DECISION MEMORANDUM

TO: **COMMISSIONER REDFORD**
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: **SCOTT WOODBURY**
DEPUTY ATTORNEY GENERAL

DATE: **FEBRUARY 20, 2009**

SUBJECT: **CASE NO. GNR-E-09-01 (Avista, PacifiCorp, Idaho Power)**
FUEL COST ADJUSTMENT TO PUBLISHED AVOIDED COST RATES

On September 10, 2007, Idaho Power Company filed a Petition with the Idaho Public Utilities Commission (Commission) to modify the methodology for determining fuel costs used to establish published rates for PURPA qualifying facilities (QFs). Reference Case No. IPC-E-07-15. On December 28, 2007, the Commission in Order No. 30480 changed the fuel cost component of published avoided cost rates from the three-year escalated average established in Order No. 29124 (Case No. GNR-E-02-1) to use of each year of the Northwest Power and Conservation Council (Council) medium 20-year natural gas price forecast. The Commission found that the release of a new fuel price forecast by the Council automatically triggers a recalculation of the published avoided cost rates under the methodology approved in Order No. 29124 and carried out in Order No. 29646 when the Council released its 2004 fuel price forecast.

Published avoided cost rates are adjusted as new fuel-related SAR values become available from the Council or the Council's general advisory committees. A new Council natural gas price forecast was released on December 29, 2008. Staff provided Idaho Power, Avista and PacifiCorp with worksheets on February 9, 2009 showing the computation of the revised avoided cost rates. The revised rates also reflect a change Idaho Power's weighted cost of capital as a result of Order No. 30722 in Idaho Power's recent general rate case. The proposed changes are made in accordance with existing Commission Orders and methodologies. See attached rates.

Idaho Power and Avista accept Staff's avoided cost calculations as accurately incorporating the Council's December 29, 2008 revised natural gas price forecasts and as consistent with the Commission's approved SAR methodology. See attached comments.

PacifiCorp in its comments believes that the Council's medium natural gas price curve yields a price that is too high, and is not a true reflection of current gas costs. The Council's price forecast includes five different levels to capture a range of possible outcomes (low, medium-low, medium, medium-high, and high). Given the Council's description of their low case forecasts, current market "sign posts," and current market forwards, PacifiCorp believes that the Council's low and medium-low price forecasts are a better indicator of current market conditions than the medium case. See attached comments.

PacifiCorp requests that a technical conference be conducted to allow the parties to revisit the existing avoided cost methodology and come up with a solution in light of the current economic forecast. PacifiCorp suggests that the Commission consider updating the price forecast after conditions have become more stable. At a minimum, PacifiCorp requests that the Commission postpone approval of the gas curve component of published avoided cost rates until the Council's draft fuel prices become final.

PacifiCorp states it has received six wind QF project requests totaling 235 MW since January 26, 2009. All of these projects are off-system QFs with scheduled deliveries into an already transmission constrained area. PacifiCorp reminds the Commission that based on the Revised Protocol agreement, costs associated with new QF contracts which exceed the costs PacifiCorp would have otherwise incurred acquiring comparable resources will be assigned directly to the state approving those contracts.

COMMISSION DECISION

Presented in this case for Commission approval are revised published avoided cost rates incorporating the Council's December 29, 2008 medium natural gas price forecast. PacifiCorp contends that use the Council's medium natural gas price curves results in avoided prices that are too high. PacifiCorp recommends that a technical conference be held to determine the continued reasonableness of the published rate avoided cost methodology. Under the present methodology, rates are changed when the Council issues a new gas price forecast. PacifiCorp recommends that there be no change until the Council's draft fuel prices become final. The calculation of the fuel cost adjustment to published avoided cost rates is arithmetic. Does the Commission find it reasonable to approve the change in rates?

Scott Woodbury
Deputy Attorney General

bls/M:GNR-E-09-01_sw

ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

RECEIVED
2009 FEB 18 PM 12:35
IDAHO PUBLIC UTILITIES COMMISSION

201 South Main, Suite 2300
Salt Lake City, Utah 84111

February 18, 2009

VIA OVERNIGHT DELIVERY

Rick Sterling
Idaho Public Service Commission
472 W. Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074
rick.sterling@puc.idaho.gov

RE: Case No. GNR-E-09-1 – Annual Adjustment of Avoided Cost Rates.

