

## **DECISION MEMORANDUM**

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

**FROM:       CECELIA A. GASSNER**

**DATE:       JUNE 19, 2006**

**SUBJECT:   IN THE MATTER OF THE APPLICATION OF IDAHO POWER  
              COMPANY FOR APPROVAL OF A FIRM ENERGY SALES  
              AGREEMENT WITH RIVERSIDE HYDRO I LLC, CASE NO. IPC-E-06-  
              13**

On April 27, 2006, Idaho Power Company (“Idaho Power” or “Company”) filed an Application requesting approval of a Firm Energy Sales Agreement dated April 13, 2006 with Riverside Hydro I LLC (“Riverside”). Under the Agreement, Riverside would sell and Idaho Power would purchase electric energy generated by Riverside’s Mora Drop Small Hydroelectric Facility located near Kuna, Idaho. The Company asks the Commission to approve the Agreement and declare that all payments for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes. On May 26, 2006, the Commission issued a Notice of Application and Modified Procedure requesting any comments to the matter. See Order No. 30053. No comments were received other than those filed by Staff.

### **THE AGREEMENT**

According to the Application, Riverside proposed to design, construct, install, own operate and maintain a 1.9 MW small canal hydroelectric generating facility to be located near Kuna, Idaho (the “Facility”). The Facility will be 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, Riverside has elected to enter into the Agreement with Idaho Power for a 20-year term. Riverside further elected to contract with the Company using the non-levelized published avoided cost rates as currently established by the Commission

for energy deliveries of less than 10 aMW. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to Riverside.

Riverside has elected May 15, 2006 as the scheduled first energy date and July 1, 2006 as the scheduled operation date for the Facility. Certain requirements have been placed on Riverside for Idaho Power to accept energy deliveries from the Facility. Idaho Power will monitor compliance with these initial requirements, as well as ongoing requirements throughout the term of the Agreement.

#### STAFF COMMENTS

As represented, the Riverside Hydro I Project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Riverside has selected May 15, 2006 as the first energy date and July 1, 2006 as the scheduled operation date for this facility.

Based on its review, Staff believes that the Agreement between Riverside Hydro I and Idaho Power 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 Agreement is for a 20-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declared that all payments that Idaho Power makes to Riverside for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is April 13, 2006. Staff recommends approval of the Agreement.

#### COMMISSION DECISION

Does the Commission desire to approve the Firm Energy Sales Agreement between Idaho Power and Riverside?

  
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Cecelia A. Gassner

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