

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-06-29
APPROVAL OF THE AGREEMENT FOR)	
SALE AND PURCHASE OF SURPLUS)	
ENERGY BETWEEN IDAHO POWER)	
COMPANY AND AMALGAMATED)	ORDER NO. 30220
SUGAR COMPANY, LLC – TWIN FALLS)	
FACILITY)	

On November 21, 2006, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an Agreement for Sale and Purchase of Surplus Energy (Agreement) between Idaho Power and Amalgamated Sugar Company LLC (TASCO) under which Idaho Power agrees to purchase surplus electric energy up to 3 MW from TASCO's refined sugar production facility in Twin Falls at prices that are less than market-based non-firm energy prices.

The submitted Agreement dated November 20, 2006 replaces a prior Agreement, dated August 11, 2001. The prior surplus energy agreement was approved by the Commission in Order No. 28910 dated December 6, 2001. The prior agreement was for a five-year term that expired in August 2006. The initial term of the new Agreement is for one contract year. The Agreement renews automatically from year to year unless terminated pursuant to contractual notice requirements.

As reflected in the Application, Idaho Power states that negotiation of the Agreement and execution of the Agreement by TASCO predated Order No. 30179 issued by the Commission in Case No. IPC-E-06-18, the Company's Application for authority to institute a uniform Schedule 72 interconnection agreement. Therefore, the Agreement, the Company states, does not include the modifications approved in that Order.

Idaho Power under the Agreement will purchase up to 3 MW of surplus electric energy generated by the electric generating equipment located at TASCO Twin Falls plant. The energy purchased will be surplus energy not otherwise consumed by TASCO at the Twin Falls plant. Electric energy to be sold under the Agreement is non-firm energy and will be available only if TASCO does not consume the electric energy in the Twin Falls plant. The surplus energy

to be purchased from TASCO is priced at 85% of the monthly weighted average non-firm Dow Jones Mid-Columbia Index Price. Setting the purchase price at a discount from market price, Idaho Power contends, assures that when the Company needs the energy, the price will always be more attractive than buying from the market. When it does not need the power, Idaho Power should be able to resell the energy at the higher wholesale market price.

Idaho Power requests that the Agreement be approved without change or condition and requests a Commission determination that all payments for purchases of energy incurred under the Agreement be allowed as prudently incurred expenses for ratemaking purposes. Should the Commission approve the Agreement, Idaho Power intends to consider the effective date of the Agreement to be November 20, 2006.

On December 19, 2006, the Commission issued a Notice of Application and Modified Procedure in Case No. IPC-E-06-29. The deadline for filing written comments was January 10, 2007. The Commission Staff was the only party to file comments. Staff recommends that the Agreement between Idaho Power and the Amalgamated Sugar Company for its Twin Falls plant be approved. Staff believes that the Agreement will help Idaho Power meet expected loads while reducing the Company's reliance on purchases at full market price, thus minimizing power supply costs. Staff believes that the prices agreed to are attractive to Idaho Power and its ratepayers. Customers will benefit from the Agreement by Idaho Power offsetting higher purchase power costs or reselling power it does not need.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. IPC-E-06-29, including the underlying Agreement and the filed comments and recommendation of Commission Staff. Idaho Power has presented for Commission consideration and approval an Agreement for the Sale and Purchase of Surplus Energy with Amalgamated Sugar Company (TASCO). Based on our review of the record, we continue to find it reasonable to process this case pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference IDAPA 31.01.01.204.

The Commission finds the proposed November 20, 2006 Surplus Energy Agreement to be a reasonable means of securing additional electric energy and minimizing the Company's power supply costs. We note that the parties to the Agreement envision use of an "evergreen clause," whereby the one-year contract, without notice of termination, would annually renew for

an additional one year. Agreement ¶ 3.2. Given the subject matter of the contract (purchase of surplus generation) and the purchase terms (Agreement ¶ 4.3.1), we find the evergreen clause to be acceptable. We find the contract terms and negotiated purchase price to be just and reasonable and in the public interest. 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, the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*, 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, IT IS HEREBY ORDERED and the Commission does hereby approve the terms of the November 20, 2006 Agreement for Sale and Purchase of Surplus Energy between Idaho Power Company and the Amalgamated Sugar Company, LLC (TASCO) – Twin Falls Facility.

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 19th
day of January 2007.



PAUL KJELLANDER, PRESIDENT

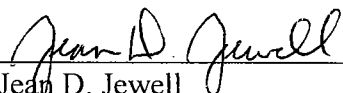


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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