



PC-E-95-15  
DAHO POWER COMPANY

**ARTIES OF RECORD**

ARTON L KLINE  
DAHO POWER COMPANY  
O BOX 70  
BOISE ID 83707-0070

LARRY D RIPLEY  
IDAHO POWER COMPANY  
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BOISE ID 83707-0070

**INTERESTED PARTIES**

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& MINERALS INC  
2534 E 53RD ST  
TULSA OK 74105  
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466 SOUTH 500 EAST  
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BOISE ID 83720-0098  
**STATEHOUSE MAIL**  
LES NELSON  
CAL SEIA  
2391 ARDEN WAY STE 212  
SACRAMENTO CA 95825

GENER R BERTSCHE  
13810 N 11TH ST  
PHOENIX AZ 85022

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N 9 POST ST STE 241  
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FISHERIES DEVELOPMENT  
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1301 VISTA AVE  
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109 VICTOR DR  
HAILEY ID 83333

MARK A MOSER  
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MANAGEMENT INC  
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DALE HALL & ASSOC  
410 PARKWAY DR  
BOISE ID 83706

ISCELLANEOUS MAILING  
LIST

LIST "A"

TILITIES LAW REPORTS  
COMMERCE CLEARING HOUSE  
025 W PETERSON AVE  
CHICAGO IL 60646

HAROLD MILES  
316 15TH AVE SOUTH  
NAMPA ID 83651-4319

←(ELECTRIC & GAS ONLY)

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RATES DIVISION  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070

←(ELECTRIC ONLY)

JOHN ROTONDO  
THE PRINDEN CORPORATION  
PO BOX 712  
PARKRIDGE NJ 07656-0712

BPA  
LAW LIBRARY  
PO BOX 3621  
PORTLAND OR 97208

←(ELECTRIC ONLY)

JIM WOZNIAK  
US WEST COMMUNICATIONS  
999 MAIN ST 11TH FLOOR  
BOISE ID 83702-9001

CAROL DOSCHLER  
ARGUS RESEARCH CORP  
17 BATTERY PLACE  
NEW YORK NY 10004-1280

←(NO WATER ORDERS)

~~ANY GARANT  
NRRI  
1080 CARMACK RD BEVIS  
HALL  
COLUMBUS OH 43210  
WALTON HILL  
GENERAL WATERWORKS  
200 OLD HOOK RD  
HARRINGTON PK NJ 07640~~

~~DAVID ROHDE /CCMI  
UNITED COMMUN GROUP  
STE 1100  
11300 ROCKVILLE PIKE  
ROCKVILLE MD 20852-3030  
MAGGIE RANSOM  
IDAHO TRANSPORT DEPT  
DMV ADMINISTRATION  
STATEHOUSE MAIL~~

←(TELEPHONE ONLY)

←(NO WATER ORDERS)

PUBLIC UTILITY REPORTS  
ATTN LAW DEPARTMENT  
8229 BOONE BLVD STE 401  
VIENNA VA 22182

DALE GOBLE  
UNIVERSITY OF IDAHO  
COLLEGE OF LAW  
MOSCOW ID 83843-4171

←(ELECTRIC ONLY)

JAMES F FELL  
STOEL RIVES BOLEY ET AL  
STE 2300  
900 SW 5TH AVE  
PORTLAND OR 97204-1268  
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MOFFATT THOMAS ET AL  
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ENERGY MARKET & POLICY  
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PO BOX 3875  
RESTON VA 22090-3875

ISCELLANEOUS MAILING  
IST (RUN 53)

IST "B - 1"

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ERC  
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OFFICE OF CHIEF COUNSEL  
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STATEHOUSE MAIL

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DOMINION POWER SERVICE  
STE 220  
699 EAST SOUTH TEMPLE  
SALT LAKE CITY UT 84102  
DONALD A HAAGENSEN  
HILL HUSTON CABLE ET AL  
SUITE 2000  
1001 SW FIFTH AVE  
PORTLAND OR 97204-1136  
LIBRARIAN  
PRESTON THORGRIMSON  
5400 COLUMBIA CENTER  
701 5TH AVE  
SEATTLE WA 98104-7011  
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244 CALIFORNIA ST  
SAN FRANCISCO CA 94111  
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366 CSG-JA  
MOUNTAIN HOME AFB ID  
83648-5131

