BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

IDAHO POWER COMPANY FOR AN ORDER)CASE NO. IPC-E-95-16

APPROVING A FIRST AMENDMENT TO A)

POWER SALES AGREEMENT WITH LS-LQ)

HYDROELECTRIC PARTNERS (PIGEON)MINUTE ENTRY

COVE HYRO PROJECT).)

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On October 10, 1995, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an Amendment (attached) to Power Sales Agreement (Agreement) between Idaho Power and LS-LQ Hydroelectric Partners’ (Seller).  Pigeon Cove Power Company was the original signatories to the Agreement who assigned it to Bonneville Pacific Corporation, who than subsequently assigned the same to LS-LQ Hydroelectric Partners.  The project shall continue to be known as Pigeon Cove hydro project.

The Pigeon Cove hydro project is a 2,000 KW facility located in the SW Quarter of Section 16, Township 9 South, Range 16 East, Boise Meridian, Twin Falls County, Idaho.  The annual net energy production is 10,216,700 kWh.  The underlying Agreement, dated May 11, 1983, was approved by the Commission in Order No. 15746.   The Agreement is for a 35 year term.

The proposed Amendment dated October 5, 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, the Amendment incorporates various security provisions of Commission Order Nos. 21690 and 21800 of the -292 security case and the insurance requirements of Order No. 25240 to provide security for the levelized rate payment obligation.  The changes were made to the original Agreement in the following sections:   Article I:  Definitions  ¶ ¶ 1.16 Replacement Costs, 1.18 Total Costs of the Facility; Article XII Indemnification and Insurance; Article XXVI Additional Terms and Conditions; Article XXVIII Security; and Appendices F - Lump Sum Refund Payment and G - Engineers certificate.

●A modification to method of the repayment after the initial period adjustment has lapsed.  The end of the initial period for repayment occurred October 31, 1994 and the amount to be repaid over the next seven-year period is $2,924,565.84.  The Seller has represented that the $34,816.26 monthly repayment amount is too costly for the project to continue operations.  The Seller has asked and Idaho Power has agreed to extend the repayment period from seven years (84 months) period to 15 years (180 month) period on an equivalent present value basis.  The Seller has agreed, quid pro quo, to accept a reduction in the avoided energy costs from the current 24.65 mills/kWh to 21.43 mills/kWh with any future adjustment to be in the same percentage as any change to Idaho Power’s Schedule 89.  The changes were made to the original Agreement in the following sections:    Article VI:  Sale of Power; Article VII: Purchase Price and Method of Payment; Adjustment,  ¶ 7.1; Article XX: Default and Notice ¶ 20.2 “Seller Permanent Curtailment; Appendix A Table 1 and  Table 2 .

●There are minor changes to the certificate of Notice.  The changes were made to the original Agreement in Article XXV:  Notices.

●There are minor changes to the Generation Scheduling and Reporting Methodology.  The changes were made to the original  Agreement in the following sections:  Article XXVI: Additional Terms – Appendix E, Appendix D - Generation Scheduling and Reporting ¶ ¶ D-9.1-9.2, and Appendix E - Engineers Certificate.

●Finally, the Amendment incorporates Appendix B which was omitted from the original Agreement.

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

The Commission has reviewed the filings of record in Case No. IPC-E-95-16, the underlying Agreement, and has reviewed the Commission’s Order approving same.   The Commission has reviewed the terms of the submitted First Amendment and finds the amended terms to be reasonable and acceptable.  The Commission finds payments made under the amended Agreement to be prudently incurred expenses for ratemaking purposes.

DATED  at Boise, Idaho this                  day of  November 1995.

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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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