

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: RICK STERLING

DATE: SEPTEMBER 27, 2004

**RE: IDAHO POWER'S SCHEDULE 86 NON-FIRM POWER PURCHASE
AGREEMENT, MCCOLLUM ENTERPRISES, LLC.
CASE NO. IPC-E-04-21**

On September 22, 2004, Idaho Power Company (Idaho Power; Company) submitted for approval a Uniform Agreement (Agreement) under Schedule 86 between Idaho Power and McCollum Enterprises, LLP (McCollum) for the purchase of non-firm energy from the Canyon Springs small hydro project (Project).

McCollum has been selling energy to Idaho Power under a Firm Energy Sales Agreement dated April 12, 1984. The Operation Date of the Project under the previous agreement was September 30, 1984 with an agreement term of 20 years. Thus this Firm Energy Sales Agreement expires September 30, 2004. The project is a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). McCollum wishes to continue to sell energy to Idaho Power under a Schedule 86, non-firm energy sales agreement.

The Agreement, as signed and submitted by the parties contains non-firm energy rates in conformity with posted tariffs and applicable Commission orders. Because the April 12, 1984 Firm Energy Sales Agreement will likely expire before the Commission can process this Application and issue its order, Idaho Power requests that the Commission order that the effective date for this Agreement be October 1, 2004.

Idaho Power requests a Commission Order (1) approving the terms and provisions of the Agreement between Idaho Power Company and McCollum without change or condition; and (2)

declaring that effective October 1, 2004, all payments made under the Agreement shall be allowed as prudently incurred expenses for ratemaking purposes.

COMMISSION DECISION

Staff has reviewed the Idaho Power/McCollum Enterprises, LLC. Schedule 86 Non-Firm Energy Agreement. The Agreement contains non-firm energy rates conforming to posted tariffs and applicable Commission orders. A copy of the Agreement is attached. Staff recommends that the Commission approve the Agreement without further notice and affirm that payments made under the Agreement will be regarded as prudently incurred expenses for ratemaking purposes. Staff also recommends an October 1, 2004 effective date. Does the Commission agree?


Rick Sterling

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**IDAHO POWER COMPANY
SCHEDULE 86
UNIFORM AGREEMENT**

For the Purchase of Non-Firm Energy From Qualifying Facilities

THIS AGREEMENT made this 22nd day of September, 2004, between McCollum Enterprises, L.L.P., William David McCollum – General Manager whose mailing address is P O Box 112, Twin Falls, Idaho 83303-0112 hereinafter called Seller and IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho Street, Boise, Idaho hereafter called "Company".

NOW, THEREFORE, The parties agree as follows:

1. Company shall purchase Energy produced by the Seller's Qualifying Facility located at or near Twin Falls, Idaho, County of Twin Falls State of Idaho, located in the NW ¼ of Section 33 Township 9 south, Range 17 east, BM, in the form of three phase 60 Hz and at a nominal phase to phase potential of 480 volts, subject to emergency operating conditions of the Company. Purchases under this Agreement are subject to the Company's applicable Tariff provisions, including but not limited to Schedules 86 and 72 approved by and as may be hereafter modified by the Idaho Public Utilities Commission ("Commission") and the provisions of this Agreement.

2. Seller shall pay Company for all costs of Interconnection Facilities as provided for in Exhibit A of this Agreement and Schedule 72.

3. In addition to the charges provided under Paragraph 2, Seller shall pay to the Company the monthly Operations and Maintenance Charge specified in Schedule 72 on the Investment by the Company in Interconnection Facilities which investment is set forth in Exhibit A, attached hereto and made a part hereof. As such investment changes, in order to provide facilities to serve Seller's requirements, Company shall notify Seller in writing of additions or deletions of facilities by forwarding a dated revised Exhibit A, which shall become part of this Agreement. The monthly Operation & Maintenance Charge will be adjusted to correspond to the Revised Exhibit A.

4. The initial date of acceptance of Energy under this Agreement is subject to the Company's ability to obtain required labor, materials, equipment, satisfactory rights of way, and comply with governmental regulations.

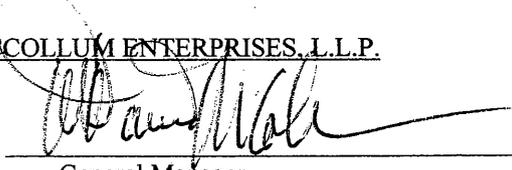
5. The term of this Agreement shall become effective on the date first above written, and shall continue to full force and effect until canceled by Seller upon sixty (60) days prior written notice.

6. This Agreement and the rates, terms, and conditions of service set forth or incorporated herein, and the respective rights and obligations of the parties hereunder, shall be subject to valid laws and to the regulatory authority and orders, rules, and regulations of the Commission and such other administrative bodies having jurisdiction.

7. Nothing herein shall be construed as limiting the Commission from changing any rates, charges, classification or service, or any rules, regulation or conditions relating to service under this Agreement, or construed as affecting the right of the Company or the Seller to unilaterally make application to the commission for any such change.

8. This Agreement shall not become effective until the Commission approves all terms and provisions hereof without change or condition and declares that all payments to be made hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

MCCOLLUM ENTERPRISES, L.L.P.

BY 

General Manager

IDAHO POWER COMPANY

BY 

Jim Miller, Vice President, Power Supply
Vern Porter, Mgr., Power Supply Operations