(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 LIMITING THE LENGTH OF CONTRACTS WITH QUALIFYING FACILITIES SMALLER THAN 1 MEGAWATT TO FIVE YEARS. | )  )  )  )  )  )  )  )  )  )  ) | CASE NO. IPC-E-97-9  NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE  NOTICE OF COMMENT/ PROTEST DEADLINE  ORDER NO.  27000 |

YOU ARE HEREBY NOTIFIED that  on June 5, 1997, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting an Order limiting the length of all PURPA contracts between Idaho Power and qualifying cogeneration and small power production facilities (QFs) smaller than 1 MW (“small QFs”) to five years or less.

As related by the Company, on September 4, 1996, in Order No. 26576 in Case No. IPC-E-95-9, the Commission approved a new methodology for avoided cost rate negotiations with QFs 1 MW and larger (“large QFs”).  In Order No. 26576 the Commission also found that in light of changes in the electric industry, obligating utilities to 20 year contracts for PURPA power was no longer in the public interest.  In Order No. 26576 the Commission further determined that Idaho Power was not required to offer contracts to large QFs that are longer than five years until further action is taken by the Commission.

In its present Application Idaho Power is requesting that the Commission extend the current five year limitation on QF contract length established for large QFs to small QFs.  This request, the Company contends, is consistent with the rationale underlying the limitation on contract length expressed by the Commission in Order No. 26576:

Significant changes have swept through the electric industry since we last examined the issue of contract length.  The FERC has mandated open access to the transmission system, thermal technologies have improved, gas prices are low, there is a considerable surplus of energy available in this region resulting in very low spot market prices for electricity and, finally, even the continued existence of PURPA is being called into question.  We find that as the industry as a whole continues to transform to a more free market model, we cannot justify obligating utilities to 20-year contracts for PURPA power.  As the utilities in this case note, such an obligation does not reflect the manner in which they are currently acquiring power to meet new load; through short-term (five years or less) purchases.  Consequently, it would be nothing more than an artificial shelter to the QF industry to provide those projects with contract terms not otherwise available in the free market.  We can find no justification for insisting that Idaho’s investor-owned utilities and their ratepayers assume such an obligation simply to foster one particular segment of an increasingly competitive industry.  We find, therefore, that Idaho’s investor-owned utilities shall not be required to offer contracts to QFs in excess of five years until further action is taken by this Commission.  This ruling, however, does not prevent utilities from offering for approval QF contracts with terms that exceed five years should the utilities believe that such contracts are in the best interests of their ratepayers.

Order No. 26976, pp. 6, 7.

Idaho Power states that there is no reason to believe that the logic supporting the contract length limitation for large QFs is less compelling when applied to smaller QF projects.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-97-9.  The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented, and that the issues raised by the Company’s filing may be processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure  and stating why Modified Procedure should not be used.  Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that the deadline for filing written comments or protests with respect to the Application and the use of Modified Procedure in Case No. IPC-E-97-9 is Tuesday, July 8, 1997.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing.  If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning this Application must be mailed to the Idaho Public Utilities Commission and Idaho Power at the following addresses:

COMMISSION SECRETARYBARTON L.  KLINE

IDAHO PUBLIC UTILITIES COMMISSIONLARRY D.  RIPLEY

PO BOX 83720IDAHO POWER COMPANY

BOISE, IDAHO  83720-0074PO BOX 70

BOISE, ID 83707-0070

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

All comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that Application in Case No. IPC-E-97-9 can be reviewed at the Commission’s office and at the principal office of Idaho Power Company during regular business hours.  Idaho Power Company is located at 1221 West Idaho Street, Boise, Idaho (388-2200).

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the foregoing procedure and scheduling in Case No. IPC-E-97-9 be adopted.

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

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:IPC-E-97-9.sw

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 13, 1997