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IDAHO PUBLIC
UTILITIES COMMISSION

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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-05-12
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. FOR PRISTINE SPRINGS #3)	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. for Pristine Springs #3 (Pristine Springs #3) dated February 18,

2005. Under the Agreement, Pristine Springs #3 will sell and Idaho Power will purchase electric energy generated by the Pristine Springs #3 hydroelectric generation facility located on Warm Creek, north of Twin Falls, Idaho in an area more particularly described as the NW ¼ of Section 19, Township 9 South, Range 17 East, Boise Meridian, Jerome County, Idaho. The Pristine Springs #3 facility consists of a single 200 kW hydroelectric generation unit. The nameplate rating and maximum generation capability of the Pristine Springs #3 facility is 200 kW.

The Pristine Springs #3 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 Schedule 86 agreement for this facility. 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 #3 facility is currently interconnected and selling energy to Idaho Power under a 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 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 #3 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 #3 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. This contract was submitted contemporaneously with a similar contract for the Pristine Springs Project; however, there is one distinct difference. This Agreement, Pristine Springs #3, is intended to replace an existing Schedule 86 Uniform Agreement, whereas the Pristine Springs agreement is intended to replace an existing 10-year Firm Energy Sales agreement. Because there is no generation commitment under a Schedule 86 Uniform Agreement, such an agreement can be terminated at any time. Under the terms of this Agreement for Pristine Springs #3, the Schedule 86 Uniform Agreement will be terminated effective as of the Operation Date of the Project—whenever it occurs. Thus, Schedule 86 rates should continue to be paid until the Pristine Springs #3 Project achieves its Operation Date as defined in the contract.

RECOMMENDATION

Staff recommends approval of the Pristine Springs #3 Agreement as presented by Idaho Power.

Respectfully submitted this 31st day of March 2005.


Kira Dale Pfister
Deputy Attorney General

Technical Staff: Rick Sterling

i:umisc:comments/ipce05.12kfrps

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-05-12, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE