DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

BILL EASTLAKE

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RICK STERLING

DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:NOVEMBER 16, 1998

RE:CASE NO. IPC-E-98-15; IDAHO POWER’S APPLICATION FOR APPROVAL OF SALE AND PURCHASE OF SURPLUS ENERGY BETWEEN IDAHO POWER AND THE AMALGAMATED SUGAR COMPANY

On November 12, 1998, the Idaho Power Company (Idaho Power; Company) filed an Application for an Order approving an agreement between the Company and the Amalgamated Sugar Company (TASCO) under which Idaho Power would operate in parallel with TASCO and purchase surplus electric energy generated by TASCO at its sugar production facility in Nampa, Idaho.

TASCO currently owns and operates electric generating facilities at its Nampa facility.  TASCO provides a portion of its electric loads at the Nampa plant with its own on-site generation.  Idaho Power provides electric service to TASCO’s Nampa plant under the Company’s Schedule 19 to supplement the energy TASCO generates with its own facilities.

On October 31, 1998, Idaho Power and TASCO entered into an agreement for the sale and purchase of surplus energy under which Idaho Power will purchase surplus electric energy from TASCO at market-based prices.  A copy of the proposed agreement is attached to the Application as Exhibit 1.  The initial term of the agreement is five years with automatic renewals thereafter.

The electric energy proposed to be sold by TASCO to Idaho Power under the agreement is non-firm and will only be available when TASCO does not consume all of its own generation.  The purchase price for the energy provided by TASCO under the agreement will be set on a per kilowatt hour basis and will be equal to the daily on-peak and off-peak Dow Jones mid Columbia index price less four mills per kilowatt hour.  That price will remain in effect until revised by mutual agreement of the parties.

Under the agreement, TASCO has reimbursed Idaho Power for the actual cost of disconnection and interconnection facilities required to allow parallel operation between TASCO and Idaho Power.  In addition, TASCO will pay Idaho Power a monthly charge to compensate the Company for the cost of operating and maintaining the Idaho Power-owned interconnection facilities.

The agreement provides that it shall not become effective until the Commission has approved it and declared that all payments Idaho Power makes for purchases of energy from TASCO under the agreement will be allowed as prudently incurred expenses for ratemaking purposes.  The Company states that TASCO has entered its busy fall season and to accommodate TASCO’s needs, Idaho Power has allowed TASCO to commence parallel operation.  During the fall season, it is possible that TASCO may desire to sell some limited amounts of energy to Idaho Power under the agreement.  As a result, Idaho Power requests that the Commission take all reasonable steps to expedite its review of this surplus energy agreement including the processing of the Application under Modified Procedure.

Staff believes that this matter can best be handled through written submissions and recommends that the Commission issue a Notice of Modified Procedure.

Commission Decision

Does the Commission wish to handle Idaho power’s Application in this case under Modified Procedure?

Brad Purdy

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