Rocky Mountain Power (the "Company") would like to provide you and the Idaho Commission with our comments regarding the draft avoided cost rates for small non-fuel projects less than ten megawatts that you circulated on January 26, 2009. 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 concerned that the overall Qualifying Facility ("QF") avoided cost price that the SAR methodology yields is too high. The assumptions underlying the avoided cost prices in the January 26, 2009 draft paper are representative of elevated pricing and bullish economic perceptions in the first half of 2008 and are not representative of costs that reflect 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 Northwest Planning and Conservation Council's ("NPCC") Draft Fuel Prices for the Sixth Power Plan, December 29, 2008.

The NPCC price forecast includes five different levels to capture a range of possible outcomes (low, medium low, medium, medium-high, and high). When the NPCC price forecast was first used in the SAR methodology, the Commission expressed confidence that the medium forecast had the highest probability of being right (Order No. 29124, pg. 10). Given the rapid pace of decline in global economic conditions in recent months, the Company feels the medium NPCC gas price forecast is, at present, not the most accurate representation of current market conditions. The NPCC Draft Fuel Prices for the Sixth Power Plan states:

> "The low case assumes slow world economic growth which reduces the pressure on energy supplies. It is a future where world supplies of natural gas are made available through aggressive development of LNG capacity, favorable nonconventional supplies and the technologies to develop them, and low world oil prices providing an alternative to natural gas use. The low case would also be consistent with a scenario of more rapid progress in renewable electric generating technologies, thus reducing the demand for natural gas…"

> "The intermediate cases are variations on the medium case that are considered reasonably likely to occur. The medium-high case would contain elements of the high scenario, however, not to the same degree. Similarly, the medium-low case would contain some of the more optimistic factors described for the low case."

There are a number of market "sign posts" that align well with NPPC's description of their low case:

- World economic growth has slowed and reduced pressure on energy supplies.
- There are a number of significant liquefaction projects coming online in 2009 and 2010, with projects in Indonesia, Qatar, Russia, and Yemen expected to contribute nearly 7 BCF/d of new capacity to the global market.
- In 2008, there was more LNG regasification capacity added than in the four prior years combined, with even larger growth expected for 2009.
- Technological advancements in horizontal drilling and hydraulic fracturing have enabled growth in nonconventional natural gas supplies to outpace declines in conventional production and imports.
- Despite OPEC's efforts to cut production, oil prices remain much lower than the recent highs experienced this past summer. As of January 30, 2009, prompt month WTI crude settled below $42 per barrel.

At the time the NPCC medium gas price forecast was first adopted, there was very little liquidity in the forward markets beyond 12 to 18 months, and thus the ability to test which of the NPCC five forecast levels was most reflective of then current market conditions was limited. However, since 2002, the forward markets have become more liquid, and NYMEX now offers physical contracts for Henry Hub through 2021. The figure below shows how the medium, medium-low, and low NPCC price forecasts compare to NYMEX forwards as of market close on January 30, 2008.

