

DECISION MEMORANDUM

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

FROM: CECELIA A. GASSNER

DATE: FEBRUARY 2, 2006

SUBJECT: CASE NO. IPC-E-06-2 IN THE MATTER OF IDAHO POWER
COMPANY'S APPLICATION FOR APPROVAL OF AN ENERGY SALES
AGREEMENT WITH CO-GEN CO. LLC

On January 26, 2006, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting approval of an Energy Sales Agreement dated December 29, 2005 with Co-Gen Co. LLC ("Co-Gen"). Under the Agreement, Co-Gen would sell and Idaho Power would purchase electric energy generated by wood waste (biomass). The Company asks the Commission to declare that all payments for purchases of energy under the one-year Agreement be allowed as prudently incurred expenses for ratemaking purposes.

THE AGREEMENT

According to the Application, Co-Gen owns, operates and maintains a 10 MW nameplate capacity wood waste (biomass) generation unit that is located adjacent to the Prairie Wood Products Mill in Prairie City, Grant County, Oregon (the "Facility"). The Facility is a qualified small power production facility under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

Under the terms of the Agreement, Co-Gen has elected to enter into the Agreement with Idaho Power for a one-year term. Co-Gen further elected to receive payments from the Company computed in accordance with the Gas Market Method set out in the Company's Oregon Tariff No. E-25, Schedule 85, dated August 11, 2005 or its successor schedule as approved by the Oregon Public Utilities Commission, as shown on Exhibits 1 and 2 to the Application.

STAFF RECOMMENDATION

Staff recommends that the Company's Application be processed by Modified Procedure with a 21-day comment period. This should allow sufficient time for interested parties to review the Company's Application and file their comments with the Commission. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-.204.

COMMISSION DECISION

Does the Commission preliminarily find that the public interest may not require a hearing to consider the issues presented in this case, and that this case is appropriate for Modified Procedure pursuant to Commission Rules of Procedure 201 through 204?

Does the Commission approve of a comment period of 21 days?



Cecelia A. Gassner

M:IPC-E-06-02_cg