

# McDowell & Rackner PC



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## VIA ELECTRONIC FILING AND U.S. MAIL

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PO Box 2148  
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**Re: Docket No. AR 521**

Enclosed for filing in the above-referenced docket is an original and one copy of Idaho Power Company's Final Comments.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy L. McIndoo".

Wendy L. McIndoo  
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cc: Service List

## CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in AR 521 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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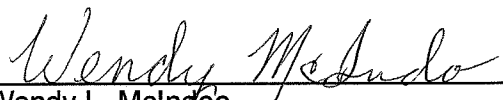
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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

AR 521

In the Matter of a Rulemaking to Adopt  
Rules Related to Small Generator  
Interconnection.

IDAHO POWER COMPANY'S FINAL  
COMMENTS

INTRODUCTION

Idaho Power Company ("Idaho Power" or "the Company") appreciates the opportunity to comment on Staff's Proposed Small Generator Interconnection Rules ("Proposed Rules"). These comments are based on the Proposed Rules contained in the Memorandum and Notice of Workshop issued by the Administrative Law Judge on June 4, 2008.

Idaho Power appreciates the extensive efforts of the Commission Staff as well as the other parties to craft a set of rules acceptable to the diverse perspectives of the stakeholders participating in this docket. In general, Idaho Power is comfortable with the Proposed Rules and will supply comments on only those few remaining provisions to which the Company objects.

**Liability Insurance**

OAR 860-082-0040(2) allows a public utility to require an interconnection customer with a small generator facility with a nameplate capacity of greater than 200 kilowatt to obtain prudent amounts of general liability insurance in order to interconnect with the public utility's transmission or distribution system. On the other hand, Proposed Rule OAR 860-082-0040(1) specifically prohibits a public utility from imposing the same requirement on an interconnection customer with a small generator facility of 200 kilowatts or less. Idaho Power objects to the latter rule, for the following reasons.

1 Idaho Power has argued from the inception of this docket that a small generation  
2 project can cause just as severe a physical injury or property damage as that caused by a  
3 larger project. The Proposed Rule simply takes that risk and transfers it to the utility. There  
4 is no basis for imposing this additional risk on the utility and therefore the Staff's proposal  
5 on this point should be rejected.

6 Staff has argued that no EDC has come forward with any compelling evidence to  
7 suggest that it might be harmed by the failure of a small generator to carry insurance.  
8 However, Idaho Power has indeed observed customer practices that suggest that such  
9 harm could easily result. In particular, damage can be caused by either high or low voltage  
10 when the EDC system is disconnected and the generator continues to supply voltage to the  
11 islanded distribution system. The protection systems installed with the generator are  
12 designed to eliminate this condition; however, Idaho Power has had experience with  
13 interconnection customers who disable the protection systems. Accordingly, an accident  
14 could be caused by such a condition and that Company personnel or property could be  
15 hurt. If the interconnection customer is not insured, or is thinly capitalized, Idaho Power  
16 could be without a remedy.

17 Staff has also argued that the Commission's decision in UM 1129, in which it  
18 prohibited the utilities from imposing an insurance requirement on the smallest QF's,  
19 requires the same result in this case. As pointed out by PacifiCorp in its earlier comments  
20 in this docket, the primary risk posed by the interconnections at issue in this docket is that  
21 of physical damage, as opposed to the financial risks posed by the QF agreements that are  
22 the subject of UM 1129. For this reason, the logic underlying the Commission's decision in  
23 that case cannot be applied here. Similarly, Staff raised the Legislature's decision to  
24 exempt net metering customers from an insurance requirement in ORS 757.300(4)(c).  
25 However, that same provision insulates the utilities from liability for injury resulting from that  
26 interconnection, protecting the utilities from the risk shifting that is proposed by Staff in this

1 case. Therefore, neither the net metering statute nor QF decision serves as valid  
2 precedent.

3 The fact is that the interconnection requirements adopted by the Commission in this  
4 case should not shift risk from customers to the utilities. Therefore, all interconnection  
5 customers should be required to maintain prudent amounts of insurance.

6 **Isolation Devices**

7 Proposed Rule OAR 860-082-0030(4)(b) establishes the specific circumstances  
8 under which a visible, lockable air-brake type disconnect switch cannot be required by the  
9 utility. Idaho Power strongly disagrees with this provision.

10 Idaho Power agrees with PacifiCorp that the Commission should require a lockable  
11 disconnect for *all* projects -- regardless of size. Idaho Power requires a visible lockable  
12 disconnect on all projects from net metering projects on up. This requirement imposes a  
13 small cost relative to the benefit the customer receives for the ability to maintain their load  
14 service while locking out the generator.

15 **Miscellaneous Provisions**

16 In addition, Idaho Power requests that the following specific changes be made to the  
17 language of the indicated Proposed Rules:

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<b>Section</b>	<b>Recommended Change</b>	<b>Comment</b>
19 860-082-0030 (3)	Change term of agreement to a ten-year term with automatic renewal for successive one-year terms.	Idaho Power recommends this change to maintain consistency with FERC's Large Generator Interconnection Agreement.
21 860-082-0050 (2)	Replace "aggregated nameplate capacity" with "aggregated generator nameplate capacity."	
23 860-082-0050 (3) 24 (a)	Add "contact the interconnection customer to" before the word "schedule."	At times Idaho Power has had a hard time getting an applicant to schedule a scoping meeting. The utilities should be responsible only for attempting to schedule the meeting.

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Section	Recommended Change	Comment
860-082-0050 (3) (b)	Add "of the later of the scoping meeting or" before the word "after."	It is possible that the scoping meeting might take place later than 20 days after the application is complete and that the utility cannot evaluate the application before the scoping meeting.
860-082-0055 (1) (e)	Replace "onto the area network" with "distribution system."	The definition of "area Network" is too narrow for this provision. "Distribution system" is the correct term.
860-082-0055 (3) (b)	Add "of the later of the scoping meeting or" before the word "after."	It is possible that the scoping meeting might take place later than 20 days after the application is complete and that the utility cannot evaluate the application before the scoping meeting.

DATED: August 12, 2008..

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