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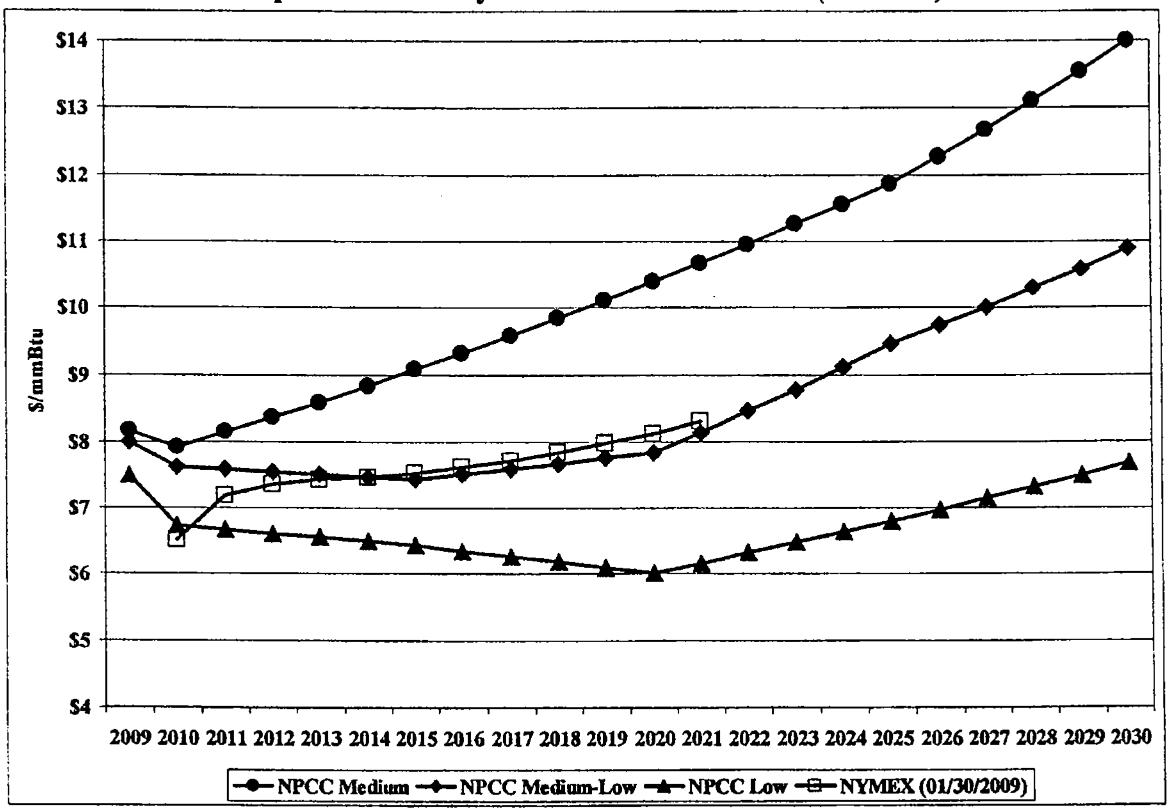
Comparison of Henry Hub Natural Gas Prices (Nominal)[1]



[1]The average NYMEX price from March 2009 through December 2009 is $4.99 per mmBtu. Because this is a partial year average, it is not shown as a comparison against the NPCC forecasts in the figure above. The NPCC forecasts were converted from 2006$ to nominal using a 2% per year escalation rate.

While not shown in the figure above, market forwards for the balance of 2009 are considerably lower than even the low NPCC price forecast. Market forwards 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 forwards. Over the entire NYMEX strip, the NPCC medium case projection is considerably higher than current market. While the Company had previously supported using the median NPCC price forecast, given the NPCC's description of their low case forecasts, current market "sign posts," and current market forwards, the Company strongly believes that the low and medium-low NPCC price forecasts are a better indicator of currant market conditions than the medium case.

According to the methodology circulated on January 26, 2009, the draft avoided cost rate will be a nominal levelized $87.42 per MWh for a twenty year contract for projects on-line in 2009. This rate is 27% higher than current Idaho avoided cost of $68.66 and 15% higher than any avoided cost price Rocky Mountain Power has experienced in other states, where QF avoided cost prices for the same length of contract range from approximately $55 to $74 per MWh nominal levelized. This rate also exceeds those included in the Company's current IRP and that of recently acquired renewable resources. Based on the Revised Protocol agreement, costs associated with new QF contracts which exceed the costs PacifiCorp would have otherwise incurred acquiring comparable resources will be assigned directly to the state approving those contracts. After correcting an error in the draft avoided cost calculation, the revised methodology results in a nominal levelized avoided cost rate of $89.95. The Company is concerned with the impact that establishing an avoided cost of $89.95 per MWh could have on its Idaho customers. The Company's concern is that these extreme rates will become a "magnet" for out-of-state or off-system QF projects seeking the highest prices for their project at a cost to the Company's Idaho customers. To illustrate this point, over the past 5 years, the Company had received a total of a half dozen requests for wind QF projects totaling 100 MW, of which only one resulted in a signed power purchase agreement. Within three days after the January 26th draft methodology and prices were circulated by Staff, the Company received six wind QF project requests, totaling 235 MW. All of these proposed projects are off-system QFs with scheduled deliveries into an already transmission constrained area.

