

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

<b>IN THE MATTER OF THE PETITION OF</b>	)	
<b>AVISTA CORPORATION FOR AN ORDER</b>	)	<b>CASE NO. AVU-E-07-02</b>
<b>REVISING AVISTA CORPORATION'S</b>	)	
<b>OBLIGATIONS TO ENTER INTO</b>	)	<b>AMENDED NOTICE OF</b>
<b>CONTRACTS TO PURCHASE ENERGY</b>	)	<b>SCHEDULING</b>
<b>GENERATED BY WIND-POWERED SMALL</b>	)	
<b>POWER GENERATION FACILITIES</b>	)	<b>ORDER NO. 30434</b>
	)	

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On April 2, 2007, Avista Corporation (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting a change in the Company's PURPA obligations for wind QFs. Avista proposes raising the cap on entitlement to published avoided cost rates for wind-powered small power generation facilities that are qualifying facilities (QFs) under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) from the current level of 100 kW to 10 average megawatts per month (10 aMW), subject to the following conditions:

1. Reducing the published avoided cost rates applicable to purchases by Avista of electric power from wind-powered QFs by 12%, as a percentage reduction to be applied against scheduled avoided cost rates except where the QF developer agrees in the power purchase and sale contract with Avista to deliver QF output to Avista on a firm hourly schedule, in which case the percentage reduction shall be 6%;
2. Removing the requirement that the 90%/110% performance band requirement not be applied to purchases from wind-powered QFs;
3. Authorizing Avista to purchase state-of-the-art wind forecasting services to provide Avista with forecasted wind conditions in those geographic areas in which wind generation resources are located, provided that QFs will reimburse Avista for their share of the ongoing cost of the wind forecasting service, in proportion to their percentage share of the wind-generator capability being supplied to Avista from that area;
4. Requiring QFs to deliver a "mechanical availability guarantee" to Avista to demonstrate monthly, except for scheduled maintenance and events of force majeure or uncontrollable force, that the QF was physically capable and available to generate a full output during 85% of the hours in a month;

5. . . . (Disaggregation issue – separately noticed on June 28, 2007)
6. Clarifying that the cap on entitlement to published avoided cost rates shall be raised to 10 aMW only until Avista's total wind portfolio from all sources totals 400 MW.

A Notice of Petition in Case No. AVU-E-07-02 was issued on May 15, 2007. On June 28, 2007, the Commission issued a Notice establishing an intervention deadline of July 18, 2007. The following parties requested and were granted intervenor status: Exergy Development Group of Idaho LLC; Renewable NW Project and NW Energy Coalition; Idaho Windfarms LLC; and INL Biofuels and Renewable Energy Technologies.

On July 31 and August 10, 2007, Commission Staff sponsored joint settlement workshops in Case Nos. AVU-E-07-02 (Avista), IPC-E-07-03 (Idaho Power), and PAC-E-07-07 (PacifiCorp) to explore whether parties of record could agree to a common generic wind integration adjustment to published rates. IDAPA 31.01.01.272-276.

On August 22, 2007, the Commission being informed that the participants in the joint settlement workshops in the above dockets were unable to reach a compromise generic settlement, issued a Notice of Modified Procedure and Comment/Protest Deadline in Case No. AVU-E-07-02 establishing an initial comment deadline of Friday, September 21, 2007 and a reply deadline of Friday, October 5, 2007.

YOU ARE HEREBY NOTIFIED that on September 14, 2007, Renewable Northwest Project and NW Energy Coalition (collectively RNP) filed a Motion to Vacate the September 21 and October 5, 2007 comment deadlines in Case No. AVU-E-07-02 (and related Case Nos. PAC-E-07-07 and IPC-E-07-03). RNP in its Motion states that it has conferred with respective counsel for Avista, PacifiCorp and Idaho Power, and represents to the Commission that the utilities do not oppose vacation of the comment deadlines. RNP requests an extension for two reasons. First, good faith settlement negotiations have continued among the parties. RNP has reached a settlement agreement in principle with two of the three utilities, and believes that an agreement in principle can be achieved with the third utility. RNP and the utilities have discussed the proposed settlement with several other parties; however, because there are a large number of parties in these cases it will take several days at a minimum to complete these discussions. The requested vacation of the comment deadlines will allow completion of the settlement discussions and preparation of settlement documents.

Second, in the event settlement is not achieved, RNP wishes to conduct additional written discovery in these cases. RNP's requests for production will be significant in scope, it states, and will likely require the full 28-day time for response, as provided by Rule of Procedure 225.03. The requested vacation of comment deadlines, it states, will allow the development of a more complete record in this matter.

For the foregoing reasons, RNP requests the Commission vacate the deadlines for initial and reply comments in Case No. AVU-E-07-02. If necessary, RNP states it will provide a status report (including proposed new comment deadlines) for the Commission's consideration no later than Monday, October 1, 2007.

### ***Commission Findings***

The Commission has reviewed the filings of record in Case No. AVU-E-07-02 including Renewable Northwest Project/NW Energy Coalition's Motion to Vacate the established September 21 and October 5, 2007 comment deadlines. RNP represents that it has achieved an agreement in principle with two of the three utilities with wind integration adjustment dockets before the Commission and desires additional time to pursue settlement discussions with the third utility and to solicit support from other intervening parties. We find that all parties of record were provided with electronic copies of the Motion on September 13, 2007 and hard copies by U.S. Mail. We further find that no parties have communicated opposition to the filed Motion.

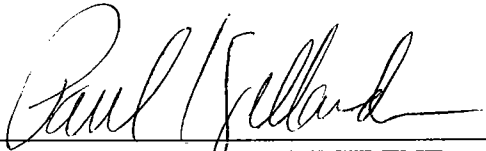
The Commission considers RNP's Motion to Vacate in the context of a history of protracted proceedings that date back to Idaho Power's June 17, 2005 petition in Case No. IPC-E-05-22 requesting a temporary suspension of the Company's obligation under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and various Commission Orders to enter into new contracts and purchase energy generated by qualifying wind-powered small power production facilities (QFs). On August 4, 2005, the Commission reduced the published rate eligibility cap for non-firm wind projects from 10 aMW to 100 kW. Order No. 29839. In the interim there have been public workshops, the utilities have conducted wind integration studies, utility-specific wind integration adjustments have been proposed, and the parties have engaged in settlement discussions. The Commission believes the time for further delay has ended. It is now the time for action and bringing this matter to a close.

The Commission appreciates RNP's continued efforts to achieve a proposed settlement in the three wind integration dockets. IDAPA 31.01.01.271-277 (Settlements). If agreement is to be reached, however, we find that it must be achieved quickly. Accordingly, YOU ARE HEREBY NOTIFIED that to provide a small window for the conclusion of settlement discussion, we find it reasonable to vacate the September 21, 2007 initial comment deadline. We maintain the **October 5, 2007** date for presentation of settlement documents or the filing of initial comments. We establish an **October 19, 2007** deadline for reply comments in the event that parties' efforts at settlement have been unsuccessful or that all parties have not joined in the settlement.

### ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED that the Motion to Vacate of Renewable Northwest Project and NW Energy Coalition is granted in part and the additional scheduling set forth above is adopted.

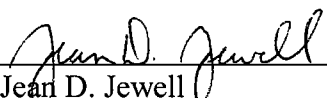
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19<sup>th</sup> day of September 2007.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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