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STATEHOUSE MAIL

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OMAHA NE 68131

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NATIONAL UTILITY SER  
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STATEHOUSE MAIL

J R GALE  
MGR-RATES  
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BOISE ID 83707-0070

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LEWISTON ID 83501

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366 CES-CEOE  
1030 LIBERATOR ST  
MTN HOME AFB ID 83648

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BOISE ID 83701-2720

CONLEY WARD ESQ  
GIVENS PURSLEY & HUNTLEY  
PO BOX 2720  
BOISE ID 83701-2720

BART KLINE ESQ  
EVANS KEANE ET AL  
PO BOX 959  
BOISE ID 83701-0959

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101 SW MAIN SUITE 810  
PORTLAND OR 97204

MISCELLANEOUS MAILING

LIST "B - 1" CONT'D

ASSOC. OF IDAHO CITIES  
3314 GRACE STREET  
BOISE ID 83703-5896

IDAHO BUILDING  
CONTRACTORS ASSOC  
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BOISE ID 83702-5840  
HOUSEL CONSTRUCTION  
PO BOX 445  
KETCHUM ID 83340

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JR SIMPLOT COMPANY  
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BOISE ID 83707-0027

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MOORE & McFADDEN  
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DOCUMENT CENTER  
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PORTLAND OR 97232

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492 9TH ST STE 220  
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13908 N DALLAS  
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BLDG CONTRACTORS ASSOC  
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11120 EXECUTIVE DRIVE  
BOISE ID 83704-9844  
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PO BOX 2723  
KETCHUM ID 83340-2723

DAVID HAWK  
JR SIMPLOT COMPANY  
PO BOX 27  
BOISE ID 83707-0027

WARD SINSEL  
9477 APPLING DR  
BOISE ID 83704

LOCAL UNION 232  
IBEW  
225 N 16TH ST RM 210  
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JAMES GOLDMANN  
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BELLEVUE WA 98004

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ENRON  
ONE TABOR CENTER  
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DENVER CO 80202  
C CLARK LEONE  
PUBLIC POWER COUNCIL  
1500 NE IRVING STE 200  
PORTLAND OR 97232

MISCELLANEOUS MAILING  
LIST "B - 2"

~~MARGIE JONES  
SUPV OF PURCHASING  
BOISE PUBLIC SCHOOLS  
1207 W FORT STREET  
BOISE ID 83702-5399~~

~~JOHN WILLIAMS  
BPA  
1101 W RIVER ST STE 250  
BOISE ID 83702~~

MISCELLANEOUS MAILING

LIST "B - 3" - - - -

DAN MEEK  
1935 NE CLACKIMAS  
PORTLAND OR 97232

STEVE O'BRIEN  
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PO BOX 592  
BLACKFOOT ID 83221-0592

PHILLIP J HARRISON  
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BLACKFOOT ID 83221-0592

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MINERALS  
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TULSA OK 74105  
MIKE BOYDSTUN  
TRAFFIC SECTION  
DIVISION OF HIGHWAYS  
STATEHOUSE MAIL

MIKE LEONARD  
AURORA POWER & DESIGN  
3412 N 36TH ST  
BOISE ID 83703

MISCELLANEOUS MAILING  
LIST . (run 17)

LIST "F - 1"

JOHN BRADEN  
HYDRO CONSULTANTS  
410 ARCHIBALD STREET  
KANSAS CITY MO 64111

MITCH ARKOOSH  
714 3RD AVE EAST  
GOODING ID 83330

JEFF ANTISDEL  
NEVADA ENERGY COMPANY  
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RENO NV 89512-3315

DAN HUDSON  
21876 SW REGAL CT  
ALOHA OR 97006-1316

NVH INC  
GLEN R STOCKWELL  
306 S JEFFERSON  
RITZVILLE WA 99169

MELVIN TAGGART PE & LS  
TAGGART ENGINEERING  
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POTLATCH ID 83855-9603

