DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RICK STERLING

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:MARCH 20, 1997

RE:CASE NO. IPC-E-97-3

FIRM ENERGY SALES AGREEMENT—FIRST AMENDMENT

IPCO/SNAKE RIVER POTTERY

On March 12, 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 Snake River Pottery Power Co., Inc. (formerly Snake River Pottery).

The Snake River Pottery hydro project is a 65 kW facility located in the Southwest Quarter of the Southeast Quarter of Section 21, Township 6 South, Range 13 East, Boise Meridian, Gooding County, Idaho.  The annual net energy production is 389,316 kWh.  The underlying Agreement dated July 6, 1984, was approved by Commission Order No. 18997.  The Agreement is for a 35-year term beginning August 1, 1984.

The proposed Amendment dated March 4, 1997, 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 in the -292 security case and the insurance requirements of Order No. 25240 to provide security for the levelized rate payment obligation.  Changes were made to the original Agreement in the following sections: Article I: Definitions, ¶¶ 1.19 Replacement Cost, 1.20 Total Cost of the Facility; Article XIV Indemnification and Insurance, and Article XXI Default, Notice and Liquidated Damages.  The following new sections are added: Article XXVIII Additional Terms and Conditions—Reference to Appendix F—Engineer Certifications; and Article XXX Security.

◆A change is proposed to Agreement Article XXVII Notices

◆Article VII ¶ 7.1.2 Adjustable Payment is amended as per Order No. 25880 in Case No. IPC-E-97-5.

◆Appendix B Special Facilities, Point of Delivery, Metering and Operation Date is deleted in its entirety and replaced with a revised Appendix B to accurately reflect the description of what was actually installed and the amounts paid to interconnect the facility to Idaho Power’s system.

◆A new Appendix F—Engineer’s Certificate is added to the Agreement.

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

Staff Analysis

Staff has reviewed the proposed Amendment.  The requested changes are of a type that have been previously considered and approved by the Commission. Staff recommends approval by Minute Entry.

Commission Decision

Does the Commission find the submitted First Amendment terms to be reasonable and acceptable?  Does the Commission find payments made under the Amended Agreement to be prudently incurred expenses for ratemaking purposes?  Should the Agreement be approved by Minute Entry?  If not, what is the Commission’s preference?

Scott Woodbury

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