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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR APPROVAL ) CASE NO. IPC-E-10-37  
OF A FIRM ENERGY SALES AGREEMENT )  
WITH J.M. MILLER ENTERPRISES, INC., FOR ) COMMENTS OF THE  
THE SALE AND PURCHASE OF ELECTRIC ) COMMISSION STAFF  
ENERGY. )  
\_\_\_\_\_ )

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32134 on December 8, 2010, in Case No. IPC-E-10-37, submits the following comments.

**BACKGROUND**

On November 15, 2010, Idaho Power Company filed an Application with the Commission requesting approval of a 10-year Firm Energy Sales Agreement (“Agreement”) between Idaho Power and J.M. Miller Enterprises, Inc. (J.M. Miller) dated November 1, 2010. The Application states that J.M. Miller would sell and Idaho Power would purchase electric energy generated by the Sahko Hydro Project (“Facility”) located near Filer, Idaho.

The Application states J.M. Miller is currently selling energy from this Facility to Idaho Power under a Schedule 86 non-firm agreement dated September 7, 2005. Order No. 29874, Application at 2.

The existing Schedule 86 agreement shall be terminated at the time the Facility achieves its Operation Date as specified within the presently submitted Agreement. Idaho Power warrants that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements (Order Nos. 30415, 30488, 30738, and 30744).

The Agreement is for a term of 10 years and contains the current non-levelized published avoided cost rates established by the Commission in Order No. 31025 for energy deliveries of less than 10 average megawatts ("aMW"). The nameplate rating of the Facility is 0.5 MW.

Interconnection for this Facility was completed in association with the existing Schedule 86. *Id.* at 4. Therefore, all applicable interconnection charges and monthly operation and maintenance charges have already been assessed and collected from J.M. Miller regarding this Facility.

## STAFF ANALYSIS

This Facility has been providing energy to Idaho Power under an existing Schedule 86 agreement since June 2006. Schedule 86 is a tariff that allows PURPA Qualifying Facilities to sell generation to Idaho Power on a non-firm basis at market-based rates. The proposed Agreement will replace the Schedule 86 agreement and require Idaho Power to purchase the Facility's output at the current non-levelized published avoided cost rates of Order No. 31025.

Staff has reviewed the Agreement and confirms that it comports with all of the terms and conditions of the various Commission Orders applicable to PURPA agreements. The Agreement is substantially identical to other recently-approved contracts, and presents no new issues that merit discussion by Staff.

Although Idaho Power filed a Joint Petition with the Commission on November 5, 2010, seeking a reduction in the published avoided cost rate eligibility cap from 10 aMW to 100 kW<sup>1</sup>, Idaho Power does not believe that this Agreement should be impacted by that filing. *Id.* at 2. Staff agrees. The Agreement was signed by the parties prior to the filing of the Joint Petition and the subsequent Notice of Filing issued by the Commission. Moreover, the filing of the Application seeking approval of the Agreement was prior to December 14, 2010, the effective date established by the Commission for its decision in Case No. GNR-E-10-04 on whether to grant the Joint Petition to reduce the published avoided cost eligibility cap.

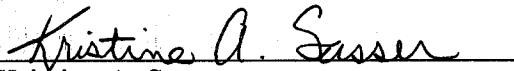
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<sup>1</sup> Case No. GNR-E-10-04.

**RECOMMENDATIONS**

Staff recommends that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Idaho Power to J.M. Miller for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 29<sup>TH</sup> day of December 2010.

  
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Kristine A. Sasser  
Deputy Attorney General

Technical Staff: Rick Sterling

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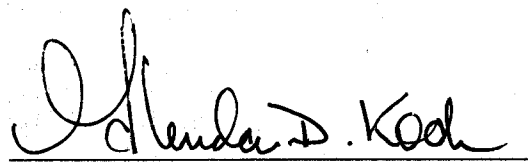
## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29<sup>TH</sup> DAY OF DECEMBER 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-10-37, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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