

REQUEST NO. 1: The footnote on Page 5 of the Petition lists five circumstances under which the 90/110 rule was adopted. Does the Petitioner agree with any or all of these statements? Please explain.

RESPONSE TO REQUEST NO. 1: In answering this request as a courtesy to the Commission Staff (“Staff”), the responding parties do not waive the following objection:

Pursuant to IDAPA 31.01.01.221, the scope of discovery allowed before the Idaho Public Utilities Commission (“PUC”) coincides with that allowed pursuant to Idaho Rule of Civil Procedure 26. The scope of discovery allowable in I.R.C.P. 26 has limits, those being discovery limited to non-privileged matter that is relevant to the proceeding. The purpose of citing the five changes of circumstances cited by Idaho Power Company in its record in Order No. 69632 to support its reasons to require estimates within a 90/110 performance band was to emphasize those changes of circumstances, whether real or not, and of whatever magnitude, did not provide a relevant reason or basis for requiring estimates within a 90/110 performance band or suffer punitive prices for the failure to accurately do so.

Respondent answers each of the footnote 1 contentions as follows:

Footnote 1 (1) Wholesale markets have standardized the terms and conditions of wholesale firm energy transactions. As a result, wholesale firm energy purchases from creditworthy counterparties are now generally accepted as a prudent and cost-effective way of meeting a portion of a utility’s resource needs.

ANSWER: These responding parties have no information as to the time period over which the wholesale market has been said to improve, making impossible a judgment of whether the

pricing.

Footnote 1 (3) Transmission constraints require that Idaho Power more precisely anticipate its needs for firm energy imports.

ANSWER: These responding parties agree Idaho Power Company must accurately anticipate its needs for firm energy imports. These responding parties do not agree this is a change of circumstances or that this circumstance is relevant to avoided cost pricing. These responding parties would point out that by its consistent nature, small hydro is firm energy.

Footnote 1 (4) The growing prominence of intermittent generating technologies, such as wind and solar, require a new approach in the Company's PURPA contracting procedures.

ANSWER: These responding parties do not have sufficient information to agree or disagree with this statement. Whether Idaho Power Company has adopted available technology to accommodate the variability of wind and solar, or must instead accommodate the variability via contract provisions, is not, however, relevant to firm hydropower avoided cost pricing.

Footnote 1 (5) The Company's increased use of firm market purchases as hedges to manage risk escalates the importance of predictable resource availability.

ANSWER: These responding parties disagree with this statement. The more available firm market purchases become, the less necessary and relevant the predictability of other resource availability becomes.

REQUEST NO. 3: Please categorize the root causes that prevent QF projects from meeting the 90/110 requirement and provide project examples that fall under each category.

RESPONSE TO REQUEST NO. 3: Although overall, as a group, small hydro PURPA provides Idaho Power Company a consistent amount of electricity, each individual operator is asked, under the 90/110 regime, to guess the effect of weather and their neighbor's water demands. The underlying assumption for all small hydro in Idaho is that each is affected by weather and irrigation water demand and supply, and reliable interconnection service from their utility.

Idaho manages its water rights conjunctively, i.e., by recognizing that groundwater and surface water are one water source. Thus, by law, the consumptive use of water by irrigators and others has an effect upon water available to connect and conjunctively manage small hydro water rights, which effects often or not known 30 days in advance. Further, water supply is obviously affected by weather, both concerning water accumulation in the winter and heat, or lack thereof, causing irrigation demand in the summer.

Numerous variables play upon available water supply, beginning with stored water accumulating in the winter. Bureau of Reclamation manages most of the larger storage facilities in Idaho and Wyoming that affect overall water supply in the responding parties' projects. The interplay between Bureau of Reclamation's flood control management and the demands upon storage and natural flow by irrigators, particularly canal companies and irrigation districts, determines what water becomes available to small hydro water rights. Thus, the supply of water available to a small hydro water right is constrained by weather and irrigation (stored precipitation in the winter and heat and water demand in the summer).

There are other non-motive force reasons why QF projects are prevented from meeting the 90/110 requirement. Interconnection and/or transmission outages can prevent a QF from

REQUEST NO. 4: Please list the projects that are or should be able to consistently comply with the 90/110 contract provisions. For each project, please provide a detailed explanation why these projects are more predictable and more able to comply with the 90/110 requirements.

RESPONSE TO REQUEST NO. 4: These responding parties are not aware of any projects that are or should be able to consistently comply with the 90/110 contract provisions.

All projects holding non-consumptive water rights remain subject to weather and conjunctively managed consumptive water rights. See above.

Some projects are obviously less susceptible than others. For instance, the project that exists at the “end of the ditch” or is reliant upon only waste water will suffer more uncertainty than a project located on a main canal. But even the most secure projects will estimate conservatively in order not to breach the 90% threshold and be paid a punitive price on all electricity delivered in a month.

Further, all projects suffer uncertainty on the “shoulders” of the irrigation season; that is, generally the months of April and September, when irrigation commences and ceases via fits and starts. During this time, Idaho Power’s load from irrigation pumping is reduced and does not need the power.

While there is no list of projects that has confidence to consistently meet the 90/110 estimate requirements without artificially low estimates, the small hydros as a whole conglomerate does produce consistently.

DATED this 28th day of June, 2018.

ARKOOSH LAW OFFICES



C. Tom Arkoosh
Attorney for Idahydro & Shorock Hydro, Inc.

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 28th day of June 2018, I served a true and correct copy of the foregoing document(s) upon the following person(s), in the manner indicated:

Diane Hanian	<input checked="" type="checkbox"/>	U.S. Mail, Postage Prepaid
Commission Secretary	<input type="checkbox"/>	Overnight Courier
Idaho Public Utilities Commission	<input type="checkbox"/>	Hand Delivered
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Hourly Generation vs Demand
From June 22, 12 AM To June 25, 1 PM

