

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-06-36**
APPROVAL OF A POWER PURCHASE)
AGREEMENT WITH IDAHO WINDS, LLC) **NOTICE OF APPLICATION**
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 30221**

On December 26, 2006, Idaho Power Company (“Idaho Power” or “Company”) filed an Application with the Commission requesting approval of a 20-year Firm Energy Sales Agreement between Idaho Power and Idaho Winds LLC dated December 12, 2006 (“Agreement”).

BACKGROUND

On August 4, 2005, the Idaho Public Utilities Commission (“Commission”) in Case No. IPC-E-05-22, Order No. 29839, reduced the eligibility cap for avoided cost published rates for non-firm wind projects from 10 aMW to 100 kW, required individual negotiation for larger wind qualifying facilities (QFs), and established criteria for assessing QF contract entitlement. Reference Public Utility Regulatory Policies Act of 1978 (PURPA). By Commission Order No. 29872 the date for grandfathering eligibility was changed from July 1, 2004, the Notice of Petition date, to August 4, 2005, the date of Interlocutory Order No. 29839.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that according to the Application, the wind generating facility is known as the Alkali Wind Farm Facility (“Facility”) and will be located approximately six miles northwest of Glens Ferry in Elmore County, Idaho. Idaho Winds warrants the Facility will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). The Facility will consist of 12 GE wind turbines with individual generator ratings of 1.5 MW for each unit, for a total facility nameplate generator rating of 18 MW. The Agreement contains the non-levelized, published avoided cost rates set forth in Order No. 29391. Under normal and/or average operating conditions, Idaho Winds will not generate more than 10 aMW on a monthly

basis. Energy delivered in excess of this monthly amount is Inadvertent Energy. Idaho Power will accept Inadvertent Energy that does not exceed the maximum capacity amount (18 MW) but will not purchase or pay for Inadvertent Energy. Agreement ¶ 7.3.2.

YOU ARE FURTHER NOTIFIED that based on Idaho Power's review of the information provided by the developer and in light of the procedure the Commission accepted in Cassia Wind Order No. 29954, Case No. IPC-E-05-35, Idaho Power has determined that it would be reasonable to grandfather the Facility based on satisfaction of the criteria identified by the Commission in Order No. 29839, Case No. IPC-E-05-22. According to the subject Application, Idaho Winds submitted a signed Firm Energy Sales Agreement to Idaho Power for the Facility. In addition, Idaho Winds submitted a generation interconnection study for the Facility on January 31, 2005 for a 10 MW project along with a \$2,000 initial feasibility analysis fee. Idaho Power asserts that this threshold criteria is, therefore, satisfied.

YOU ARE FURTHER NOTIFIED that Idaho Power believes the secondary criteria is that the QF demonstrate other indicia of substantial progress or maturity, usually by showing: (1) a wind study demonstrating a viable site for the project, (2) a signed contract for wind turbines, (3) arranged financing for the project, and/or (4) related progress on the Facility permitting and license path. *Id.* The Application states that Idaho Winds wrote a letter to Idaho Power on August 15, 2005 describing the status of the Facility. As of August 4, 2005, Idaho Winds had obtained firm commitments to finance the Facility. Idaho Winds also had made substantial progress on the other criteria, except for the acquisition of turbines. At this time, Idaho Winds has obtained a firm commitment for turbines for the Facility.

YOU ARE FURTHER NOTIFIED that according to the Application, there are two provisions the Commission should be aware of in its consideration of the Agreement:

1. In the negotiations of this project, Idaho Power and Idaho Winds agreed that an on-line date of December 2007 is crucial. This Agreement contains delay damage provisions that require the project pay Idaho Power damages if the project comes on-line after December 31, 2007. The delay damages will accrue for a period of up to 90 days.
2. The Agreement reflects the changes to Idaho Power's Schedule 72 [Uniform Interconnection Agreement] approved in Order No. 30179 issued on November 17, 2006 in Case No. IPC-E-06-18.

YOU ARE FURTHER NOTIFIED that Idaho Winds has selected December 30, 2007 as the Scheduled First Energy Date and December 31, 2007 as the Scheduled Operation Date. Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes to Idaho Winds for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

YOU ARE FURTHER NOTIFIED that Idaho Power requests that the Commission issue an Order approving the Firm Energy Sales Agreement and declaring that all payments for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Application in this case and has preliminarily determined that the public interest in this matter may not require a hearing to consider the issues presented, and that the issues raised by the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.210-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Idaho Power's Application and the use of Modified Procedure in this case is twenty-one (21) days from the service date of this Order. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Idaho Public Utilities Commission
Commission Secretary
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, Idaho 83702-5983

Barton L. Kline, Senior Attorney
Monica Moen, Attorney II
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: bkline@idahopower.com
mmoen@idahopower.com

Ric Gale
VP-Pricing and Regulatory
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: rgale@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's Website at www.puc.idaho.gov under "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If written comments or protests are received within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written comments before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code, and specifically *Idaho Code* §§ 61-301, 61-307, 61-622 and 61-623.

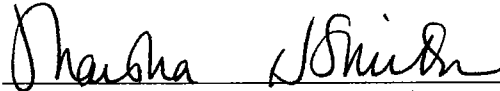
ORDER

IT IS HEREBY ORDERED that the Application of Idaho Power Company be processed by Modified Procedure, IDAPA 31.01.01.201-204. Persons interested in submitting written comments in this matter must do so no later than twenty-one (21) days from the service date of this Order.

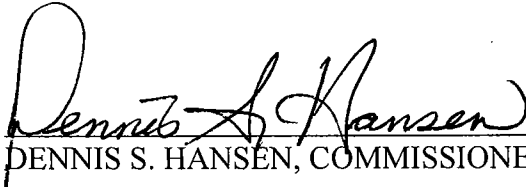
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 18th day of January 2007.



PAUL KJELLANDER, PRESIDENT

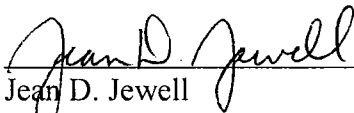


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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