

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE PETITION OF )  
AVISTA CORPORATION FOR AN ORDER ) CASE NO. AVU-E-07-02  
REVISING AVISTA CORPORATION'S )  
OBLIGATIONS TO ENTER INTO )  
CONTRACTS TO PURCHASE ENERGY ) ORDER NO. 30500  
GENERATED BY WIND-POWERED SMALL )  
POWER GENERATION FACILITIES )**

The Idaho Public Utilities Commission (Commission) has authority under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualifying facilities (QFs) and to implement FERC rules.

In early 2007 Avista Corporation dba Avista Utilities (Avista; Company), Idaho Power Company (Idaho Power), and PacifiCorp dba Rocky Mountain Power (PacifiCorp) filed wind integration studies and petitions recommending utility-specific wind integration adjustments to the published avoided cost rates. Case Nos. AVU-E-07-02 (4-2-07); IPC-E-07-03 (2-16-07); and PAC-E-07-07 (4-23-07). The Commission in this Order addresses Avista's Petition and approves a comprehensive Settlement Stipulation of the issues presented. We increase the published rate eligibility cap for intermittent QF wind projects from 100 kW to 10 aMW/month, establish a wind integration adjustment to published avoided cost rates, and eliminate the 90%/110% performance band for wind QFs that agree to provide a Mechanical Availability Guarantee and share in the cost of wind forecasting services.

**Background**

On June 17, 2005, in Case No. IPC-E-05-22, Idaho Power requested a temporary suspension of its purchase obligations for wind generation. Avista intervened and requested similar treatment. On August 4, 2005, the Commission issued Order No. 29839 finding good cause to conduct further proceedings to determine the appropriate amount of adjustment, if any, to integrate wind generation resources. The Commission declined to suspend the Company's purchase obligation. The Commission instead reduced the published rate eligibility cap for intermittent QF wind projects from 10 aMW/month to 100 kW and required individual contract

negotiations for wind QFs larger than 100 kW. This action was taken to investigate system reliability and avoided cost issues regarding intermittent resources. In reducing the cap for published rates for wind projects offering power on a non-firmed basis, the Commission found that it had continuing authority to review PURPA rates in order to protect the public interest. 18 C.F.R. §§ 292.304(a)(1)(i), (c)(1), (c)(3)(ii); Order No. 29839 p. 9. It was further established that no utility is required to pay more than its avoided cost for QF purchases. PURPA § 210(b).

In the IPC-E-05-22 case, Idaho Power advised the Commission that it intended to perform a study to quantify the additional costs it would incur directly related to purchasing a significant amount of wind generation (the Wind Integration Study; the Study). Idaho Power further advised the Commission that upon completion of the Study, Idaho Power would provide it to the Commission for consideration. Pursuant to Commission direction, Idaho Power in conjunction with Avista and PacifiCorp and in consultation with the other parties scheduled and held four workshops (August 29, September 20, October 10, and November 18, 2005) and a settlement meeting (January 12, 2006). The parties were unsuccessful in reaching mutual agreement on interim settlement issues. No additional meetings were scheduled until completion of Idaho Power's wind integration study. See Phase II Workshop Final Report, January 31, 2006. See also September 6, 2005 and November 7, 2005 Status Reports.

On April 2, 2007, Avista in Case No. AVU-E-07-02 filed a Petition with the Commission presenting a final Wind Integration Study and proposing a wind integration adjustment to published avoided cost rates of 12% to compensate for the increase in system costs due to wind variability; and for QFs agreeing to deliver output on a firm hourly schedule, a percentage reduction of 6%.<sup>1</sup> The Company's proposal included the following additional elements and conditions: elimination of the 90%/110% performance band for wind powered QFs; sharing of costs for wind forecasting services; establishment of a "Mechanical Availability Guarantee" demonstrating physical capability and availability of wind QFs to generate at full output during 85% of the hours in a month; and, contingent on acceptance of the foregoing, an increase in the published rate eligibility cap for intermittent QF wind projects from 100 kW to 10 aMW/month.

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<sup>1</sup> On February 6, 2007, Idaho Power filed a similar petition in Case No. IPC-E-07-03 proposing a wind integration adjustment of \$10.72/MWh. On April 23, 2007, PacifiCorp dba Rocky Mountain Power (PacifiCorp) filed a Petition in Case No. PAC-E-07-07 proposing a wind integration adjustment of \$5.04 per MWh.

On October 4, 2007, Renewable Northwest Project and NW Energy Coalition (Renewable Coalition) filed a Motion for Approval of Settlement Stipulation. IDAPA 31.01.01.271-276. The Settlement is a proposed resolution of the issues presented in this case and is now signed and/or is supported by all parties except Exergy Development Group of Idaho LLC (Exergy). The Settlement Stipulation provides for three tiers of wind integration charges based upon increasing levels of wind development.