PAUL E LEVY ESQ  
LEVY LAW OFFICES  
380 PARKCENTER BLVD #320  
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IDAHO FALLS ID 83402-5630

BARRY SHEINGOLD  
CITIZENS POWER & LIGHT  
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TOM MCLAUGHLIN  
PO BOX 1066  
HAILEY ID 83333-1066

DICK GRAVES  
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GOODING ID 83330-5309

ANNA FAY WILLIAMS  
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1750 ALBANS ST  
HOUSTON TX 77005-1704

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NEWPORT BEACH CA 92663

MAHER F WISSA PRESIDENT  
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N 9 POST STREET  
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STOEL RIVES BOLEY ET AL  
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WENDELL ID 83355

MISCELLANEOUS MAILING  
LIST

~~LIST "F - 2"~~

~~R C FRISCH  
LEWISTON TRIBUNE  
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~~WILLIAM J DEE  
DEE & MACGREGOR  
416 W MAIN  
GRANGEVILLE ID 83530~~

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR AN ORDER ) CASE NO. IPC-E-95-15  
REVISING THE RATES, TERMS AND CONDI- )  
TIONS UNDER WHICH IDAHO POWER )  
PURCHASES NON-FIRM ENERGY FROM ) ORDER NO. 26850  
QUALIFYING FACILITIES )  
\_\_\_\_\_ )**

**B A C K G R O U N D**

In October 1995, the Idaho Power Company (Idaho Power; Company) filed an Application for an Order (1) approving revisions to the Company's current Schedule 86 entitled "Cogeneration and Small Power Production—Non-Firm Energy;" (2) approving revisions to the rates to be paid for non-firm energy sold to Idaho Power under Schedule 86, and; (3) authorizing the Company to file documentation supporting the computation of purchase rates under Schedule 86 on a semi-annual rather than a monthly basis. The Company ultimately amended its proposed revisions to Schedule 86 and on January 22, 1997, the Commission issued Order No. 26750 approving, with modifications, the Company's amended application.

Specifically, the Commission authorized Idaho Power to eliminate the three mill capacity adder included in Schedule 86 due to the lack of capacity gained by participation in this schedule. The Commission also agreed that it was reasonable to allow Idaho Power to reduce the number of compliance filings made with the Commission under Schedule 86 from monthly to semi-annually. The Commission further authorized Idaho Power to eliminate the fixed rate option (Option A). The most controversial changes to the Company's Schedule 86, however, involved its proposed revisions to Option C (net metering). The Commission chose to retain Option C, in some form, for the benefit of those customers interested in eliminating some or all of their loads through their own generation. The Commission found that a reasonable net metering option is one that (a) allows the Company to use its existing billing system, (b) allows the customer to use a conventional single-metering system, (c) charges the customer the rate consistent with its class of service while the meter is running forward, (d) pays the customer the five year rolling average avoided energy cost rate when the meter

is running backwards, and (e) charges the customer a minimum fee that is consistent with the amount of backup supply and capacity being provided to the Company.

### **PETITION FOR RECONSIDERATION**

On February 12, 1997, Aurora Power & Design petitioned the Commission for reconsideration of Order No. 26750. Aurora charges that the Commission's Order (1) offsets customer power production with the avoided cost rather than retail rates under the guise of a "service charge", (2) does not make available the use of Option C to the type of customer who can best use it, and (3) gives Idaho Power the authority to place unwarranted burdens on those customers through the "conditions of sale" provisions contained in the standard Option C contract.

Aurora notes that it is a power systems design and supply company that is in direct competition with Idaho Power's solar photovoltaic service. Aurora contends, therefore, that the Commission's Order has direct consequences to Aurora's livelihood. Aurora argues that Idaho Power has long been antagonistic to the small, independent power industry. Aurora advocates that the development of new energy resources, particularly those that are non-consumptive such as solar power, should be promoted. Aurora contends that the Commission's Order is anathema to that objective. The revised Schedule 86, Aurora contends, causes two-thirds of the energy produced by a customer to go to a service charge. The net effect is that the small power producer recovers the avoided cost under the guise of this charge. Aurora contends that this calculation is overly complex and subjective. It is not reasonable, Aurora contends, for the Commission to state in its Order that allowing annual net metering would require substantial changes in the Company's billing system and, at the same time to support a monthly service charge calculation that appears to be impossible to incorporate into any billing system.

