

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: RICK STERLING

DATE: SEPTEMBER 20, 2005

**RE: IDAHO POWER'S SCHEDULE 86 NON-FIRM POWER PURCHASE
AGREEMENT, J.M. MILLER ENTERPRISES, INC.
CASE NO. IPC-E-05-25**

On September 9, 2005, Idaho Power Company (Idaho Power; Company) submitted for approval a Uniform Agreement (Agreement) under Schedule 86 between Idaho Power and J.M. Miller Enterprises, Inc. (Miller) for the purchase of non-firm energy from the Sahko small hydro project (Project).

The Project has a generation capacity of 500 kW and is located approximately 10 miles northwest of Twin Falls, Idaho, near the Snake River. The project is a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

Idaho Power and Miller have entered into the Agreement pursuant to Idaho Power's approved Schedule 86, Cogeneration and Small Power Production Non-Firm Energy. The purchase price will be in accordance with Schedule 86. A copy of the Agreement is attached.

Idaho Power is currently working with the Project to complete the necessary documentation and construction of interconnection equipment in accordance with the terms of the Agreement. As of the date of the Application, Idaho Power states that the Project appears to be on schedule to energize the Project on October 15, 2005, the Project's scheduled Operation Date, provided water is available.

Idaho Power requests a Commission Order (1) approving the terms and provisions of the Agreement between Idaho Power Company and J.M. Miller Enterprises, Inc. without change or

condition; and (2) declaring that all payments made under the Agreement shall be allowed as prudently incurred expenses for ratemaking purposes.

COMMISSION DECISION

Staff has reviewed the Idaho Power/J.M. Miller Enterprises, Inc. Schedule 86 Non-Firm Energy Agreement. The Agreement contains non-firm energy rates conforming to posted tariffs and applicable Commission orders. Staff recommends that the Commission approve the Agreement without further notice and affirm that payments made under the Agreement will be regarded as prudently incurred expenses for ratemaking purposes. Staff also recommends that the Agreement become effective upon commencement of energy deliveries by Miller to Idaho Power. Does the Commission agree?


Rick Sterling

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