**Parties of Record**

The following parties requested and were granted intervenor status: Exergy Development Group of Idaho LLC; Renewable Northwest Project and NW Energy Coalition; Idaho Windfarms LLC; and INL Biofuels and Renewable Energy Technologies.

**Wind Integration Study – Initial Filing and Petition**

Avista's Wind Integration Study was included as an attachment to its April 2, 2007, Petition. To assist Avista in preparing its Study, the Company retained the services of EnerNex Corporation, an acknowledged expert in analysis and preparation of wind integration studies. Additionally, Avista notes that it participated in, and benefited from Wind Integration Action Plan proceedings conducted under the auspices of the Bonneville Power Administration and the Northwest Power & Conservation Council.

Avista's Wind Integration Study purports to quantify some of the additional costs the Company incurs in purchasing energy from intermittent QF wind resources, costs that are not included in the published avoided cost rates. The Study draws the following observations and conclusions: (1) higher wind penetration equals higher integration cost; (2) integration costs are correlated with market prices; (3) short-term markets can reduce cost of variability; (4) rising forecast error increases integration cost; (5) geographic diversity has direct influence on integration costs; and (6) operational coordination between the control center and wind generators reduce integration costs. The Study, the Company concludes, confirms that avoided cost rates paid to wind-powered QF resources do not reflect the actual costs the Company could avoid by the purchases and must be reduced to be in compliance with PURPA. 18 C.F.R. § 292.304(a)(2).

Based on its Wind Study conclusions, Avista requests a change in the Company's PURPA obligations for wind QFs. Avista proposes increasing the cap on entitlement to

published avoided cost rates for wind QFs from the current level of 100 kW to 10 aMW/month, subject to the following conditions:

*Elimination of 90%/110% Performance Band Requirement*

Avista believes there is benefit to a level of consistency in the structure of PURPA QF tariffs between utilities. Idaho Power Company in Case No. IPC-E-07-03 recommends that the 90%/110% performance band requirement be eliminated in energy purchase contracts involving wind powered QFs, provided certain conditions are satisfied. Avista recommends that the same policies be applied to purchases of wind power by Avista from QFs, i.e.:

*1. Wind QFs Agree to Fund Their Share of Wind Forecasting Services*

Avista supports the concept that wind QFs should participate in funding wind forecasting services, as a condition of not being bound by the 90%/110% performance band requirement. Where such services are purchased or constructed by Avista within a geographic area, Avista would propose to share such expense on a pro rata basis with wind QFs that are selling their power to Avista under long-term contracts. QFs would pay a portion of the wind forecasting expenses proportional to their percentage share of the wind-generator capability being supplied to Avista from that geographic region.

*2. Wind QFs Agree to Provide a Mechanical Availability Guarantee*

Avista recommends that wind QFs be required to deliver a “mechanical availability guarantee” (MAG) to Avista to demonstrate each month that, except for scheduled maintenance and events of force majeure or uncontrollable force, the wind project is physically capable of generating at full output during 85% of the hours in the month. Such guarantee, the Company contends, would encourage wind developers to maintain the readiness of their equipment throughout the full duration of the long-term contract.

*3. Wind QFs Agree to be Paid Lower Rates*

Avista recommends that the published avoided cost rates applicable to purchases by Avista of electric power from wind-powered QFs be reduced 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%.

Avista’s recommendation that published avoided cost rates be discounted by 12% reflects Avista’s assessment, based on its wind integration study, of the cost to its system

associated with integrating up to 400 MW (nameplate capacity) of wind generation, both constructed and purchased, delivered into its system on a dynamic moment-to-moment basis. In instances where the QF developer agrees to deliver QF output to Avista on a firm hourly schedule, Avista recommends that the published avoided cost rates instead be discounted by 6%, which reflects a lower level of costs incurred by the Company in integrating the wind power.

**Settlement Stipulation (October 2, 2007)**

Following the filing of the Company's Petition and Wind Integration Study, a series of public and settlement workshops were held. Efforts to obtain a common generic wind integration adjustment and comprehensive settlement in Case Nos. AVU-E-07-02, IPC-E-07-03, and PAC-E-07-07 were unsuccessful. Apprised of the impasse, the Commission on August 22, 2007 issued a Notice of Modified Procedure and established September 21 and October 5, 2007 comment and reply deadlines to bring the matter to closure. In a Motion to Vacate Comment Deadlines filed on September 14, 2007, the Commission was notified that Renewable Northwest Project/NW Energy Coalition had reached a settlement agreement in principle with two of the three utilities and believed that an agreement in principle could be achieved with the third utility. Additional time was requested to complete settlement discussions, to solicit support from other parties and to prepare settlement documents. On September 19, 2007, the Commission issued a further scheduling Order establishing deadlines for presentation of settlement documents and the filing of comments. Settlement Stipulations were filed in the three wind integration dockets.

