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

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| APPLICATION FOR APPROVAL OF POWER PURCHASE AGREEMENT BETWEEN PACIFICORP AND EARTH POWER RESOURCES, INC. | )  )  )  )  )  ) | CASE NO. UPL-E-96-3  ORDER NO.  26705 |

On August 1, 1996, PacifiCorp dba Utah Power & Light Company filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Power Purchase Agreement (Agreement) between PacifiCorp and Earth Power Resources, Inc. (Earth Power).  On November 29, 1996, PacifiCorp filed an amendment to the Agreement.

Earth Power, a Nevada corporation, is the developer of the Lee Generation Project I, a proposed 999 kW stand-alone project located within the boundaries of Section 33, Township 16 North, Range 29 East, MDM, Churchill County, Nevada.  The project site is held under a sublease of geothermal lease N-54514 issued by the Department of Interior, Bureau of Land Management.  As represented, the project is and will continue to be a qualifying facility (QF) as defined in PURPA and related federal statutes (18 CFR Part 292).  Under the terms of the Agreement, Earth Power will arrange for transmission (wheeling) of its power to PacifiCorp at PacifiCorp’s Midpoint Substation in Idaho.  The estimated annual energy production is 8,750,000 kWh.  The scheduled operation date is to occur no later than December 31, 1998.

The Agreement dated June 28, 1996, provides for a 20-year contract term and contains avoided cost rates based on the levelized avoided costs approved by the Commission in Order No. 26135, Case No. UPL-E-95-2.  The amendment filed by PacifiCorp is dated October 30, 1996, and reflects the following changes recommended by Commission Staff:

1.  Pursuant to amendment, the firm energy price listed in Agreement ¶¶ 5.1.2 and 5.1.3 are combined into a single non-adjustable rate;

2.  The security requirements in Appendix A have been updated to reflect the insurance coverages which are now available (reference Case No. IPC-E-93-22, Order No. 25240); and

3.  The repayment schedule, Exhibit A2, has been corrected and recalculated using appropriate pricing and interest rates.

 Utah Power requests that the Commission

a.  Approve the Agreement (as amended)

b.  Order that all of Utah Power’s costs of purchasing power and energy under the Agreement, as allocated to the state of Idaho, will be allowed as prudently incurred expenses for ratemaking purposes.

Commission Findings

The Commission finds that the Agreement as amended, signed and submitted by the parties contains avoided cost rates in conformity with applicable Commission Orders.  The terms of the contract and proposed amendment are reasonable and we approve them.  We also approve payments made under this Agreement (as amended) as prudently incurred expenses for ratemaking purposes.

The Commission further recognizes that there is another proceeding pending before the Commission regarding the proposed development of additional geothermal projects by Earth Power and the qualification of such projects for posted avoided cost rates available to QFs <1 MW.  Reference Case No. UPL-E-96-5.  Our approval of the Power Purchase Agreement in this case is not to be interpreted as establishing any precedent regarding the matters under consideration in Case No. UPL-E-96-5.

CONCLUSIONS OF LAW

I

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Utah Power & Light Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code.

II

The Idaho Public Utilities Commission has authority under the Public Utility Regulatory Policies Act of 1978 (PURPA) and implementing regulations of the Federal Energy Regulatory Commission (FERC) to order electric utilities to purchase energy from small power producers and to implement FERC rules.

O R D E R

In consideration of the foregoing and as qualified above, IT IS HEREBY ORDERED that the Power Purchase Agreement between PacifiCorp dba Utah Power & Light Company and Earth Power Resources, Inc. submitted in this proceeding together with the proposed amendment be and the same are hereby 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 December 1996.

                                                                                                                                      RALPH NELSON, PRESIDENT

                                                                                           MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:UPL-E-96-3.sw2

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 6, 1996