

## **IDAHO PUBLIC UTILITIES COMMISSION**

**Case No. IPC-E-05-1, Order No. 29692**

**January 26, 2005**

**Contact: Gene Fadness (208) 334-0339**

**Website: [www.puc.idaho.gov](http://www.puc.idaho.gov)**

### **Commission approves Idaho Power-U.S. Geothermal sales agreement**

Boise – The Idaho Public Utilities Commission has approved a sales agreement between Idaho Power and U.S. Geothermal.

Boise-based U.S. Geothermal is planning to build a geothermal generating facility, the Raft River Geothermal Power Plant, near Malta. When completed, expected in mid-2006, it is expected to be the first geothermal power plant in the Pacific Northwest.

Under the 20-year contract, U. S. Geothermal agrees to sell Idaho Power up to 10 average megawatts per month. The Raft River facility will interconnect with the Raft River Rural Electric Cooperative system and wheel its energy to Idaho Power over transmission lines owned by the Raft River Co-Op and the Bonneville Power Administration.

U.S. Geothermal will qualify for rates set by the Idaho Public Utilities Commission under federal PURPA guidelines. Congress passed PURPA, the Public Utility Regulatory Policies Act, in the wake of the energy crisis in the late 1970s. Its purpose is to encourage the promotion and development of renewable energy technologies as alternatives to burning fossil fuels or the construction of new power plants. PURPA requires large electric utilities like Idaho Power to buy electricity generated by small-power producers who obtain Qualifying Facility (QF) status. The rate utilities must pay QFs is set by the state commission. The rate, called the avoided-cost rate, is to be equal to the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source.

The sales agreement does contain provisions that have not been typical of PURPA contracts. The new provisions are included as the result of two complaint cases filed by U.S. Geothermal and wind developers, which were resolved last November.

Under the agreement, U.S. Geothermal will be paid a non-levelized avoided cost rate, which begins at about 5.15 cents per kWh and increases 2.3 percent annually to a maximum of 8.1 cents over the 20-year term of the contract. U.S. Geothermal will receive that rate for energy delivered that is between 90 and 110 percent of its estimated generation amounts. For energy delivered in excess of 110 percent or less than 90 percent, U.S. Geothermal will be paid 85 percent of the wholesale market price or the contract rate, whichever is less.

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 Case No. IPC-E-05-1.

Interested parties may petition the commission for reconsideration by no later than Feb. 14. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.