

## DECISION MEMORANDUM

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

**FROM:** KIRA DALE PFISTERER

**DATE:** MARCH 14, 2005

**RE:** CASE NO. IPC-E-05-12  
FIRM ENERGY SALES AGREEMENT- PRISTINE SPRINGS #3

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. Under the Agreement, Pristine Springs will sell and Idaho Power will purchase electric energy generated by the Pristine Springs hydroelectric generation facility #3 located on Warm Creek, north of Twin Falls, Idaho in an area more particularly described as the NW  $\frac{1}{4}$  of Section 19, Township 9 South, Range 17 East, Boise Meridian, Jerome County, Idaho. The Pristine Springs facility #3 consists of a single 200 kW hydroelectric generation unit. The nameplate rating and maximum generation capability of the Pristine Springs facility #3 is 200 kW.

### THE AGREEMENT

The Pristine Springs facility #3 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 Nos. 29632 (*U.S. Geothermal et al. v. Idaho Power*) and 29646 (avoided cost) and will replace the previously approved Schedule 86, Uniform Agreement for the sale of non-firm energy dated March 23, 2003. *See* Order No. 29234. 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 aMW.

Because the Pristine Springs facility #3 is currently interconnected and selling energy to Idaho Power under an existing Schedule 86, non-firm agreement, interconnection to the

Company's distribution system is completed. The previously established interconnection costs set out in the Schedule 86 will be used to value the interconnection costs under the proposed Agreement. The applicable monthly Schedule 72 charges will apply.

Within the proposed Agreement, various requirements have been placed upon Pristine Springs in order for Idaho Power to accept energy deliveries from the Pristine Springs facility #3. Idaho Power proposes to monitor compliance with these initial requirements and, once the requirements have been met, the existing Schedule 86 agreement will be terminated.

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 RECOMMENDATION**

The Commission Staff recommends that the Application be processed under Modified Procedure, i.e., by written submission rather than a hearing. IDAPA 31.01.01.201-204.

#### **COMMISSION DECISION**

Does the Commission wish to process the Idaho Power Pristine Springs #3 Firm Energy Sales Agreement under Modified Procedure?



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Kira Dale Pfisterer

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