DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVID SCHUNKE

RANDY LOBB

DON HOWELL

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:AUGUST 22, 1995

RE:CASE NO. IPC-E-95-12

FIRST AMENDMENT TO FIRM ENERGY SALES AGREEMENT

SCHAFFNER HYDRO PROJECT

On August 9, 1995 Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an Amendment (attached) to a firm Energy Sales Agreement (Agreement) between Idaho Power and Lemhi Hydro Power Company, successor in interest to Henry & Barbara Schaffner, for a small hydroelectric project (facility), which shall continue to be known as the Schaffner Hydro Project.  The Schaffner Hydro Project is a 500 KW hydroelectric facility located in the Southeast Quarter of Section 7, Township 20 North, Range 24 East, Boise Meridian, Lemhi County, Idaho.  The annual net energy production is 2,311,800 KWh.  The underlying Agreement dated December 20, 1985 was approved by the Commission in Case No. U-1006-256, Order No. 20253.  The Agreement is for a 35-year contract term.

The proposed Amendment dated August 8, 1995 incorporates several changes that have occurred since the Agreement was first signed:

●As a substitute for the Agreement requirement of valued loss of income insurance (reference Agreement ¶ 14.2.2) the Amendment, to provide security for the levelized rate payment obligation, incorporates various security provisions of Commission Order Nos. 21690 and 21800 of the -292 security case and the insurance requirements of Order No. 25240.  Reference Agreement, Article I:  Definitions ¶¶ 1.13 “Replacement Costs” and 1.20 “Total Cost of the Facility” (new); Article XIV: Indemnification and Insurance; Article XXVIII:  Additional Terms and Conditions; Article XXX: Security (new); and Appendix E—Engineers’ Certifications (new).

●The adjustable portion of the purchase price is amended per Commission Order Nos. 20924 and 25880.  Reference Agreement.¶ 7.1.2—Adjustable Payment

●By Amendment, a routine change in the Notices Article is also reflected.  Reference Agreement, Article XXVII: Notices.

The Company requests that the First Amendment be approved and that all costs relating thereto be allowed to Idaho Power as prudently incurred expenses for ratemaking purposes.

Staff Analysis

Staff has reviewed the filings of record in Case No. IPC-E-95-12, the underlying Agreement, and has reviewed the Commission’s Order approving same.  Staff has reviewed the terms of the submitted First Amendment and finds the amended terms to be reasonable and in conformance with prior Commission Orders.

Commission Decision

●Does the Commission find the amended terms to be reasonable and acceptable?  Does the Commission find associated costs to be prudently incurred expenses for ratemaking purposes?  If so, should the Amendment be approved?  By Minute Entry?  If not, how does the Commission wish to process this Application?

Scott Woodbury

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