Aurora questions how this allegedly excessive service charge can be justified when Idaho Power is simultaneously requesting authorization of a public purposes charge to fund its involvement in a region wide conservation effort (Case No. IPC-E-96-26). Aurora proposes that if the Commission is genuinely concerned that there will be a significant use of net metering, then the Commission could put a cap on its use. Otherwise, Aurora argues, small independent power producers can already receive avoided costs without using a complicated formula.

Aurora further challenges the Commission's Order because it limits the availability of Option C to residential and small commercial customers (rate schedules 1 and 7). The Commission's Order notes that running the meter backwards for a customer with a demand as well as an energy meter could potentially reduce that customer's demand and subsequent bill which is inappropriate because the energy supplied by that customer is non-firm. Aurora questions why this is inappropriate because demand itself is not firm. That is why there is a demand meter. If a utility customer ceases its operations, there is a reduction in demand. Similarly, if an independent power producer produces power to reduce its demand during the entire month, this is also a legitimate reduction in demand.

Finally, Aurora challenges the Commission's evaluation of the "Conditions of Purchase and Sale" provisions contained in the standard Schedule 86 contract. Aurora believes that the Commission's Order allows Idaho Power to waive these conditions at its discretion. Consequently, Aurora argues, if the customer employs Idaho Power's solar photovoltaic service, then these conditions will likely be waived. If the customer employs Aurora Power & Design as its provider of solar equipment, then they will not. Aurora asserts that the requirement to have a licensed engineer certify interconnection between the Company's system and a Schedule 86 customer is unwarranted. Aurora contends that most licensed engineers are not qualified to make this certification and the *Idaho Code* already requires a licensed electrician to make these installations. Moreover, Idaho Power customers will soon be implementing net metering without any approval of the Commission, Aurora contends. If the Commission is truly concerned about safety, Aurora argues, then proper net metering must be required; not unusable options approved by the Commission's Order.

#### **Idaho Power Response**

On February 21, 1997, Idaho Power filed a response Aurora's Petition for Reconsideration. Idaho Power contends that Aurora's Petition consists primarily of statements of opinion. It does not identify any facts or legal conclusions that it claims are inaccurate.

Idaho Power notes that much of Aurora's dissatisfaction with the Commission's Order appears to arise from the assumption that alternative energy technologies are entitled to be paid at retail rates which are currently in excess of the Company's avoided costs. Idaho Power points out that the Public Utilities Regulatory Policies Act of 1978 (PURPA) specifically prohibits the Commission from requiring electric utilities to purchase energy from qualifying facilities (QFs) at rates that exceed avoided costs. Therefore, the Company contends, the Commission's decision to

allow smaller alternative energy producers to be paid full avoided costs without paying the costs associated with dual metering and interconnection protection equipment that other QF developers are required to provide constitutes a reasonable level of incentive to alternative energy technologies.

Idaho Power notes that its solar photovoltaic service Schedule 60 was suspended in November 1996. Prior to suspension, the service was only available to off-grid locations. Because Schedule 86, at issue in this case, is applicable only to on-grid applications, Idaho Power argues that Order No. 26750 will have no impact on Aurora's ability to compete with any entity to develop off-grid solar photovoltaic applications as Aurora contends.

Idaho Power contends that Aurora's criticism that the monthly charge contained in Schedule 86 is complex and impossible to incorporate into any billing system is without any objective support or evidence. The Company notes that the Commission Staff has reviewed and accepted the monthly charge methodology. Idaho Power concedes that the computation is based on an algorithm and is intimidating on the surface but argues that once the data regarding the customer's generating equipment is obtained from the customer, computation of the charge is not difficult. Idaho Power asserts that once the monthly charge is computed, the Company can use its existing retail billing computer program to add the monthly charge to the customer's retail electric bill as a separate charge.