The Company believes that the medium natural gas price curve from NPCC yields a price that is too high, and is not a true reflection of current gas costs. 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. The Company is also requesting additional time be provided in order to more thoroughly review all of the assumptions used in the NPCC forecast and requests a technical conference be conducted to allow the parties to revisit the existing methodology and come up with a solution in light of the current economic forecasts. 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. Accordingly, the Company requests that the Commission reevaluate its use of this 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.

Please let me know if you have any further questions.

Very Truly Yours,

Jeffrey Larsen / CW

Jeffrey K. Larsen
Vice President, Regulation
Rocky Mountain Power

Enclosures

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane. Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

RECEIVED
2009 FEB 18 PM 3:24
IDAHO PUBLIC
UTILITIES COMMISSION

AVISTA Corp.

VIA Electronic Mail

February 18, 2008

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
Statehouse Mail
W. 472 Washington Street
Boise, Idaho 83720

RE: Case NO. GNR-E-09-01 – In the Matter of the Fuel Cost Related Adjustment to Published Idaho Avoided Cost Rates for Idaho Power Company, Pacificorp DBA Rock Mountain Power, and Avista Corporation DBA Avista Utilities

Dear Ms. Jewell:

In response to Scott Woodbury's letter dated February 9, 2009, Avista Utilities has reviewed the avoided cost calculations in Case No. GNR-E-09-01 and accepts them as accurately incorporating the draft Northwest Power and Conservation Council natural gas price forecast into the SAR model.

Attached are Avista's comments in the above referenced Case provided to Commission Staff on February 4, 2009.

Please direct questions on this matter to Clint Kalich at (509) 495-4532.

Sincerely,

Linda Gervais

Linda Gervais
Manager, Regulatory Policy
State and Federal Regulation
Avista Utilities
509-495-4975

Enc.

Avista Corp.
1411 East Mission PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500
Toll Free 800-727-9170

AVISTA Corp.

February 4, 2009

Via Email Only
Rick Sterling
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702
Email: rick.sterling@puc.idaho.gov

Re: Idaho Draft Avoided Cost Rates

Dear Rick:

On January 26, 2009, you forwarded for review and comment Idaho's draft avoided cost rates. I have reviewed the draft avoided cost rates for Avista Corporation ("Avista") and believe that you have properly calculated costs given your assumptions. That said, Avista has some concerns with those assumptions and provides the following comments on the draft avoided cost rates.

NWPCC Assumptions are Not Yet Final

According to the stipulation agreed by the parties late last year in IPUC Docket No. GNR-E-08-02, Surrogate Avoided Resource ("SAR") assumptions are to be updated as they become available from the Northwest Power and Conservation Council ("NWPCC" or "Council"). Although draft values are now available from the Council, it has not released even its Draft Sixth Power Plan. The final plan is not anticipated until late this year. The values included in the proposed PURPA rate appear to be based on current draft documents and not final values. It is very likely that this information will not change; however, Avista understands that under the stipulation final values will be used. At a minimum, the IPUC should make clear that, once final values are available, the avoided cost rates will be revised to reflect such final values.

The SAR Assumption for EAF Was Not Updated

Notwithstanding the above comment regarding the use of final values issued by the NWPCC, the IPUC has not updated all SAR assumptions identified in the stipulation.

Specifically, the equivalent availability factor ("EAF") was not increased to 92% per the NWPCC draft. The stipulation is clear that the listed SAR values will all be updated, including EAF. Adjusting the EAF to 92% based on Council data lowers the 20-year levelized rate by approximately $2/MWh

Capital Costs Are Overstated

In reviewing the capital cost assumption, it appears that the IPUC selected the highest capital cost value from the NWPCC forecast, both from a historical and projected basis. The NWPCC is forecasting a dramatic fall in gas plant capital costs, from approximately $1,200 per kW presently to $850 per kW. It is inappropriate to set long-term PURPA rates for projects built years into the future at today's inflated (and falling) prices. Another method should be employed.

