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IDAHO PUBLIC
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT PETITION)
TO APPROVE A STIPULATION TO ADJUST) CASE NO. GNR-E-08-02
PUBLISHED AVOIDED COST RATES)
) **MOTION TO CONTINUE**
) **DECISION IMPLEMENTING**
) **STIPULATION**
)

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the "Company"), and hereby requests that the Idaho Public Utilities Commission (the "Commission") stay its decision implementing the Stipulation entered into by and among Idaho Power Company ("Idaho Power"), the Staff of the Idaho Public Utilities Commission ("Staff"), Avista Corporation ("Avista"), PacifiCorp ("PacifiCorp"), the United States Department of Energy ("DOE"), U.S. Geothermal Inc. ("U.S.

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Geothermal”), Exergy (“Exergy”), Tuana Springs Energy LLC (“Tuana”), and Glen Ikemoto. Rocky Mountain Power is concerned that the overall Qualifying Facility (“QF”) avoided cost price that the surrogate avoided resource (“SAR”) methodology yields is too high, and accordingly, requests that the Commission stay the implementation of the Stipulation until the Parties have had a chance to discuss the effects that the current economic downtrend will have on the avoided cost price in Idaho. Alternatively, if the Commission determines it necessary to approve avoided costs based on the current Northwest Planning and Conservation Council’s (“NPCC”) forecast, Rocky Mountain Power requests that these avoided cost rates apply to small non-fuel projects of one megawatt or less.

1. On November 5, 2008, the Parties executed a Stipulation in which they agreed on the non-fuel related costs of the SAR methodology for determining avoided cost prices for QFs in Idaho. The Parties noted in the Stipulation that the fuel related costs in the SAR have a much greater impact on the published rates than the non-fuel related costs.
2. Although the Company agreed with the Stipulation’s logic for computing and updating capital costs, heat rate, and O&M Costs in the SAR methodology, the Company is now concerned that the overall avoided cost price that the SAR methodology yields is too high.
3. The assumptions underlying the avoided cost prices in the January 26, 2009, draft paper are representative of elevated pricing and bullish economic perceptions that are not representative of the dramatic recessionary environment that is forecast by most experts to be deep and long. The primary, but not sole driver to the high QF avoided costs in the

January 26, 2009 draft paper is the result of using the NPCC Draft Fuel Prices for the Sixth Power Plan, December 29, 2008.

4. The Company believes that the medium natural gas price curve from NPCC yields an avoided cost that is too high, and is not a true reflection of current forward natural gas market prices and projections. The impact of using the draft medium NPCC fuel curve is approximately two-thirds of the 27% increase in the avoided costs and the Company feels that warrants, at a minimum, postponing Commission approval of the gas curve component until the NPCC fuel prices are final.

5. Market forward prices for the balance of 2009 are considerably lower than even the low NPCC price forecast. Market forward prices in 2010 are most closely aligned with the low NPCC price forecast. Beyond 2010, the medium-low NPCC price forecast begins to align reasonably well with current market forward prices. Over the entire NYMEX strip, the NPCC medium case projection is considerably higher than current market. Given the NPCC's description of their low case forecasts, current market "sign posts," and current market forwards, the Company believes that the low and medium-low NPCC price forecasts are a better indicator of current and projected market conditions than the medium case.

6. Just as the rapid decline in global economic conditions has influenced the natural gas market, the current recessionary climate has led to extraordinary commodity price declines. With declining raw material prices, lower demand for electricity, and the potential for falling construction market premiums, the Company is concerned that the SAR capital cost assumptions may be also contributing to avoided cost prices that are too high. Presentation materials from the NPCC's Generating Resources Advisory

Committee (GRAC) meeting on January 22, 2009, indicate that combined cycle plant costs are expected to decline in real terms over the entirety of their forecast horizon (“Uncertainty in the Regional Portfolio Model”, slide 5).

7. The Company is also requesting that additional time be granted by the Commission in order to more thoroughly review all of the assumptions used in the NPCC forecast. Given the dramatic global economic downturn and extraordinary downward impact on commodity costs that has occurred in the last few months, the Company questions the timing of an update that does not appear to reflect current market conditions and suggests the Commission consider updating the price forecast after conditions have become more stable.

8. An additional measure that might mitigate the impact of the use of the NPCC draft price curve would be to limit the size of QFs that are eligible for the published avoided cost price to 1 MW, rather than 10 MW, temporarily while the Commission considers the remainder of the issues raised by Rocky Mountain Power.

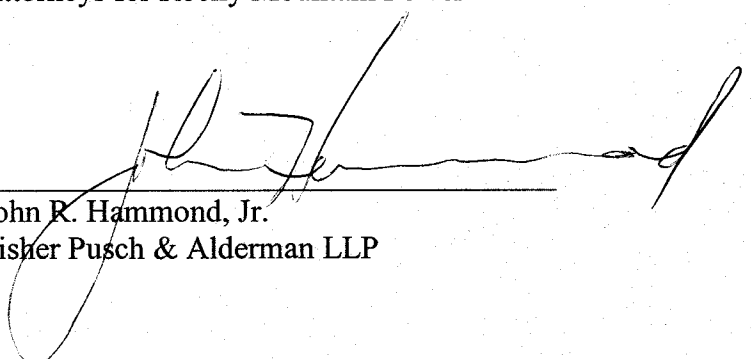
CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests: (1) that the Commission stay the implementation of the Stipulation in the above-captioned Docket; and (2) reevaluate its use of the NPCC draft price curve before QF prices are established using these inflated costs so that Idaho customers are not impacted by potentially above market QF prices; or (3) limit the size of QFs eligible for the published rate to 1 MW.

DATED this 5th day of February, 2009.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 5 day of February, 2009, I caused to be served a true copy of the foregoing, by the method indicated below, and addressed to the following:

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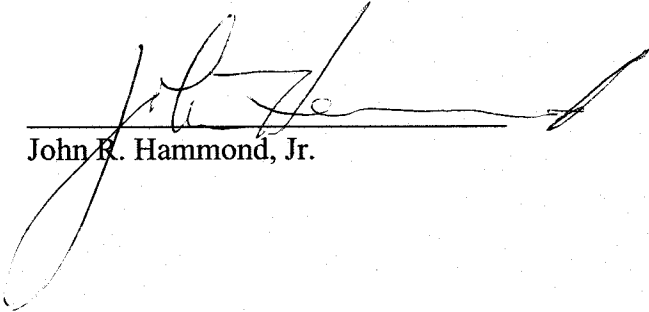
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