

IDAHO PUBLIC UTILITIES COMMISSION
Case No. AVU-E-04-5, IPC-E-04-25, PAC-E-04-5
Order No. 29628
November 5, 2004
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Commission proposing updated PURPA rates

Boise – The Idaho Public Utilities Commission is proposing to increase the rate it requires regulated utilities to pay small-power producers.

The commission regularly sets an “avoided cost rate,” that Idaho Power, Avista Utilities and PacifiCorp must pay to qualifying small-power production and cogeneration facilities. The rate is based on the cost the utility avoids by not having to produce the power itself or buy it from another source.

The commission is proposing to increase the rate paid to small-power producers from about 5.5 cents per kWh to 6 cents due to the release of a new natural gas price forecast and the conclusion of two general rate cases this year for both Idaho Power and Avista.

The Public Utilities Regulatory Policies Act, or PURPA, requires that electric utilities offer to buy power produced by small power producers or cogenerators who obtain Qualifying Facility (QF) status. Congress created PURPA during the energy crisis of the late 1970s to encourage renewable energy technologies as alternatives to burning fossil fuels or constructing new power plants. The rate to be paid project developers is set by state public utility commissions and is to equal the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source.

Rate cases affect avoided cost rates because cost of capital figures are used in avoided cost calculations. The updated natural gas price forecast comes from the Northwest Power and Conservation Council.

The commission is seeking comment, particularly from utilities and small-power producers, on the mathematical accuracy of the proposed avoided cost rates. The commission will process this matter under a modified procedure of written comments rather than public hearing.

Those wishing to submit comments must do so by no later than Nov. 23. Comments are accepted via e-mail by accessing the commission’s homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (IPC-E-04-25 for Idaho Power; AVU-E-04-5 for Avista and PAC-E-04-5 for PacifiCorp) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the commission’s order, along with other documents related to this case, are available on the commission’s Web site. Click on “File Room” and then on “Electric Cases” and scroll down to the case number.