One approach would be to calculate an avoided cost for each online year, using the NWPCC capacity cost estimate in that year. Another approach would be to accept the long-term cost trend ($852 per kW in 2006 dollars) by averaging prices over the 20-year horizon of 2010 to 2029. Avista is open to other ideas, so long as they reflect anticipated expected long-term project costs. Lowering the capital cost from $1,300/kW in 2008 to $900/kW in 2008 lowers the 20-year levelized rate by approximately $7/MWh.

The IPUC Should Make Clear that the Use of Draft Data in this Circumstance Does Not Set Any Precedent

Assuming the IPUC must proceed with implementing rates based on draft NPCC data in this case, Avista would hope that in the future adjustments are made based on information contained in final documents.

Grandfathering

There is a long history of grandfathering projects due to changing circumstances. To prevent this, Avista would like it made clear to all parties ahead of time that contracts signed based on these rates will not be adjusted in the future, up or down, based on new information. Contracts signed under then-current terms should stand.

Uniformity with Other State PURPA Rates

Idaho PURPA rates are now significantly above rates available to developers located outside of Idaho. The discrepancies are large enough that it would be reasonable to expect these developers to wheel their power from locations outside of Idaho (but potentially within the service territories of multi-jurisdictional utilities) to locations inside simply to acquire the higher PURPA rate. Even with the cost of transmission the economics would appear to support this activity. Although IPUC staff have indicated that they do not believe this would be allowed, Avista is unable to locate any law or order that would prevent this occurring.

Overall PURPA Rate Appears High

Paying nearly $90 per MWh for wind generation when Avista does not obtain the green tag value seems very high. Avista believes there is the potential for it to build wind projects at this cost and retain the green tag value. One solution the company has considered is moving to a Wind SAR where a proceeding could be used to define generic wind costs rather than forcing a wind facility to look like a gas plant.

Avista appreciates the opportunity to comment on the draft avoided cost rates. Please contact me if you have any questions regarding any of Avista's comments.

Respectfully submitted,

Clint Kalich
Manager of Resource Planning and Analysis

IDAHO POWER®
An IDACORP Company

February 18, 2009

Randy C. Allphin
Senior Planning Administrator
Tel: (208) 388-2614
rallphin@idahopower.com

Idaho Public Utilities Commission
Attn: Scott Woodbury
PO Box 83720
Boise, ID 83720-0074

RE: CASE NOS. GNR-E-09-1

IN THE MATTER OF THE FUEL COST RELATED ADJUSTABLE TO IDAHO AVOIDED COST RATES FOR IDAHO POWER COMPANY, PACIFICORP DBA ROCKY MOUNTAIN POWER, AND AVISTA CORPORATION DBA AVISTA UTILITIES.

We have reviewed the information you have provided in your letter dated February 9, 2009 notifying Idaho Power of revision of the Published avoided cost rates due to inclusion of a revised Northwest Power and Conservation Council natural gas forecast that was released on December 29, 2008.

On February 11, 2009 Rick Sterling called Randy Allphin at Idaho Power advising of a mathematical error discovered in the values that were included in the letter dated February 9, 2009 and e-mailed a revised Published Avoided Cost calculation to Idaho Power for review. For reference a representative value from this revised calculation is $88.11 for a 20 year levelized contract with an on-line year of 2009.

Idaho Power concurs that the model and calculations used by the IPUC staff for Idaho Power Company are consistent with IPUC Order 30480.

Idaho Power believes there may be some question as to whether the December 29, 2008 Northwest Power and Conservation Council natural gas forecast is a final or draft forecast. However, in reviewing the Northwest Power and Conservation Council process in developing its 6th plan, there are numerous indications that this Natural Gas forecast is the final forecast that will be used in the 6th plan. Idaho Power assumes that if at a later date a different final forecast is included in the 6th plan these Published Avoided Costs will be revised accordingly and any QF purchase power agreements executed will include the Published Avoided Costs as approved by the Commission at the time the agreement was executed and will not be subject to change.

