

KIRA DALE PFISTERER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0314
IDAHO BAR NO. 6571

RECEIVED
FILED



2005 MAR 31 PM 2:38

IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR APPROVAL)	CASE NO. IPC-E-05-11
OF A FIRM ENERGY SALES AGREEMENT)	
FOR THE SALE AND PURCHASE OF)	
ELECTRIC ENERGY BETWEEN IDAHO)	
POWER COMPANY AND PRISTINE SPRINGS,)	COMMENTS OF THE
INC.)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Kira Dale Pfisterer, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice on Comment Deadline issued on March 21, 2005, submits the following comments.

BACKGROUND

On March 4, 2005, Idaho Power Company (Idaho Power or Company) filed an Application requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and Pristine Springs, Inc. (Pristine Springs) dated February 18, 2005. Under the Agreement, Pristine Springs will sell and Idaho Power will purchase electric energy generated by the Pristine Springs hydroelectric generation facility located on Warm Creek, north of Twin

Falls, Idaho in an area more particularly described as the NE ¼ of the NW ¼ of Section 29, Township 9 South, Range 17 East, Boise Meridian, Jerome County, Idaho. The Pristine Springs facility consists of a single 125 kW hydroelectric generation unit. The nameplate rating and maximum generation capability of the Pristine Springs facility is 125 kW.

The Pristine Springs facility will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). The Agreement was developed pursuant to Commission Order No. 29632 (*U.S. Geothermal et al. v. Idaho Power*) and Order No. 29646 (avoided cost) to replace the existing Firm Energy Sales Agreement between Idaho Power and Pristine Springs due to expire on March 30, 2005. See Order No. 25793. In the Agreement, the parties agree to a ten-year contract term and to use the Non-Levelized Published Avoided Cost Rates as currently established by the Commission for energy deliveries of no more than 10 average MW.

Because the Pristine Springs facility is currently interconnected and selling energy to Idaho Power under an existing Firm Energy Sales Agreement, interconnection to the Company's distribution system is completed. The previously established interconnection costs set out in the existing Firm Energy Sales Agreement will be used to value the interconnection costs under the proposed Agreement. The applicable monthly Schedule 72 charges will apply.

As reflected in Article 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 Pristine Springs 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.

STAFF ANALYSIS

Staff has reviewed the Agreement between Idaho Power and Pristine Springs and finds that it 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 ten-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

The parties executed the contract on February 18, 2005. However, the rates and terms contained in the Agreement are intended to commence on March 30, 2005 (Operation Date), the

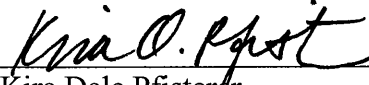
day following the date on which the existing contract is set to expire. Because Idaho Power did not submit the contract for Commission approval until March 4, 2005, the Commission will be unable to rule on the Company's Application until after the existing contract expires.

To remedy the problem of not yet having an approved new Agreement in place when the old agreement expires, Idaho Power submitted a motion on March 30, 2005 proposing to extend the existing agreement until such time as the new Agreement is approved by the Commission. Idaho Power states that Pristine Springs, Inc. has concurred with this proposed solution. Staff supports extension of the existing agreement until the new Agreement is approved, but wishes to remind Idaho Power that in the future, the Company should submit its contracts requiring Commission approval with sufficient time to allow the Commission to make a decision with the opportunity for public comment.

RECOMMENDATION

Staff recommends that the Commission approve the Agreement.

Respectfully submitted this 31st day of March 2005.



Kira Dale Pfister
Deputy Attorney General

Technical Staff: Rick Sterling

i:umisc:comments/ipce05.11kfrps


CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 31ST DAY OF MARCH 2005, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-05-11, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
MONICA MOEN
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

RANDY ALLPHIN
CONTRACT ADMINISTRATOR
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

WENDELL STARKE
PRISTINE SPRINGS INC
274 KAY DR
TWIN FALLS ID 83301



SECRETARY