ESA, Seller Declared Suspension of Energy Deliveries, has been updated to include events of forced outage and force majeure.

However, Article 14 of the ESA provides further description specific to force majeure and states, “If either Party is rendered wholly or in part unable to perform its obligations under this Agreement because of an event of Force Majeure, both Parties shall be excused from whatever performance is affected by the event of Force Majeure . . . .” Therefore, if an event of force majeure occurs, it would not be subject to a duration of at least 48 hours.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 3:** Page 5 of the Application states, “Simplot requested that the notification of Net Energy Amount monthly adjustments described in paragraph 6.2.3 be reduced from one-month advanced notice to five business days’ notice prior to the upcoming month...Idaho Power agrees that these are reasonable modifications that can be accommodated with Idaho Power’s operations.” Please provide justification and evidence to support why Idaho Power believes (1) it is a reasonable modification, and (2) it can be accommodated with Idaho Power’s operations.

**RESPONSE TO REQUEST NO. 3:** The primary purpose of receiving monthly estimated Net Energy Amounts is to allow for the implementation of the 90/110 provisions found in current ESAs containing published avoided cost prices. The main function of the 90/110 provisions in the state of Idaho’s implementation of the Public Utility Regulatory Policies Act of 1978 (“PURPA”) is to serve as a measure of firmness that establishes a Qualifying Facility’s (“QF”) eligibility for “firm” avoided cost rates determined at the time of contracting or legally enforceable obligation as opposed to “non-firm” avoided cost rates established at the time of generation delivery.

Idaho Power’s monthly Operating Plan and risk management process would not change if the Net Energy Amount notification process is modified as contained in the Simplot ESA, which would require that any changes to monthly Estimated Net Energy Amounts be provided no later than the earlier of the 25<sup>th</sup> day in advance of the month being changed or the last business day prior to the 25<sup>th</sup> day. Idaho Power would continue to forecast generation deliveries from QFs in the same manner it has in the past and would continue to have long-term projections of generation deliveries from projects. The changes as contained in the Simplot ESA make no adjustments to the

way in which future monthly estimated Net Energy Amounts are carried forward to all future months, unless changed by the QF according to the process described in the ESA. Idaho Power's forecasting processes would continue to utilize various sources of data and information in moving from a month-ahead forecast to day-ahead and real-time operations. If a QF can provide estimates of generation deliveries nearer to the month of actual deliveries, it stands to reason that the estimated Net Energy Amount may be more accurate than if it is providing it a month in advance. If a change to a QF's monthly Net Energy Amount is significant, the "at least five days in advance" requirement allows for the minimum amount of time to make any necessary changes to Idaho Power's near-term forecasts/operations.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 4:** Please describe and quantify the benefit that the Company will lose by reducing notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for the Simplot project at issue in this case.

**RESPONSE TO REQUEST NO. 4:** Please see Idaho Power's response to the Idaho Public Utilities Commission ("Commission") Staff's ("Staff") Request No. 3. The Company does not anticipate losing any benefits associated with the change in the Net Energy Amount notification process as contained in the ESA with Simplot but gaining more up-to-date and accurate information and moving the estimates closer to a firm scheduled delivery.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 5:** Does Idaho Power believe it is reasonable and/or appropriate to reduce notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for all existing “other” category of PURPA projects when they renew their contracts? Please explain why or why not.

**RESPONSE TO REQUEST NO. 5:** Idaho Power believes it is reasonable for an ESA that contains 90/110 provisions to allow changes to future estimated Net Energy Amounts the earlier of the 25<sup>th</sup> day of the month in advance of the month being changed or by the last business day before the 25<sup>th</sup> day.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 6:** Does Idaho Power believe it is reasonable and/or appropriate to reduce notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for all new “other” category of PURPA projects? Please explain why or why not.

**RESPONSE TO REQUEST NO. 6:** Please see Idaho Power’s response to Staff’s Request No. 5.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.



**REQUEST NO. 7:** Does Idaho Power believe it is appropriate to reduce notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for all new seasonal hydro, non-seasonal hydro, solar, and wind PURPA projects? Please explain why or why not.

**RESPONSE TO REQUEST NO. 7:** Please see Idaho Power's response to Staff's Request No. 5.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 8:** Does Idaho Power believe it is appropriate to reduce notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for all existing seasonal hydro, non-seasonal hydro, solar, and wind PURPA projects when they renew their contracts? Please explain why or why not.

**RESPONSE TO REQUEST NO. 8:** Please see Idaho Power's response to Staff's Request No. 5.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 9:** Please describe and quantify the benefits that the Company will lose by reducing notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month for both new contracts and existing contracts of all resource types.

**RESPONSE TO REQUEST NO. 9:** Please see Idaho Power's response to Staff's Request No. 4.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 10:** Does Idaho Power believe it should allow existing PURPA contracts that are not up for renewal to reduce notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month, as it did in Case Nos. IPC-E-15-11, IPC-E-15-21, and IPC-E-15-22? Please explain why or why not.

