DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:JANUARY 26, 1996

RE:CASE NO. IPC-E-96-1

SUNSHINE NO. 2 HYDRO PROJECT

SCHEDULE 86 NON-FIRM ENERGY UNIFORM AGREEMENT

On January 5, 1996, Idaho Power Company (Idaho Power; Company; IPCo) filed an Application with the Idaho Public Utilities Commission (Commission) requesting an Order approving a Uniform Agreement (Agreement) for the purchase of non-firm energy dated November 22, 1995, between IPCo and Jerry and Chris McMillan (McMillans).  The McMillans are successors in interest to A.W. Brown Company, Inc., the developer of a 110 kilowatt hydroelectric project, identified as Sunshine No. 2 Hydro Project, located in the Northeast Quarter of Section 2, Township 19 North, Range 21 East, Boise-Meridian, Lemhi County, Idaho.  The project is represented to be a qualified small power production facility under the applicable provisions of the Public Utility Regulatory Policies Act of 1978.

On January 14, 1994, the Commission approved a November 23, 1993, Uniform Agreement for the purchase of non-firm energy between Idaho Power Company and A.W. Brown for the Sunshine No. 2 project.  Reference Case No. IPC-E-93-30, O.N. 25355.  By letter dated December 4, 1995, A.W. Brown notified Idaho Power Company that ownership of the Sunshine No. 2 project had changed and authorized the Company to cancel its November 23, 1993, Uniform Agreement for the purchase of non-firm energy.  Idaho Power requests approval of the cancellation of the Company’s Uniform Agreement with A.W. Brown Company for the Sunshine No. 2 hydro project.

As successors in interest to the Sunshine No. 2 hydro project, the McMillans have agreed to sell Sunshine No. 2 energy to Idaho Power at the non-firm energy rate established in IPCo’s electric tariff Schedule 86.  The Agreement between IPCo and the McMillans is the November 22, 1995 Uniform Agreement for the Purchase of Non-firm Energy from Cogeneration and Small Power Production Projects.  Idaho Power requests approval of the Agreement and Commission acknowledgement that all payments under the Agreement are prudently incurred expenses for ratemaking purposes.

Staff Analysis

Staff has reviewed the filings of record in Case Nos. IPC-E-96-1 and IPC-E-93-30 regarding the Sunshine No. 2 hydro project.  Staff finds that the McMillan Agreement contains non-

firm energy rates in conformity with the Company’s posted tariffs.  Staff recommends that the Commission approve the Company’s cancellation of the A.W. Brown Agreement and approve the McMillan Agreement.

Commission Decision

●Does the Commission approve cancellation of the November 23, 1993 Uniform Agreement between Idaho Power and A.W. Brown Company for the Sunshine No. 2 hydro project.  Reference Case No. IPC-E-93-30, O.N. 25355.

●Does the Commission approve the November 22, 1995 Uniform Agreement between Idaho Power and the McMillans for the Sunshine No. 2 hydro project?

●Does the Commission find the continued purchase of non-firm energy from the Sunshine No. 2 project to be in the public interest?

●Does the Commission agree that all costs of purchasing non-firm energy under the Uniform Agreement should be allowed to Idaho Power as prudently incurred expenses for ratemaking purposes?

Scott Woodbury

vld/M:IPC-E-96-1.sw