Sincerely,

Ry C. Allph

Randy C Allphin

cc: Bart Kline (IPCo)
Donovan Walker (IPCo)
Mike Youngblood (IPCo)
Mark Stokes (IPCo)

P O Box 70 Boise, Idaho 83707 1221 W Idaho St. Boise, Idaho 83702

AVISTA
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	15.11	15.46	15.82	16.18	16.56	16.94	2009	12.19
2	15.28	15.63	15.99	16.36	16.74	17.13	2010	12.54
3	15.45	15.80	16.17	16.54	16.92	17.31	2011	12.89
4	15.61	15.97	16.34	16.72	17.10	17.50	2012	13.26
5	15.77	16.13	16.51	16.89	17.28	17.68	2013	13.63
6	15.93	16.29	16.67	17.06	17.45	17.85	2014	14.02
7	16.08	16.45	16.83	17.22	17.62	18.03	2015	14.41
8	16.24	16.61	16.99	17.39	17.79	18.20	2016	14.81
9	16.39	16.76	17.15	17.55	17.95	18.37	2017	15.22
10	16.53	16.91	17.31	17.71	18.12	18.53	2018	15.64
11	16.68	17.06	17.46	17.86	18.27	18.70	2019	16.07
12	16.82	17.21	17.60	18.01	18.43	18.86	2020	16.51
13	16.96	17.35	17.75	18.16	18.58	19.01	2021	16.96
14	17.09	17.49	17.89	18.31	18.73	19.16	2022	17.42
15	17.22	17.62	18.03	18.45	18.88	19.31	2023	17.89
16	17.35	17.76	18.17	18.59	19.02	19.46	2024	18.38
17	17.48	17.88	18.30	18.72	19.16	19.60	2025	18.87
18	17.60	18.01	18.43	18.85	19.29	19.74	2026	19.38
19	17.72	18.13	18.55	18.98	19.42	19.87	2027	19.89
20	17.84	18.25	18.68	19.11	19.55	20.00	2028	20.42
							2029	20.97
							2030	21.52
							2031	22.09
							2032	22.67
							2033	23.27
							2034	23.88

EFFECTIVE DATE	ADJUSTABLE COMPONENT
2/24/2009	56.36

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	17.84 + 56.36
2-20	17.84 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	12.19 + 56.36
2	12.54 + Adjustable component in year 2010
3	12.89 + Adjustable component in year 2011
4	13.26 + Adjustable component in year 2012

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480).

AVISTA
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	71.47	70.94	73.53	76.33	78.76	81.27	2009	71.47
2	71.22	72.19	74.88	77.50	79.96	82.51	2010	70.94
3	71.93	73.46	76.07	78.65	81.16	83.78	2011	73.53
4	72.90	74.63	77.21	79.80	82.37	85.02	2012	76.33
5	73.89	75.75	78.34	80.96	83.55	86.26	2013	78.76
6	74.88	76.84	79.46	82.09	84.74	87.47	2014	81.27
7	75.88	77.92	80.55	83.23	85.91	88.67	2015	83.86
8	76.87	78.99	81.65	84.34	87.06	89.85	2016	86.64
9	77.86	80.04	82.72	85.44	88.19	91.02	2017	89.39
10	78.84	81.07	83.77	86.52	89.30	92.17	2018	92.36
11	79.80	82.08	84.81	87.59	90.40	93.30	2019	95.29
12	80.75	83.07	85.83	88.64	91.48	94.41	2020	98.32
13	81.69	84.05	86.83	89.67	92.54	95.53	2021	101.45
14	82.60	85.01	87.81	90.68	93.61	96.66	2022	104.67
15	83.51	85.95	88.78	91.69	94.67	97.78	2023	108.01
16	84.39	86.87	89.75	92.71	95.74	98.89	2024	111.45
17	85.27	87.79	90.71	93.72	96.80	100.00	2025	115.00
18	86.13	88.71	91.67	94.72	97.85	101.07	2026	119.24
19	87.00	89.61	92.62	95.71	98.86	102.13	2027	123.63
20	87.85	90.51	93.56	96.67	99.86	103.17	2028	128.19
							2029	132.93
							2030	137.85
							2031	142.03
							2032	147.00
							2033	152.13
							2034	157.46

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480).

