

## DECISION MEMORANDUM

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

**FROM:** CECELIA A. GASSNER

**DATE:** MAY 16, 2006

**SUBJECT:** IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL OF A FIRM ENERGY SALES AGREEMENT WITH CKTV1 ENERGY, LLC, CASE NO. IPC-E-06-15

On April 28, 2006, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting approval of a Firm Energy Sales Agreement dated April 28, 2006 with CKTV1 Energy, LLC ("CKTV1"). Under the Agreement, CKTV1 would sell and Idaho Power would purchase electric energy generated by CKTV1's Treasure Valley 1 anaerobic digester gas-to-energy facility located near Caldwell, Idaho. The Company asks the Commission approve the Agreement and declare that all payments for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

### THE AGREEMENT

According to the Application, Riverside proposed to design, construct, install, own operate and maintain a 3.2 MW anaerobic digester gas-to-energy generating facility to be located near Caldwell, 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, CKTV1 has elected to enter into the Agreement with Idaho Power for a twenty-year term. CKTV1 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 CKTV1.

CKTV1 has elected November 1, 2006 as the scheduled first energy date and March 31, 2007 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 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?

  
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Cecelia A. Gassner