

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 8, 2007**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  November 12, 2007

**DATE:** October 31, 2007

**TO:** Public Utility Commission

**FROM:** Ed Durrenberger

**THROUGH:** Lee Sparling, Ed Busch, and Bonnie Tatom

**SUBJECT:** IDAHO POWER COMPANY: (Advice No. 07-09) Updates Cogeneration and Small Power Production Contract Rates.

**STAFF RECOMMENDATION:**

I recommend the Commission allow the tariff revisions submitted in Idaho Power Company's (Idaho Power or company) Advice No. 07-09 to become effective November 12, 2007.

**DISCUSSION:**

Idaho Power submitted Advice No. 07-09 on October 12, 2007, requesting to revise Schedule 85, Cogeneration and Small Power Production Contract Rates. The purpose of the revisions is to update avoided cost rates in accordance with the requirements of OAR 860-029-0080(3) as required in Commission Order No. 05-584.

Background

The company has made this filing as a compliance filing for updating the cogeneration and small power production standard contract rates. The rates were determined using a Surrogate Avoided Resource (SAR) methodology in accordance with Order No. 05-584. Under this methodology natural gas forward prices are based on the Fuel Price Forecasts from the Fifth Northwest Conservation and Electric Power Plan. Capacity costs are annual forecasted avoided costs for a surrogate Combined Cycle Combustion Turbine (CCCT), based on inputs from the company's 2006 IRP. Idaho Power's standard rates are further differentiated by on-peak and off-peak periods and are adjusted for seasonal differentiation.

With this filing the company is requesting to update only the capacity and fuel costs. Staff has reviewed both these cost components. The filed fuel costs were compared to the current Northwest Power and Conservation Council's "Revised Fuel Price Forecast" dated September 11, 2007, and found to be reasonable. Capacity cost updates were also consistent with the costs contained in the 2006 IRP and the calculations were performed correctly. A determination of resource sufficiency is not required by the SAR methodology and no other factors have been revised. Staff concludes that this rate update is correct.

**PROPOSED COMMISSION MOTION:**

Idaho Power Company's Advice 07-09, revising Schedule 85, Cogeneration and Small Power Production Standard Contract Rates, be approved effective with service on and after November 12, 2007.