DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

RICK STERLING

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:MARCH 9, 1998

RE:CASE NO. WWP-E-98-2

FIRM POWER PURCHASE AGREEMENT—ALLEN SPRINGS PROJECT

WASHINGTON WATER POWER/EARTH POWER RESOURCES, INC.

On February 20, 1998, The Washington Water Power Company (Water Power; WWP; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Firm Power Purchase Agreement (Agreement) between Water Power and Earth Power Resources, Inc. (Earth Power).  Reference Case No. WWP-E-96-6, Order No. 27231.

Earth Power, a Nevada corporation, is the developer of the Allen Springs project, a proposed 999 kW stand-alone project located within the boundaries of Section 28, 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 C.F.R. Part 292).  Reference QF No. 96-15-000.  Under the terms of the Agreement, Earth Power will arrange for transmission (wheeling) of its power to Water Power at Idaho Power Company’s Lolo-Oxbow line, where the facilities of WWP and Idaho Power are connected.  The estimated annual energy production is 8,750,000 kWh.  The scheduled operation date is to occur no later than January 1, 1999.

The Agreement dated December 30, 1997, 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. WWP-E-95-3.  The security requirements contained in the Agreement conform, as represented, to the requirements of Commission Order No. 21690, dated January 11, 1988.

Staff Analysis

Staff represents that the Agreement signed and submitted by the parties contains avoided cost rates in conformity with applicable Commission Orders.  The terms of the contract appear to be reasonable.  Staff recommends that the Agreement be approved.

Commission Decision

Does the Commission agree that the Firm Power Purchase Agreement submitted in Case No. WWP-E-98-2 should be approved?  If not, what is the Commission’s preference?

Scott Woodbury

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