

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR APPROVAL)	CASE NO. IPC-E-05-1
OF AN AGREEMENT FOR SALE AND)	
PURCHASE OF ELECTRIC ENERGY)	
BETWEEN IDAHO POWER COMPANY AND)	
U.S. GEOTHERMAL, INC.)	ORDER NO. 29692

On January 5, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and U.S. Geothermal, Inc. dated December 29, 2004. Under the Agreement, U.S. Geothermal would sell and Idaho Power would purchase electric energy generated by the Raft River Geothermal Power Plant located near Malta, Idaho. U.S. Geothermal proposes to design, construct, install, own and maintain a geothermal generating facility producing 10 average megawatts (10 aMW) on a monthly basis. The project will be a qualifying facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

As represented by Idaho Power, the Agreement with U.S. Geothermal comports with the terms and conditions of Commission Order No. 29632 (Case No. IPC-E-04-8, U.S. Geothermal vs. Idaho Power) and avoided cost Order No. 29646. The contract is for a 20-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

The following is a summary of certain provisions within the Agreement that comport with the Commission’s Order No. 29632:

1. Regulatory Out Clause – This clause has been removed from the Agreement.
2. 10 MW Threshold – As specified in Commission Order No. 29632 this threshold is measured based upon 10 average monthly megawatts.

Initial Capacity Determination – As specified in Commission Order No. 29632, to be eligible for the published avoided cost rates, a facility must “...demonstrate that under normal or average design conditions the project will generate at no more than 10 aMW in any given month.”

Paragraph 1.7 and paragraph 4.13 of this Agreement define and specify how this requirement will be met. Idaho Power and U.S. Geothermal have agreed that U.S. Geothermal will supply Idaho

Power a certificate from a professional engineer certifying that the facility's design and operating protocols will limit generation at this facility to no more than 10 aMW in any given month.

Inadvertent Energy – As specified in Commission Order No. 29632, once a project has qualified for published avoided cost rates “. . .we also find it reasonable to cap the maximum monthly generation that qualifies for published rates at the total number of hours in a month multiplied by 10 MW.”

Paragraph 1.5 and 7.3 of this Agreement define and specify the calculation used to measure energy in excess of 10 aMW and provide that Idaho Power will accept but will not pay for any energy produced in excess of 10 aMW.

3. 90%/110% Performance Band.

Energy Payment – As specified in Commission Order No. 29632, energy deliveries outside of this performance band are purchased at a rate equal to 85% of the market price or the contract rate, whichever is less.

Paragraph 1.21 of this Agreement defines energy outside of this performance band to be “surplus energy” which is (1) all energy over 110% of the facility's estimated generation amounts (paragraph 6.2) or (2) all of the current month's energy if the facility's monthly generation is less than 90% of the facility's estimated generation amounts (paragraph 6.2) or (3) all energy delivered prior to the operation date of the facility.

Forced Outage – As specified in Commission Order No. 29632, the Forced Outage minimum outage has been revised to 48 hours and is applicable to individual generation units at the facility. Paragraph 14.3 and paragraph 6.2.4 of the Agreement specify the process, details and calculations for factoring forced outages into the computation of purchase obligations.

Revising Generation Estimates – As specified in Commission Order No. 29632, the facility will initially provide Idaho Power monthly generation estimates for the first year of the Agreement and, beginning in the ninth month and every three months thereafter, the facility will provide Idaho Power with an additional three months of forward generation estimates. In addition, beginning with the end of the third month the facility may revise previously provided generation estimates beginning with the fourth month out from that point in time. . . . Paragraph 6.2 of the Agreement specifies the process and procedures to address revisions to generation estimates.

The Raft River Geothermal facility will interconnect with the Raft River Rural Electric Cooperative (Coop) electrical system and will wheel its energy to Idaho Power over Coop and/or

BPA transmission facilities. Metering and telemeter equipment will be installed at the facility to accurately measure and communicate the facility's energy deliveries to Idaho Power.

As reflected in Article 24 of the Agreement, the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declares that all payments Idaho Power makes to U.S. Geothermal for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is December 29, 2004.

COMMISSION FINDINGS

The Commission has reviewed the filings of record in Case No. IPC-E-05-1. We have also reviewed our Order No. 29632 in Case No. IPC-E-04-8, *U.S. Geothermal v. Idaho Power*. Submitted in this docket is an Idaho Power Firm Energy Sales Agreement with U.S. Geothermal, a proposed PURPA QF project near Malta, Idaho. The proposed project and related contract terms and conditions were the subject of a recent U.S. Geothermal complaint action in Case No. IPC-E-04-8. That case was fully litigated and resulted in Commission Order No. 29632 resolving disputed contract provisions.

The Commission finds that the Agreement submitted in this case comports with the Commission's Order in the U.S. Geothermal complaint case as to the then disputed terms and conditions, contains otherwise additional standard contract provisions and includes the current non-levelized published rates approved by the Commission in Order No. 29646. As the contract provisions of the Agreement are acceptable and the non-levelized rates comport with Commission published avoided cost rates, the Commission finds it reasonable that the submitted Agreement be approved without further notice or procedure. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

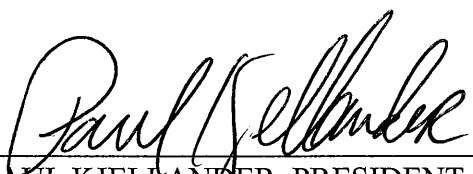
The Commission has the authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from Qualified Facilities, and to implement FERC rules.

ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby approve the December 29, 2004, Firm Energy Sales Agreement between Idaho Power Company and U.S. Geothermal, Inc.

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.

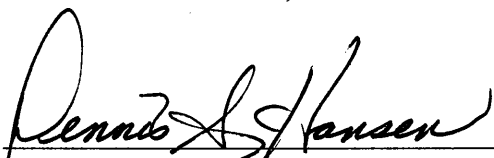
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th day of January 2005.



PAUL KJELLANDER, PRESIDENT

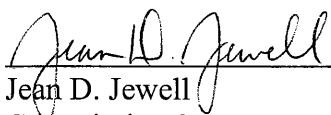


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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