(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AN ORDER APPROVING A FIRST AMENDMENT TO A FIRM ENERGY SALES AGREEMENT WITH JOHN R. LEMOYNE (LEMOYNE HYDRO PROJECT). | )  )  )  )  )  )  ) | CASE NO. IPC-E-96-24  ORDER NO.  26811 |

On December 19, 1997, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of an amendment to a Firm Energy Sales Agreement (Agreement) between Idaho Power and John R. LeMoyne for the LeMoyne Hydro Project.  On January 15, 1997, Idaho Power submitted revised amendment pages 2 and 3, requesting that the original pages be removed and discarded and replaced with the two revised pages.  See attached First Amendment (as revised).

LeMoyne Hydro Project is located in the Northwest quarter of Section 1, Township 8 South, Range 13 East, Boise Meridian, Gooding County Idaho.  The underlying Agreement dated April 23, 1985 and addendum dated June 28, 1985 were approved by the Commission in Order No. 19772.  The Agreement is for a 35 year term.

The proposed amendment dated December 3, 1996 incorporates several changes that have occurred since the Agreement was first signed.  The most significant change is a modification of the facility’s generator size and type from 50 horsepower synchronous (37kW) to 100 horsepower induction (75kW).  Under the amended Agreement the annual net energy production is increased from 232,000 kWh to 580,000 kWh.  Agreement ¶ 6.3.  A new ¶ 1.6 is added defining excess net energy, as all net energy which exceeds 21,270 kWh in any calendar month.  As amended, the base payment (¶ 7.1.1) and adjustable payment (¶ 7.1.2) are for the first 21,270 kWh of net energy delivered in any calendar month.  Adjustable payment amounts are amended as per Commission Order No. 25880 in Case No. IPC-E-94-5.  Payments for excess net energy under ¶ 7.1.3 of the amended agreement are to be as follows:

March-May 33.87 mils/kWh

June-September 55.30 mils/kWh

October-February 46.09 mils/kWh

The first energy date of the enlarged project was November 30, 1995.

Additional changes proposed are to Agreement Article XXVII-Notices, ¶ B-1 Description of Facility, ¶ B-5 Point of Delivery, ¶ B-9 Reactive Power, ¶ B-11 Costs (original language deleted in its entirety and costs of interconnecting facilities and related O&M charges separated into two categories.  (1.  Equipment originally installed in 1984 and (2.  Equipment installed to accommodate 1985 increase in capacity), and Appendix D Lump Sum Payment (new schedule).

The Company requests that the First Amendment be approved without change or condition and that all costs relating thereto be allowed to Idaho Power as prudently incurred expenses for ratemaking purposes.

Commission Findings:

The Commission has reviewed the filings of record in Case No. IPC-E-96-24, the underlying Agreement and the Commission’s Order approving same.  The Commission has also reviewed the terms of the submitted First Amendment.  Based on our review and the analysis of Commission Staff in this matter, we find that the rates for the excess energy are levelized and derived from those approved in Order No. 25932, Case No. IPC-E-93-28.  The contract length for excess energy under the amended Agreement is 24.6 years.  The contract length has been set so that the terms of the amendment expire at the same time as the original Agreement.  A 1995 on-line date was used because the first energy date was November 30, 1995.  Rates from Order No. 25932 were used because they were the rates in effect at the time the amendment was negotiated.  Although approval is just now being requested, we note that Idaho Power has been making purchases from the project at these rates since the project addition went on-line November 30, 1995.  The Commission finds the terms of the submitted amendment to be reasonable and acceptable.  The Commission also finds payments made under the amended Agreement to be prudently incurred expenses for ratemaking purposes.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Idaho Public Utilities Commission has authority under the PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter fixed term obligations for the purchase of energy from qualified small power production facilities, and to implement FERC rules.

O R D E R

In consideration of the foregoing and as more particularly and specifically described above, IT IS HEREBY ORDERED that the First Amendment to the Firm Energy Sales Agreement between Idaho Power Company and John R. LeMoyne submitted in Case No. IPC-E-96-24 be approved.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of February 1997.

                                                                                                                                      RALPH NELSON, PRESIDENT

                                                                                           MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

February 24, 1997