

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: SCOTT WOODBURY

DATE: MAY 25, 2005

SUBJECT: CASE NO. IPC-E-05-18 (Idaho Power)
FIRM ENERGY SALES AGREEMENT – BURLEY BUTTE

On May 13, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Burley Butte Wind Park, LLC (Burley Butte) dated May 5, 2005. Under the Agreement, Burley Butte will sell and Idaho Power will purchase electric energy generated by the Burley Butte project located near Burley, Idaho in an area more particularly described as Section East ½, East 6½ of 24, Township 11 South, Range 22 East, Boise-Meridian, Cassia County, Idaho. The project consists of seven (7) 1.5 MW GE wind turbines. The nameplate rating of the project is 10.5 MW. Under normal and/or average conditions the project will not exceed 10 aMW on a monthly basis. If energy in excess of this amount (Inadvertent Energy) is accidentally generated, Idaho Power will accept Inadvertent Energy that does not exceed the 10.5 MW maximum capacity amount but will not purchase or pay for it. Agreement ¶ 7.3.2.

The Burley Butte project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Burley Butte has selected October 30, 2005 as the scheduled first energy date and December 1, 2005 as the scheduled operation date.

As represented by Idaho Power, the Agreement with Burley Butte comports with the terms and conditions of Commission Order No. 29632 (*U.S. Geothermal et. al v. Idaho Power*) and avoided cost Order No. 29646.

As reflected in Section 24 of the Agreement, the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declares that all payments that Idaho Power makes to Burley Butte for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is May 5, 2005.

COMMISSION DECISION

Idaho Power requests Commission approval of a Firm Energy Sales Agreement with Burley Butte Wind Park, LLC. The contract is for a 20-year term and contains the non-levelized published avoided cost rates for energy deliveries not exceeding 10 aMW on a monthly basis. The Commission Staff recommends that the Company's Application be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. Does the Commission agree with the recommended procedure?

Scott D. Woodbury

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