
IDAHO PUBLIC UTILITIES COMMISSION

July 30, 2004

Case No. IPC-E-04-16, IPC-E-04-17

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Website: www.puc.state.id.us

Comment sought on Idaho Power-Simplot agreements

The Idaho Public Utilities Commission is taking public comment on two cases regarding electric sales agreements between Idaho Power and the J.R. Simplot Company fertilizer plant near Pocatello.

Under one agreement, Simplot agrees to buy 25,000 kilowatts of electric power and energy from Idaho Power on a monthly basis. The agreement permits Simplot to increase the monthly demand to a maximum of 38,000 kilowatts upon one year's prior written notice to Idaho Power.

If approved by the commission, the agreement would result in about \$4.6 million in annual revenue to Idaho Power. The agreement would remain in effect for five years and would automatically renew thereafter until either party terminates it. The effective date of any termination cannot be less than 12 months after the date of delivery of the termination notice.

The second agreement is for the sale of power Simplot generates at its 15.9 megawatt cogeneration facility on its plant site. For energy deliveries of 10 megawatts or less, Idaho Power would pay Simplot the commission's published rate for qualifying PURPA projects.

PURPA, the Public Utilities Regulatory Policies Act, was passed by Congress in the 1970s to encourage the promotion and development of renewable energy technologies as alternatives to burning fossil fuels or the construction of new power plants.

PURPA requires electric utilities like Idaho Power to buy power produced from qualifying small power producers or cogenerators. Cogenerators, like Simplot, produce power as a byproduct of their manufacturing process. The rate to be paid developers of cogeneration or small power producers is to be equal to the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source.

As an incentive for Simplot to deliver energy to Idaho Power during times when it is of greater value, the company has seasonalized the rates it will pay Simplot to coincide to the months when electrical demand is the heaviest.

The contract is for one year, but an evergreen clause automatically renews it unless it is terminated.

Interested parties who want to comment on either agreement can do so via e-mail by accessing the commission's homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (IPC-E-04-16 on the PURPA agreement and IPC-E-04-17 on Idaho Power sales to Simplot) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site. Click on "File Room" and then on "Electric Cases" and scroll down to one of the above case numbers.