DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RICK STERLING

DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:June 2, 1998

RE:CASE NO. IPC-E-98-7; APPLICATION OF IDAHO POWER FOR APPROVAL OF CONTRACT TO SUPPLY STANDBY SERVICE TO AMALGAMATED SUGAR COMPANY

Idaho Power Company has filed an Application for an Order approving (1) the agreement for supply of standby service between Idaho Power and the Amalgamated Sugar Company (TASCO) under which Idaho Power will supply standby electric service to TASCO (the standby agreement) and (2) Rate Schedule 31 which is intended to operate in conjunction with the standby agreement.

Idaho Power states that it provides electric service to TASCO’s refined sugar production facilities at Nampa, Paul and Twin Falls, Idaho under Idaho Power’s Schedule 19 and to TASCO’s refined sugar production facility at Nyssa, Oregon under Idaho Power’s Oregon Schedule 19.  TASCO owns and operates electric generation facilities at several of its refined sugar production facilities and utilizes electricity generated by those facilities to provide a portion of its electric loads.  Idaho Power’s service under Schedule 19 supplements the energy obtained from TASCO’s on-site generation.  TASCO currently purchases standby service from Idaho Power under Schedule 45 to back-up TASCO’s on-site generation at the Paul, Idaho facility.  TASCO has requested that Idaho Power provide standby service for all four TASCO refined sugar production facilities.

Idaho Power contends that, because TASCO owns and operates a relatively large amount of self-generation, it is a unique customer of the Company.  TASCO’s overall loads are growing and the standby agreement, Idaho Power asserts, will provide TASCO with a cost-effective way to optimize the use of its self-generation.

Moreover, the Company argues that TASCO is unique in that it only needs standby service during the fall and winter months when it is involved in its annual “campaign.”  During the spring and summer months, the 4,000 kW of standby generation will be available to serve other loads.

The Company concludes that existing Rate Schedule 45 is adequate to provide standby service for a single location.  That Schedule does not have the flexibility, however, to provide comprehensive service to a single customer with a multiple on-site generation characteristics as presented by TASCO.  Because of this unique situation, Idaho Power reasons, a special standby contract is appropriate.

Under the requirements of the proposed standby agreement, TASCO will pay all costs of supplying, installing, operating and maintaining certain transmission, substation and distribution facilities to allow Idaho Power to supply the standby service to the TASCO facilities.  TASCO will purchase on a take or pay basis standby contract demand and will pay standby facilities contract demand charges.  Even if TASCO does not utilize the standby demand, revenues will accrue to Idaho Power.  All energy taken with the standby demand will be priced at Schedule 19 energy charge rates.

The Commission Staff does not anticipate significant objections or issues relating to Idaho Power’s Application in this case and recommends that the matter be processed under Modified Procedure.

Commission Decision

Does the Commission wish to issue a Notice of Modified Procedure in this case?

Brad Purdy

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