The Commission then scheduled a consolidated prehearing conference of the parties in Avista Case No. AVU-E-07-02, Idaho Power Case No. IPC-E-07-03, and PacifiCorp Case No. PAC-E-07-07 for December 11, 2007. The purpose of the prehearing conference was to identify what issues remained, to determine at what point (if any) consensus existed, and to determine the scope and timeline of further proceedings. The following parties appeared by and through their respective representatives and counsel: Avista Corporation – Michael G. Andrea, Esq.; Idaho Power – Barton L. Kline, Esq.; PacifiCorp – Jordan White, Esq.; Commission Staff – Scott D. Woodbury, Esq.; Exergy – Peter J. Richardson, Esq.; Renewable Northwest Project & NW Energy Coalition – William M. Eddie, Esq.; Ridgeline Energy – Rich Rayhill; Idaho Windfarms – Glenn Ikemoto; Cassia Gulch Wind Park & Cassia Wind Farms & Intermountain Wind – Dean J. Miller, Esq.; Gerald Fleischman; Renaissance Engineering & Design – Brian D. Jackson; and Blue Ribbon Energy – M. J. Humphries.

At the commencement of proceedings on December 11, 2007, clarification was sought from the Commission that the Settlement Stipulation was still being considered. The Commission was informed that, with the exception of Exergy, all parties of record in the multiple dockets recommended that the Commission approve the Settlement Stipulations. The following terms of Stipulation in Case No. AVU-E-07-02 were proposed as a fair, just and reasonable compromise of the issues raised:

Settlement Stipulation – Section III

- (7) Avista’s published avoided cost rates for Wind QFs will be adjusted to recognize an assumed cost of integrating the energy generated by Wind QFs as a part of the Company’s generating resource portfolio. The rate adjustment will be applied in three tiers, increasing as the total amount of wind integrated onto Avista’s system grows. The integration charge will be calculated as a percentage (7%, 8% or 9%) of the current 20-year, levelized, avoided cost rate, subject to a cap of \$6.50/MWh. The integration charge as calculated on the Operation Date for each Wind QF will remain fixed throughout the term of the contract and will be applied as a decrement to the applicable published rate according to the table below:

	<u>Amount of Wind Online</u>	<u>Integration Charge (cap)</u>
Tier 1	0 to 199 MW	7% (\$6.50/MWh)
Tier 2	200 to 299 MW	8% (\$6.50/MWh)
Tier 3	300 MW and above	9% (\$6.50/MWh)

- (8) The term “amount of wind online” means the cumulative amount of installed megawatts of wind generation capable of delivering energy in real time to Avista’s system which are subject to any power purchase agreement (or are owned by Avista) on the expected delivery data indicated in the Firm Energy Sales Agreement (FESA) between the Company and the Wind QF.
- (9) The term “applicable published rate” and “avoided cost rate” mean the applicable avoided cost rate approved by the IPUC and updated periodically for purchases of power from QFs producing less than 10 aMW/month, for the relevant contract year and time period of energy generation.
- (10) The 90%/110% performance band approved by the Commission in Order No. 29632 will be eliminated from the Firm Energy Sales Agreement for future Wind QFs. The 90%/110% performance band will be replaced in future FESAs by the integration charge described in paragraph 7 above, a MAG as described in Avista’s Petition in this case

and a wind forecasting charge (if Avista chooses to retain a forecasting service) as described in paragraph 13 below.

- (11) Avista will convene an informal wind integration cost working group which will meet at least two times prior to the publishing of the Company's 2009 Integrated Resource Plan (IRP) to discuss Avista's Wind Integration Study and new data related to wind integration costs.
- (12) Avista will review its expected cost of wind integration in light of the best available scientific data and actual operating experience. Expected wind integration cost information will be included in the Company's IRP process in the same way that costs for other generating resources are included in the IRP.
- (13) If Avista, in its sole discretion, determines that forecasting is necessary or desirable, Avista will contract with a qualified wind energy production forecasting vendor. The cost of this forecasting service will be shared equally between Avista and any Wind QF, and will be allocated to all Wind QFs holding FESAs with Avista and other wind generation on Avista's system on a uniform per MW basis, will be shared equally between Avista and the wind QF, with a monthly cap on the Wind QFs maximum liability for such costs set at 0.1% of the total energy payments Avista made to the Wind QF. Avista will consult with Wind QFs in setting up the protocols for the wind energy forecasting program. It is Avista's intent that the wind energy forecasting program be practical and cost effective.

