

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-05-23**
APPROVAL OF A FIRM ENERGY SALES)
AGREEMENT FOR THE SALE AND)
PURCHASE OF ELECTRIC ENERGY)
BETWEEN IDAHO POWER COMPANY) **ORDER NO. 29863**
AND TWIN FALLS ENERGY COMPANY,)
INC.)

On July 6, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Twin Falls Energy Company, Inc. (Twin Falls) dated June 27, 2005. Under the Agreement, Twin Falls will sell and Idaho Power will purchase electric energy generated by the Low Line Midway Hydroelectric Project, located approximately one mile downstream from the point of the Low Line Canal origin, in an area more particularly described as the NW 1/4, of the NW 1/4 of Section 11, Township 11 S, Range 10 E, Boise Meridian, Twin Falls County, Idaho. The nameplate rating of the hydro project is 2.5 MW.

The Twin Falls Project will be a qualified small power production facility (QP) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Twin Falls has selected March 10, 2007 as the first energy date and April 1, 2007 as the scheduled operation date.

As represented by Idaho Power, the Agreement with Twin Falls 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. Twin Falls has elected to receive the levelized published avoided cost rates set forth in Order No. 29646. The Company represents that the Agreement contains the various security requirements required by the Commission for levelized agreements.

As reflected in Section 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 Twin Falls for purchases of energy will be

allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is June 27, 2005.

On August 3, 2005, the Commission issued Notices of Application and Modified Procedure in Case No. IPC-E-05-23. The deadline for filing written comments was August 26, 2005. The Commission Staff was the only party to file comments. Based on its review, Staff recommends that the Agreement be approved with an effective date of June 27, 2005. Staff's review confirms that the Agreement contains the various security requirements required by the Commission for levelized agreements. Staff also confirms that the Agreement comports with the terms and conditions of the Commission's Order No. 29632 (*U.S. Geothermal et al. v. Idaho Power*) and avoided cost Order No. 29646.

Commission Findings

The Commission has reviewed the filings of record in Case No. IPC-E-05-23, including the underlying Agreement and filed comments. Idaho Power has presented a Firm Energy Sales Agreement with Twin Falls Energy Company, Inc. for Commission consideration and approval. The Agreement is for a 2.5 MW hydro project located in the Twin Falls area. We find that the project is qualified to receive published avoided cost rates approved by the Commission.

The Commission finds that the Agreement submitted in this case contains acceptable contract provisions and includes the levelized published rates approved by the Commission in Order No. 29646. We find it reasonable that the submitted Agreement be approved without further notice or procedure. IDAPA 31.01.01.204. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from qualified facilities and to implement FERC rules.

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve the June 27, 2005 Firm Energy Sales Agreement between Idaho Power Company and Twin Falls Energy Company, Inc.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of September 2005.



PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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