IDAHO POWER COMPANY
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009

$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR 2009	2010	2011	2012	2013	2014	CONTRACT YEAR	NON-LEVELIZED RATES
1	15.15	15.50	15.86	16.22	16.60	16.98	2009	12.23
2	15.32	15.67	16.03	16.40	16.78	17.17	2010	12.57
3	15.48	15.84	16.21	16.58	16.96	17.36	2011	12.93
4	15.65	16.01	16.38	16.76	17.14	17.54	2012	13.30
5	15.81	16.17	16.55	16.93	17.32	17.72	2013	13.67
6	15.97	16.34	16.71	17.10	17.50	17.90	2014	14.06
7	16.12	16.50	16.88	17.27	17.67	18.08	2015	14.45
8	16.28	16.65	17.04	17.43	17.84	18.25	2016	14.85
9	16.43	16.81	17.20	17.60	18.00	18.42	2017	15.26
10	16.58	16.96	17.35	17.76	18.17	18.59	2018	15.68
11	16.73	17.11	17.51	17.91	18.33	18.75	2019	16.11
12	16.87	17.26	17.66	18.07	18.48	18.91	2020	16.56
13	17.01	17.40	17.81	18.22	18.64	19.07	2021	17.01
14	17.15	17.54	17.95	18.37	18.79	19.23	2022	17.47
15	17.28	17.68	18.09	18.51	18.94	19.38	2023	17.94
16	17.41	17.82	18.23	18.65	19.08	19.53	2024	18.42
17	17.54	17.95	18.37	18.79	19.23	19.67	2025	18.92
18	17.67	18.08	18.50	18.93	19.36	19.81	2026	19.43
19	17.79	18.21	18.63	19.06	19.50	19.95	2027	19.95
20	17.91	18.33	18.75	19.19	19.63	20.09	2028	20.48
							2029	21.02
							2030	21.58
							2031	22.15
							2032	22.73
							2033	23.33
							2034	23.94

EFFECTIVE DATE	ADJUSTABLE COMPONENT
2/24/2009	56.36

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	17.91 + 56.36
2-20	17.91 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	12.23 + 56.36
2	12.57 + Adjustable component in year 2010
3	15.93 + Adjustable component in year 2011
4	13.30 + Adjustable component in year 2012

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480). These rates also reflect a change in Idaho Power's weighted cost of capital as a result of Order No. 30722 in the Company's recent general rate case.

IDAHO POWER COMPANY
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	71.51	70.98	73.57	76.37	78.80	81.31	2009	71.51
2	71.25	72.22	74.92	77.54	80.01	82.55	2010	70.98
3	71.97	73.50	76.11	78.70	81.20	83.82	2011	73.57
4	72.94	74.67	77.26	79.85	82.42	85.07	2012	76.37
5	73.94	75.80	78.39	81.01	83.61	86.31	2013	78.80
6	74.94	76.90	79.51	82.15	84.80	87.54	2014	81.31
7	75.94	77.99	80.62	83.30	85.98	88.74	2015	83.90
8	76.94	79.06	81.72	84.42	87.13	89.93	2016	86.69
9	77.93	80.12	82.80	85.53	88.27	91.11	2017	89.43
10	78.92	81.16	83.87	86.62	89.40	92.27	2018	92.40
11	79.90	82.18	84.92	87.70	90.51	93.41	2019	95.34
12	80.86	83.19	85.95	88.76	91.60	94.54	2020	98.36
13	81.81	84.18	86.97	89.80	92.68	95.68	2021	101.49
14	82.74	85.15	87.97	90.83	93.77	96.82	2022	104.72
15	83.66	86.11	88.95	91.87	94.85	97.96	2023	108.06
16	84.57	87.05	89.93	92.90	95.94	99.10	2024	111.50
17	85.46	87.99	90.92	93.93	97.02	100.23	2025	115.05
18	86.34	88.93	91.90	94.96	98.09	101.33	2026	119.29
19	87.23	89.86	92.87	95.97	99.13	102.41	2027	123.68
20	88.11	90.78	93.84	96.96	100.16	103.48	2028	128.25
							2029	132.99
							2030	137.90
							2031	142.09
							2032	147.05
							2033	152.19
							2034	157.52

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480). These rates also reflect a change in Idaho Power's weighted cost of capital as a result of Order No. 30722 in the Company's recent general rate case.

