

## DECISION MEMORANDUM

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

**FROM:** KIRA DALE PFISTERER

**DATE:** APRIL 12, 2005

**RE:** CASE NO. IPC-E-05-13.  
FIRM ENERGY SALES AGREEMENT- DRY CREEK, L.L.C.

On March 31, 2005, Idaho Power Company filed an Application requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and Dry Creek, L.L.C. dated March 29, 2005. Under the Agreement, Dry Creek will sell and Idaho Power will purchase electric energy generated by the Broadwater Hydroelectric Project located near Toston, Montana for nine months of the year (from June through February). The Broadwater Hydroelectric Project is an existing hydroelectric facility with a nameplate rating of 10 MW. Dry Creek has a long-term lease to operate and maintain this facility.

### THE AGREEMENT

The Broadwater Hydroelectric Project 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 (setting 2004 avoided costs). 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. Under Paragraph 4.1.3 of the Agreement, Dry Creek is required to provide data to Idaho Power regarding whether, under normal and/or average conditions, the facility will not exceed 10 aMW on a monthly basis.

The Broadwater Hydroelectric Project is located in NorthWestern Energy's service territory. Therefore, pursuant to Paragraph 4.1.6 of the Agreement, Dry Creek is required to

provide to Idaho Power a copy of the Transmission Agreement with NorthWestern Energy, the transmitting entity, for Idaho Power's review and acceptance.

Because the Broadwater Hydroelectric facility is physically interconnected to NorthWestern Energy's system, no physical interconnection costs will be assessed as specified in Schedule 72. However, pursuant to the Agreement, Dry Creek is required to pay all costs associated with integrating the facility's energy deliveries into the Idaho Power electrical system.

Various requirements have been placed upon Dry Creek in order for Idaho Power to accept energy deliveries from the Broadwater Hydroelectric facility. Idaho Power will monitor compliance with these requirements. If initial requirements are made and the Commission approves the proposed Agreement, the operation date of this facility will be June 1, 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 Dry Creek Firm Energy Sales Agreement under Modified Procedure?

  
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Kira Dale Pfisterer

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