

DECISION MEMORANDUM

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

FROM: KIRA DALE PFISTERER

DATE: APRIL 13, 2005

**RE: CASE NO. IPC-E-05-11
FIRM ENERGY SALES AGREEMENT- PRISTINE SPRINGS**

On March 4, 2005, Idaho Power Company filed an Application requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and Pristine Springs, Inc. dated February 18, 2005. The new Agreement will replace an existing Firm Energy Sales Agreement between Idaho Power and Pristine Springs approved by the Commission on November 15, 1994 and set to expire March 30, 2005. *See* Order No. 25793.

On March 22, 2005, the Commission issued a Notice of Application and solicited comments regarding the proposed Agreement. *See* Order No. 29738. No comments were received other than those submitted by Commission Staff. However, during the comment period, Idaho Power filed a Motion requesting that the Commission approve an extension of the existing Firm Energy Sales Agreement pending approval of the new Agreement. The Commission granted the Motion in a decision meeting on April 5, 2005.

THE AGREEMENT

Under the proposed Agreement, Pristine Springs will sell and Idaho Power will purchase electric energy generated by the Pristine Springs hydroelectric generation facility. The facility is located on Warm Creek, north of Twin Falls, Idaho in an area more particularly described as the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 29, Township 9 South, Range 17 East, Boise Meridian, Jerome County, Idaho. The Pristine Springs facility will be a qualified small power production facility (QP) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Pristine Springs facility consists of a single hydroelectric generation unit. The nameplate rating and maximum generation capability of the Pristine Springs facility is 125 kW.

The Agreement was developed pursuant to Commission Order Nos. 29632 (*U.S. Geothermal et al. v. Idaho Power*) and 29646 (setting avoided costs effective December 1, 2004). In the proposed 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.

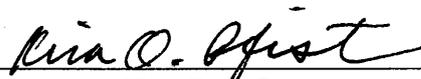
Because the Pristine Springs facility is currently interconnected and selling energy to Idaho Power under an existing agreement, interconnection to the Company's distribution system is completed. The previously established interconnection costs set out in the existing agreement will be used to value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

STAFF COMMENTS

Staff reviewed the Agreement and found that it comports with the terms and conditions of Commission Order Nos. 29632 (*U.S. Geothermal*) and 29646 (2004 avoided costs). Staff confirmed that the contract is for a ten-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646. Staff recommended approval of the Agreement as well as the Motion allowing Idaho Power to extend the existing firm energy sales agreement pending Commission approval of the new Agreement. Nonetheless, Staff noted that Idaho Power should make certain to submit its future PURPA contracts with sufficient time to allow for a public comment period prior to any Commission decision.

COMMISSION DECISION

Does the Commission wish to accept Staff's recommendation and approve the Pristine Springs Agreement as presented by Idaho Power?



Kira Dale Pfisterer