PACIFICORP
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	15.25	15.60	15.96	16.33	16.71	17.10	2009	12.33
2	15.42	15.78	16.14	16.51	16.89	17.29	2010	12.68
3	15.59	15.95	16.32	16.69	17.08	17.47	2011	13.04
4	15.75	16.12	16.49	16.87	17.26	17.66	2012	13.41
5	15.91	16.28	16.66	17.04	17.44	17.84	2013	13.79
6	16.07	16.45	16.83	17.21	17.61	18.02	2014	14.17
7	16.23	16.61	16.99	17.38	17.78	18.20	2015	14.57
8	16.39	16.77	17.15	17.55	17.95	18.37	2016	14.97
9	16.54	16.92	17.31	17.71	18.12	18.54	2017	15.38
10	16.69	17.07	17.47	17.87	18.29	18.71	2018	15.81
11	16.84	17.22	17.62	18.03	18.45	18.87	2019	16.24
12	16.98	17.37	17.77	18.18	18.60	19.03	2020	16.68
13	17.12	17.52	17.92	18.33	18.76	19.19	2021	17.14
14	17.26	17.66	18.07	18.48	18.91	19.35	2022	17.60
15	17.39	17.80	18.21	18.63	19.06	19.50	2023	18.08
16	17.53	17.93	18.34	18.77	19.20	19.65	2024	18.57
17	17.65	18.06	18.48	18.91	19.35	19.79	2025	19.06
18	17.78	18.19	18.61	19.04	19.48	19.93	2026	19.57
19	17.90	18.32	18.74	19.17	19.62	20.07	2027	20.10
20	18.02	18.44	18.87	19.30	19.75	20.21	2028	20.63
							2029	21.18
							2030	21.74
							2031	22.31
							2032	22.90
							2033	23.50
							2034	24.11

EFFECTIVE DATE	ADJUSTABLE COMPONENT
2/24/2009	56.36

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	18.02 + 56.36
2-20	18.02 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2009 on-line date would receive the following rates:

Years	Rate
1	12.33 + 56.36
2	12.68 + Adjustable component in year 2009
3	13.04 + Adjustable component in year 2010
4	13.41 + Adjustable component in year 2011

Notes: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).

PACIFICORP
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
February 24, 2009
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2009	2010	2011	2012	2013	2014		
1	71.61	71.08	73.68	76.48	78.91	81.42	2009	71.61
2	71.36	72.33	75.02	77.65	80.12	82.67	2010	71.08
3	72.07	73.61	76.22	78.81	81.32	83.94	2011	73.68
4	73.05	74.78	77.37	79.96	82.53	85.18	2012	76.48
5	74.04	75.90	78.50	81.12	83.72	86.43	2013	78.91
6	75.04	77.00	79.62	82.26	84.91	87.65	2014	81.42
7	76.04	78.09	80.73	83.40	86.09	88.86	2015	84.02
8	77.04	79.16	81.82	84.53	87.24	90.04	2016	86.80
9	78.03	80.22	82.90	85.63	88.38	91.22	2017	89.55
10	79.02	81.26	83.97	86.72	89.50	92.37	2018	92.53
11	79.99	82.28	85.01	87.80	90.61	93.52	2019	95.46
12	80.95	83.28	86.04	88.85	91.70	94.64	2020	98.49
13	81.90	84.27	87.05	89.90	92.77	95.77	2021	101.62
14	82.83	85.24	88.05	90.92	93.85	96.91	2022	104.86
15	83.74	86.19	89.03	91.95	94.94	98.05	2023	108.19
16	84.64	87.13	90.01	92.98	96.02	99.18	2024	111.64
17	85.53	88.06	90.99	94.00	97.09	100.30	2025	115.20
18	86.41	88.99	91.96	95.02	98.15	101.39	2026	119.43
19	87.29	89.91	92.93	96.03	99.19	102.47	2027	123.83
20	88.16	90.83	93.89	97.01	100.21	103.53	2028	128.40
							2029	133.14
							2030	138.06
							2031	142.25
							2032	147.22
							2033	152.36
							2034	157.69

Notes: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's December 29, 2008 Fuel Price Forecast. (See Order No. 30480). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).