

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: SCOTT WOODBURY

DATE: MARCH 7, 2005

SUBJECT: CASE NO. IPC-E-05-7 (Idaho Power)
FIRM ENERGY SALES AGREEMENT – PILGRIM STAGE

On February 24, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and Pilgrim Stage Station Wind Park, LLC (Pilgrim Stage) dated February 18, 2005. Under the Agreement, Pilgrim Stage will sell and Idaho Power will purchase electric energy generated by the Pilgrim Stage Project located near Hagerman, Idaho in an area more particularly described as Sections 19, 24, 25 and 31, Township 7 South, Range 12 East, Boise Meridian, Twin Falls County, Idaho. The Project consists of seven (7) 1.5 MW GE wind turbines. The nameplate rating of the project is 10.5 MW. Under normal and/or average conditions the project will not exceed 10 aMW on a monthly basis. If energy in excess of this amount (Inadvertent Energy) is accidentally generated, Idaho Power will accept Inadvertent Energy that does not exceed the 10.5 MW maximum capacity amount but will not purchase or pay for it. Agreement ¶ 7.3.2.

The Pilgrim Stage Project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Pilgrim Stage has selected December 31, 2005 as the scheduled operation date and January 15, 2006 as the first energy date.

As represented by Idaho Power, the Agreement with Pilgrim Stage comports with the terms and conditions of Commission Order No. 29632 (*U.S. Geothermal et. al v. Idaho Power*)

and avoided cost Order No. 29646. The contract is for a 20-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

As reflected in Section 24 of the Agreement, the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declares that all payments that Idaho Power makes to Pilgrim Stage for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is February 18, 2005.

COMMISSION DECISION

Idaho Power requests Commission approval of Firm Energy Sales Agreement with Pilgrim Stage Station Wind Park, LLC. The contract is for a 20-year term and contains the non-levelized published avoided cost rates for energy deliveries not exceeding 10 aMW on a monthly basis. The Commission Staff recommends that the Company's Application be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. Does the Commission agree with the recommended procedure?

Scott D. Woodbury

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