**RESPONSE TO REQUEST NO. 10:** Yes. Please see Idaho Power's response to Staff's Request No. 5. It should also be noted that a change to an existing contract would require a Commission-approved amended contract.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 11:** In Idaho Power's view, what effect, if any, do the clauses found in the Applications in Case Nos. IPC-E-17-14, IPC-E-18-04, and IPC-E-18-09 have on the need for a QF to request an amendment to the 90-110 provisions in the QFs' contracts from Idaho Power? In Idaho Power's view, would Idaho Power need to file an amendment with the Commission in order to effectuate the five-day notice provision in these contracts?

**RESPONSE TO REQUEST NO. 11:** Idaho Power believes that pursuant to the descriptions of disagreement in the Applications relating to 90/110 provisions found in the ESAs subject to the case numbers noted above, that if the Net Energy Amount notification process in the ESA with Simplot is changed, then the QFs party to the ESAs from Case Nos. IPC-E-17-14, IPC-E-18-04, and IPC-E-18-09 may request to enter into amendments to change the Net Energy Amount notification process in a similar way, which amendments would require Commission approval in order to have any force or effect.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 12:** Is Idaho Power aware of any other Applications that contain similar language as referenced in the above Request No. 11?

**RESPONSE TO REQUEST NO. 12:** Idaho Power will be filing two applications this week: one for Koyle Hydro Inc. (“Koyle Hydro”) and one for Wood Hydro, LLC (“Wood Hydro”) both of which are replacement ESAs for existing small hydro PURPA QFs. Koyle Hydro’s ESA contains the same provisions for changes to future estimated Net Energy Amounts by the earlier of the 25<sup>th</sup> day the month in advance of the month being changed or the last business day before the 25<sup>th</sup> day. Wood Hydro’s ESA contains the previously approved provisions providing for changes to future estimated Net Energy Amounts a month in advance of the month being changed. Out of a desire to expedite review of its replacement ESA, Wood Hydro chose not to include provisions for Net Energy Amount changes by the 25<sup>th</sup> of the month but would like to change to those provisions should the Commission approve of that change for other contracts. This may require an amended contract, should that change be approved by the Commission, and if Wood Hydro desires such provisions.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 13:** The “Answer to Interrogatory No. 2” of “Idaho Power Company’s Answers and Responses to J.R. Simplot’s First Interrogatories, Requests for Admission, and Requests for Production to Idaho Power Company” in Case No. IPC-E-18-07 describes how estimates of generation on a monthly basis are used in the monthly Operating Plan, which is part of the Company’s risk management process. Please describe how reducing notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month would affect the monthly Operating Plan and the risk management process in general.

**RESPONSE TO REQUEST NO. 13:** Please see Idaho Power’s response to Staff’s Request No. 3.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

**REQUEST NO. 14:** The “Response to Request for Admission No. 1” of “Idaho Power Company’s Answers and Responses to J.R. Simplot’s First Interrogatories, Requests for Admission, and Requests for Production to Idaho Power Company” in Case No. IPC-E-18-07 states that “there is an entire process of estimating generation from the month-ahead through the day-ahead, and into real time required to serve load and balance the system, for which a QF’s monthly estimates are used.” Please describe the impacts of reducing notification of Net Energy Amount monthly adjustments from one-month advanced notice to five-day advanced notice prior to the delivery month on the month-ahead level, the day-ahead level, and the real-time level.

**RESPONSE TO REQUEST NO. 14:** Please see Idaho Power’s response to Staff’s Request No. 3.

The response to this Request is sponsored by Michael Darrington, Energy Contracts Leader, Idaho Power Company.

DATED at Boise, Idaho, this 5<sup>th</sup> day of February 2019.



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DONOVAN E. WALKER  
Attorney for Idaho Power Company



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5<sup>th</sup> day of February 2019 I served a true and correct copy of IDAHO POWER COMPANY'S RESPONSE TO THE FIRST PRODUCTION REQUEST OF THE COMMISSION STAFF upon the following named parties by the method indicated below, and addressed to the following:

**Commission Staff**

Edward Jewell  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington Street (83702)  
P.O. Box 83720  
Boise, Idaho 83720-0074

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email [edward.jewell@puc.idaho.gov](mailto:edward.jewell@puc.idaho.gov)

**J.R. Simplot Company**

Gregory M. Adams  
RICHARDSON ADAMS, PLLC  
515 North 27<sup>th</sup> Street (83702)  
P.O. Box 7218  
Boise, Idaho 83707

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email [greg@richardsonadams.com](mailto:greg@richardsonadams.com)

General Counsel  
Don Sturtevant  
J.R. Simplot Company  
P.O. Box 27  
Boise, Idaho 83707

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email [james.alderman@simplot.com](mailto:james.alderman@simplot.com)  
[don.sturtevant@simplot.com](mailto:don.sturtevant@simplot.com)

  
Christa Beary, Legal Assistant