Finally, regarding Aurora's criticism of the requirement in Schedule 86 that interconnections be certified by a licensed electrician, the Company states that it is imperative that Idaho Power know about any installation in which a customer installs electric generating equipment having the capability to energize Idaho Power's distribution lines. This is necessary for Idaho Power to have the ability to protect its employees and system from energy or damage. Idaho Power states that it "does not believe that having qualified personnel be responsible for reviewing and approving such protection is 'laughable.'" *Response at p. 4.*

## FINDINGS

Rule 331 of the Commission's Rules of Procedure (IDAPA 31.01.01) provides that any person interested in a final Order of the Commission may petition for reconsideration within 21 days after the day of service of that Order. Such Petition must set forth the ground or grounds why the petitioner contends that the Order is unreasonable, unlawful, erroneous or not in conformity with the

law and a statement of the nature and quantity of evidence or argument that the petitioner will offer if reconsideration is granted. The rule further provides that any person may cross-petition within seven days after an initial petition for reconsideration is filed. We find that Aurora's Petition was timely filed and otherwise complies with the Commission's procedural rules. For the reasons set forth below, however, we hereby deny Aurora's Petition.

The primary thrust of Aurora's argument appears to be that the revisions to Schedule 86 proposed by Idaho Power will have a chilling affect on self-generators. What Aurora fails to point out, however, is very few customers have chosen to operate under this schedule. This was one of Idaho Power's stated reasons for its proposed revisions. While we are cognizant of the benefits provided by the small, independent power industry, we find that because of the industry's apparent lack of interest in Schedule 86, the proposed revisions will not significantly discourage self-generation.

As noted by Idaho Power, Aurora appears to be under the impression that Schedule 86 customers are entitled to be paid at retail rates which are currently in excess of Idaho Power's avoided costs. PURPA states; "[n]othing in this subpart requires any electric utility to pay more than the avoided costs for purchases." 18 C.F.R. § 292.304(a)(2).

We also note that Schedule 86 generators are not required to pay the costs associated with dual metering and interconnection protection equipment that other QF developers are required to provide. This in itself constitutes an incentive to alternative energy technologies.

Regarding Aurora's contention that the monthly service charge is overly complex, we direct the Company to take whatever steps are necessary to ensure that the charge is adequately explained to Schedule 86 customers and potential customers. In the event such customers believe they have not been given an adequate explanation, they may come before this Commission seeking redress.

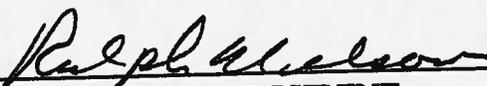
Regarding Aurora's criticism of the requirement in Schedule 86 that interconnections be certified by a licensed electrician, we do not find that Aurora has presented evidence or arguments convincing us that such a requirement is anything but prudent. This Commission has a statutory responsibility to ensure safety for the public and employees of the Company. We believe that reasonable safeguards such as the one at question are necessary to maintaining the integrity of Idaho Power's system.

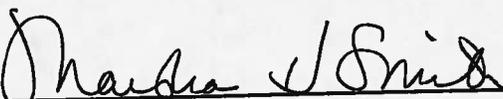
**ORDER**

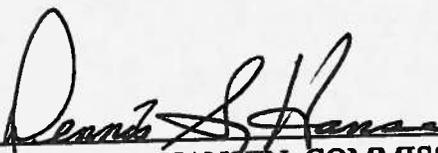
IT IS HEREBY ORDERED that the Petition for Reconsideration of Order No. 26750 filed by Aurora Power Systems and Design is denied.

THIS IS A FINAL ORDER ON RECONSIDERATION. Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this Case No. IPC-E-95-15 may appeal to the Supreme Court of Idaho pursuant to the Public Utilities Law and the Idaho Appellate Rules. See *Idaho Code* § 61-627.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27<sup>th</sup> day of March 1997.

  
RALPH NELSON, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Myrna J. Walters  
Commission Secretary

vid/O:IPC-E-95-15.bp2