

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 24, 2012**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 30, 2012

DATE: January 13, 2012

TO: Public Utility Commission

FROM: Brittany Andrus

THROUGH: Bryan Conway, Maury Galbraith, and Marc Hellman

SUBJECT: IDAHO POWER COMPANY: (Advice No. 11-17) Revises Schedule 88, Solar Photovoltaic Pilot Program.

STAFF RECOMMENDATION:

I recommend the Commission allow Idaho Power Company's (IPCO or Company) Advice No. 11-17 to go into effect on January 30, 2012, and grant the request for a waiver of statutory notice.

DISCUSSION:

On December 30, 2011, IPCO filed Advice No. 11-17 which proposed tariff revisions to Schedule 88, Solar Photovoltaic Pilot Program. The proposed change deleted Terms and Conditions No. 14 pertaining to insurance requirements, and adjusted the insurance section of the contract between IPCO and the program participants.

On January 12, 2012, the Company submitted a supplemental filing proposing to revise and continue having general language regarding the insurance requirement in Schedule 88, Terms and Conditions No. 14. The filings request an effective date of January 30, 2012. Because the supplemental filing was received less than 30 days before the proposed effective date, the Company also filed a Utility Less than Statutory Notice Application on January 12, 2012.

The Solar Photovoltaic Pilot Program was established pursuant to Commission Order 10-198, docket number UM 1452, effective May 28, 2010. The pilot program was established at Pacific Power, Portland General Electric (PGE), and IPCO to demonstrate the use and effectiveness of volumetric incentive rates and payments for electricity delivered by solar photovoltaic energy systems. The administrative rules

necessary to implement the program were defined under the companion docket AR 538.

OAR 860-084-0300, titled "Insurance," states that, "A contracted system must obtain liability insurance in order to interconnect with the electric company's distribution system." A "contracted system," as defined in OAR 860-084-0010, "means an eligible system under contract in the solar photovoltaic pilot program."

The Company's supplemental filing proposes replacing Schedule 88 Terms and Conditions #14 with more general language. Schedule 88 currently specifies the following:

- Type of coverage and liability limits,
- Minimum A.M. Best Company rating,
- Inclusion of endorsement naming Idaho Power as additional insured and loss payee, and
- Provision to give Idaho Power 60 days notice prior to cancellation or reduction in limits.

The proposed tariff language is as follows: "Participants are required to meet general liability insurance requirements as contained in the applicable Oregon Solar Photovoltaic Pilot Program Energy Sales Agreement. Liability insurance shall be maintained for the term of the contract."

In addition to the Terms and Conditions change above, IPCO submitted changes to the insurance section of its Oregon Solar Photovoltaic Pilot Program Energy Sales Agreement, an attachment to Schedule 88. These changes include removal of the requirement that insurance policies contain a provision that the policy will not be cancelled or limits reduced without 60 days prior written notice. IPCO is proposing this change in response to customer feedback regarding difficulty with this provision. The agreement now states that participants will notify IPCO of any cancellations, lapses, or material changes.

The two other Oregon utilities operating the program, Pacific Power and PGE, both include a general insurance requirement in their tariffs¹ and more specific requirements in their respective contracts with program participants. Contracts with program participants vary somewhat in requirements for notice provisions. Both Pacific Power and PGE have made changes similar to those requested by IPCO.

¹ Pacific Power Schedule 136, First Revision of Sheet No. 136-6; PGE Schedule 215, Original Sheet No. 215-5.

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OAR 860-084-0300 states that the contracted system must obtain liability insurance; it does not specify terms such as liability limits, ratings, and notice provisions. The Company's proposed changes are reasonable and consistent with program rules.

PROPOSED COMMISSION MOTION:

Idaho Power Company's Advice No. 11-17 be allowed to go into effect on January 30, 2012, with less than statutory notice.