

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 247

In the Matter of)
IDAHO POWER COMPANY)
Application Regarding the Purchase of a Fuel)
Cell System from IdaTech, LLC.)

ORDER

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On October 21, 2005, Idaho Power Company (Idaho Power) filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 757.495 and OAR 860-027-0040, requesting an order approving the purchase of an EtaGen5 fuel cell system from IdaTech, LLC, an affiliated interest. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its public meeting on December 6, 2005, the Commission adopted Staff's recommendation.

OPINION

Jurisdiction

ORS 757.005 defines a "public utility," and Idaho Power is a public utility subject to the Commission's jurisdiction.

Affiliation

An affiliated interest relationship exists under ORS 757.015.

Applicable Law

ORS 757.440 requires a public utility to seek approval before the utility may guarantee another's indebtedness.

ORS 757.495 requires a public utility to seek approval of contracts with affiliated interests within 90 days after execution of the contract.

ORS 757.495(3) requires the Commission to approve the contract if the Commission finds that the contract is fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all the financial aspects of the contract for ratemaking purposes. The Commission may reserve that issue for a subsequent proceeding.

ORS 757.495(5) provides that no public utility shall issue notes or loan its funds or give credit on its books to any affiliated interest without the approval of the Commission.

CONCLUSIONS

1. Idaho Power Company is a public utility subject to the jurisdiction of the Commission.
2. An affiliated interest relationship exists.
3. The agreement is fair, reasonable, and not contrary to the public interest.
4. The application should be approved, with certain conditions.

ORDER

IT IS ORDERED that the application of Idaho Power Company for the purchase of a fuel cell from Idatech, LLC, an affiliated interest, is approved subject to the conditions stated in the Staff Report, attached as Appendix A.

Made, entered, and effective DEC 23 2005.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561.
A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. CA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 6, 2005

REGULAR CONSENT EFFECTIVE DATE _____ N/A

DATE: November 15, 2005

TO: Public Utility Commission

FROM: Steve W. Chriss 

THROUGH: Lee Sparling, Marc Hellman, Bryan Conway, and Michael Dougherty 

SUBJECT: IDAHO POWER COMPANY: (Docket No. UI 247) Application regarding the purchase of a fuel cell system from Idatech, LLC.

STAFF RECOMMENDATION:

The Commission should approve Idaho Power's application for the purchase of the fuel cell under the Purchase Agreement with Idatech, an affiliated interest, subject to the following conditions:

1. Idaho Power shall provide the Commission access to all books of account, as well as documents, data, and records of Idaho Power and Idatech's affiliated interests that pertain to this transaction.
2. The Commission reserves the right to review for reasonableness all financial aspects of this transaction in any rate proceeding or alternative form of regulation.
3. Idaho Power shall notify the Commission in advance of any substantive changes to the agreements. Any such change shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.
4. The costs of this transaction in Idaho Power's rate base shall not exceed \$4,031 (Oregon-allocated).

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DISCUSSION:

This application was filed on October 21, 2005, pursuant to ORS 757.495 and OAR 860-27-0040. Idaho Power Company and Idatech, LLC are affiliates as defined in ORS 757.015.

Under the Purchase Agreement, Idaho Power and Intermountain Gas Company have jointly purchased a combined heat and power EtaGen5 fuel cell system from IdaTech for display at the Foothills Environmental Learning Center in Boise, Idaho. The market value of the fuel cell is \$149,815, and Intermountain Gas Company has paid \$75,000 towards the purchase.

Idaho Power believes that the purchase and display of the fuel cell will offer an opportunity to demonstrate the environmental benefits of fuel cell technology. The fuel cell operates very quietly and with no pollution on natural gas, which is converted to hydrogen and pure water in the process of producing electricity.

Based on responses to data requests, the total sum capitalized to plant for Idaho Power's purchase of the fuel cell is \$86,143, which is the sum of Idaho Power's half of the purchase price (\$74,907), plus standard use tax (\$8,989) and stores loading (\$2,247). The portion of this amount applicable to Oregon ratepayers is \$4,031, based on Idaho Power's A&G Allocation factor for Oregon of 4.68 percent.

The total sum capitalized to plant for Idaho Power is less than the cost of the fuel cell.

Based on the review of this application, Staff concludes the following:

1. The application involves an affiliated interest transaction that is fair and reasonable and not contrary to the public interest, with the inclusion of the proposed ordering conditions.
2. Necessary records are available.

PROPOSED COMMISSION MOTION:

Idaho Power's application to purchase a fuel cell from Idatech LLC, an affiliated interest, be approved subject to the four recommended conditions.