

## DECISION MEMORANDUM

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** TJ GOLO

**DATE:** JUNE 18, 2009

**RE:** IDAHO POWER'S COMPLIANCE FILING FOR SCHEDULE 89;  
CASE NO. IPC-E-08-10

On June 16, 2009, Idaho Power ("Company") filed a compliance filing to update its Schedule 89 rate. Schedule 89 is the Unit Avoided Energy Cost rate for Cogeneration and Small Power Production that is updated in each general rate case and contains two components: 1) the variable energy cost for the Valmy Power Plant based upon the most recent Commission-approved net power supply expenses as calculated by the AURORA model and 2) the current variable O&M per unit of energy associated with Valmy Power Plant. The Company filed a revised Schedule 89 for Commission's approval following the issuance of Order No. 30754 as part of its initial compliance filing. However, the Schedule 89 filed in that compliance filing was inadvertently not updated to reflect the newly approved net power supply expenses and 2008 variable O&M.

In this compliance filing, the Company filed a revised Schedule 89 tariff sheet, which contains the rate that is reflective of the approved AURORA simulation and the current variable O&M portion in Order No. 30754. Staff verified the Company's rate calculation for Schedule 89. The Company added the net power supply cost as generated by AURORA and variable O&M expenses associated with the Valmy Power Plant to derive the 2.829 cents per kilowatt-hour rate for Schedule 89. Staff was able to replicate the calculation of the Company and verify the new Schedule 89 rate. The Company stated that "to date, the Company has not applied the incorrect rate for any Cogeneration and Small Power Production energy purchases or agreements for purchases. As a result, there has been no impact to the Company or its customers."

**STAFF RECOMMENDATION**

Staff believes that the corrected rate filed by the Company for Schedule 89 reflects the approved net power supply and variable O&M expenses associated with Valmy Power Plant following the issuance of Order No. 30754, and therefore recommends that the Commission approve the revised tariff sheet for Schedule 89 as filed by the Company.

**COMMISSION DECISION**

Does the Commission wish to approve Idaho Power's revised tariff sheet for Schedule 89 as filed in the compliance filing?

  
\_\_\_\_\_  
TJ Golo

i:udmemos/IPC Tariff Advice Schedule 89 Compliance Filing