

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: MAY 19, 2008

SUBJECT: FIRM ENERGY SALES AGREEMENT BETWEEN IDAHO POWER COMPANY AND DF-AP #1 LLC FOR THE BIG SKY WEST DAIRY DIGESTER GENERATION FACILITY; CASE NO. IPC-E-08-09.

On April 28, 2008, Idaho Power Company (“Idaho Power” or “Company”) filed an Application with the Commission seeking approval of its Firm Energy Sales Agreement with DF-AP #1 LLC (“DF-AP”) dated April 21, 2008.

THE AGREEMENT

The Agreement entered into between Idaho Power and DF-AP dictates that DF-AP would sell and Idaho Power would purchase a specified amount of electric energy generated by the Big Sky West Dairy Digester Generation Facility (“Big Sky”) near Gooding, Idaho. Application at 1

DF-AP “proposes to design, construct, install, own, operate and maintain an anaerobic digester adjacent to the Big Sky Dairy near Gooding, Idaho. . . .” *Id.* This facility qualifies as a “small power production facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 (“PURPA”)” and will provide a total of 1.5 MW of nameplate generation. *Id.* at 1-2.

The parties entered into the aforementioned Energy Sales Agreement on April 21, 2008. The Application states that the Agreement was entered into pursuant to the terms and conditions of prior Commission Orders; will have a 20-year term of effectiveness; utilizes the “Non-Levelized Published Avoided Cost Rates established by the Commission for energy deliveries of less than 10 average MW”; and will not become effective until all of its terms and

conditions have been approved by the Commission as “allowable expenses for ratemaking purposes.” *Id.* at 2. The Agreement also contains terms and conditions similar to other PURPA Agreements previously approved by the Commission – “including provisions for delay damages and delay security in the event the facility does not achieve its Scheduled Operation Date.” *Id.*

DF-AP will begin delivering energy to Idaho Power’s system on November 21, 2008 and has set apart February 14, 2009 as its Scheduled Operation Date. *Id.* DF-AP must meet certain requirements and preconditions under the Agreement prior to any energy deliveries to Idaho Power’s system. *Id.* Idaho Power states that it will monitor for compliance with these terms throughout the term of the Agreement. *Id.* at 2-3. Finally, the Application states that the Agreement dictates that “all applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed to DF-AP and administered by Idaho Power’s delivery business unit.” *Id.* at 3.

STAFF RECOMMENDATION

Staff has reviewed Idaho Power’s Application and recommends that it be processed through Modified Procedure, i.e. through a written comment period in lieu of a hearing. *See* IDAPA 31.01.01.201-204.

COMMISSION DECISION

Does the Commission wish to process Idaho Power’s Application through Modified Procedure with a 21-day comment period following a Notice of Application and Notice of Modified Procedure?



Neil Price
Deputy Attorney General

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