

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: SCOTT WOODBURY**

**DATE: JANUARY 12, 2006**

**SUBJECT: CASE NO. IPC-E-05-37 (Idaho Power)  
STANDBY SERVICE AGREEMENT – AMALGAMATED SUGAR COMPANY**

On December 9, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Standby Service Agreement (Agreement) between Idaho Power and Amalgamated Sugar Company (TASCO) dated December 7, 2005 under which Idaho Power will supply standby electric service to TASCO.

Idaho Power provides electric service to TASCO's refined sugar production facilities at Nampa, Paul and Twin Falls, Idaho under Idaho Power's Schedule 19 and to TASCO's refined sugar production facility at Nyssa, Oregon under Idaho Power's Oregon Schedule 19. TASCO owns and operates electric generation facilities at these refined sugar production facilities and utilizes electricity generated from those facilities to supply a portion of its electric load. Idaho Power's service under Schedule 19 supplements the energy obtained from TASCO's on-site generation.

TASCO currently purchases standby service from Idaho Power under an Agreement for Supply of Standby Service between Idaho Power and TASCO (the 1998 Standby Agreement) dated April 6, 1998 to backup TASCO's on-site generation. The 1998 Standby Agreement was amended by Letter Agreement dated September 27, 2004. The submitted Agreement will replace the 1998 Standby Agreement, as modified by the Letter Agreement.

Changes in TASCO's operation of the Nyssa, Oregon facility have reduced the amount of supplemental energy required by TASCO from Idaho Power to operate the production facility. According to the service eligibility provisions of Schedule 19, TASCO's Nyssa facility will no longer

be eligible for service under Schedule 19 beginning in January 2006. The terms of the 1998 Standby Agreement, as modified by the Letter Agreement, specify that the 1998 Standby Agreement and Schedule 31 shall automatically be cancelled upon a transfer of service for any of the four (4) TASC0 facilities from Schedule 19 to any other Idaho Power general service schedule or special contract.

TASC0 has requested that Idaho Power continue to provide standby service for the Nampa, Paul and Twin Falls, Idaho refined sugar production facilities. TASC0 has requested that standby service no longer be provided to the Nyssa, Oregon facility.

The Agreement submitted in this case contains the same service provisions and requirements as the 1998 Standby Service Agreement (as modified) with the exception that the total amount of standby generation available to TASC0 during the fall and winter months has been reduced from 4,000 kW to 3,000 kW to accommodate TASC0's current standby service requirements. In addition, minor language revisions have been made to remove references to TASC0's Nyssa facility. TASC0 will continue to pay the standby charges specified in tariff Schedule 31. In addition, TASC0 will continue to pay all costs of supplying, installing, operating and maintaining standby facilities to allow Idaho Power to supply standby service to the TASC0 facilities. Idaho Power believes that the Agreement takes into account the unique operating characteristics of TASC0's refined sugar production facilities, is beneficial to Idaho Power's other existing customers, and is in the public interest. Idaho Power requests that the Commission issue its Order approving the December 7, 2005 Standby Service Agreement.

#### STAFF ANALYSIS

Staff has reviewed the new Agreement for Supply of Standby Electric Service between Idaho Power Company and the Amalgamated Sugar Company, LLC dated December 7, 2005. The new Agreement was compared to the 1998 Standby Agreement it is replacing and the Letter Agreement modifying that 1998 agreement, to identify significant changes. As stated by the Company in its Application, differences in the agreements are restricted to those necessary to accommodate the change in scope and quantity of supply brought about by elimination of one of the four plants included in the modified 1998 Standby Agreement. The agreements are nearly identical, except for the reduction in the amount of standby power by 1,000 kW from 4,000 to 3,000 kW. This change reflects the fact that Amalgamated is now requesting standby power service at only three

facilities rather than four facilities, as was the case for the old contract. The facility where Amalgamated no longer requires standby power service is their Nyssa, Oregon plant.

There are a few other minor differences, the most notable of which is the addition in the new Agreement of reference to supporting documents pertaining to the three facilities included in the new Agreement. Those referenced documents are: (1) Idaho Power Company Uniform Service Agreement; and (2) Distribution Facilities Investment Report. The latest versions of both of these documents were also reviewed and no significant changes have been made to those documents for this contract.

The new Agreement continues to reference tariff Schedule 19, Large Power Service and Schedule 31, Idaho Power Company Agreement For Supply Of Electric Service for Amalgamated Sugar Company – Contract dated April 6, 1998. The only change proposed to those tariffs by the Company is to delete the phrase “Contract Dated April 6, 1998” from Schedule 31. That change has been requested in the form of Tariff Advice No. 05-10.

#### **STAFF RECOMMENDATION**

Based on its review of the current and proposed Standby Service Agreements and referenced documents, Staff believes the proposed changes in the Agreement appropriately reflect those required to accommodate Idaho Power’s providing standby power service to the three Amalgamated plants. Staff recommends approval of the December 7, 2005 Amalgamated Standby Service Agreement as requested by Idaho Power without further notice or procedure.

#### **COMMISSION DECISION**

Idaho Power requests approval of a replacement Standby Service Agreement with Amalgamated Sugar (TASCO). The new Agreement reflects a continuation of standby service for TASCO’s Nampa, Paul and Twin Falls, Idaho facilities, and elimination of standby service to TASCO’s Nyssa, Oregon facility. No change in rates is proposed. Staff recommends that the Agreement be approved without further notice or procedure. Does the Commission find it reasonable to approve the Agreement as recommended by Staff?

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Scott D. Woodbury

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