#### *Exergy*

In an October 19, 2007, filing with the Commission, Exergy Development Group of Idaho LLC recommended that the Joint Motion to Approve Settlement Stipulation be denied. Exergy contends that the proposed settlement is not supported by an adequate record and is contrary to the public interest. Exergy contends that the Commission is being asked to proceed in the face of "widely" varying integration costs that are based on a science in its "infancy" and using "assumptions for numerous variables" with "imprecision and uncertainty." To do so, Exergy states, would result in a wind integration adjustment that is, by definition, arbitrary.

#### *Reply of Renewable Coalition (and Avista)*

The Renewable Coalition with the stated concurrence of Avista dispute Exergy's contention that a wind integration adjustment must be set at zero until the utility can demonstrate actual integration costs based on actual wind generation on the Company's system. The parties to the Settlement submit that the wind integration costs reflected in the Stipulation are within the

range of reasonable estimated wind integration costs based on current conditions and information. Reply p. 2.

*Commission Staff*

On October 5, 2007, in comments filed in support of the Settlement Stipulation, Staff recommends that the wind integration adjustment and other Settlement terms be approved. Staff contends the proposed adjustment represents a reasonable approximation of the wind integration costs over the 20-year term of new PURPA contracts. The proposed integration costs are significantly below the values determined in the Company's Wind Integration Study. Staff expects that over time integration costs should decrease as markets mature, geographic diversity improves, technology advances, and experience is gained in operation and forecasting. Yet it is also generally believed that as penetration levels increase, integration costs will increase. Whether the factors causing integration costs to increase completely offset the factors causing integration costs to decrease remains to be seen. Periodic reviews as provided for in the Stipulation, Staff contends, will provide opportunities to revise the wind integration adjustment if downward and upward pressures on wind integration costs get out of balance.

***Commission Findings***

The Commission has reviewed and considered the filings of record in Case No. AVU-E-07-02 including Avista's initial filing in this docket, the Company's Wind Integration Study, the Motion for Approval of Settlement Stipulation, the supporting comments of Commission Staff, the opposition filing of Exergy, and the reply filing of Renewable Coalition (and Avista). We have reviewed public comments supportive of wind power and critical of utility and regulatory policies that the commenters contend have stymied the development of wind farms in Idaho. We have reviewed the transcript of the December 11, 2007, Joint Prehearing Conference in Case Nos. AVU-E-07-02, IPC-E-07-03, and PAC-E-07-07. We have also reviewed our Orders in Case No. IPC-E-05-22 and the workshop reports filed in that docket, our mechanical availability guarantee Order in Case No. PAC-E-05-9 (Schwendiman), and our 90%/110% performance band Orders in Case Nos. IPC-E-04-8 (U.S. Geothermal)/04-10 (Lewandowski).

In this case the Commission is presented with a comprehensive Settlement Stipulation and terms of agreement that include a wind integration adjustment to published avoided cost rates. The parties to the Stipulation believe that the integration charge will provide

long-term stability for QF development and will provide flexibility to protect customers from published rates that are too high. The Exergy Development Group is the only party to this case that opposes the Stipulation. At the consolidated prehearing conference in this matter the Commission inquired of Exergy as to the nature of the case it would intend to introduce if granted a hearing. Based on Exergy's representations, we are satisfied that the principal arguments that it would advance have already been addressed in its written filings of record. Tr. p. 22. We consider and find this case to be fully submitted and find it reasonable to process this matter without further hearing or notice. IDAPA 31.01.01.204.

Exergy contends that the Commission is legally prevented from determining a wind integration adjustment to published avoided cost rates based on models, forecasts, projections and assumptions. Exergy contends that wind integration costs must be based on "actual" wind penetration on the Company's system. We find Exergy's argument to be unsound and evidence of a misunderstanding of both "avoided cost" as defined in 18 C.F.R. §§ 292.101(b)(6) and 292.304 and this Commission's authority and jurisdiction under PURPA and the implementing regulations of the Federal Energy Regulatory Commission. In establishing avoided cost rates this Commission acts pursuant to federal, not state law. Avoided costs are the incremental costs to an electric utility of electric energy, capacity, or both which absent purchase from a QF, the utility would generate itself or purchase. 18 C.F.R. § 292.101(b)(6). FERC does not prescribe a specific methodology for the calculation of avoided costs. The QF rates we establish for long-term firm contracts are forecast values and estimates and it has long been understood that the avoided cost concept is not violated by use of such estimates. 18 C.F.R. § 292.304(b)(5).

The Commission also finds unreasonable Exergy's contention that utility contracts with wind generators cannot, in advance of the projects coming online, be factored into the Company's calculations of wind penetration on its system. To adopt such a position presupposes that a contractual obligation of a wind developer to bring a project online by a certain date is without consequence and results in no reciprocal obligations on the part of the utility or duty to plan for the delivery of the power.

A review of the filings in IPC-E-05-22, IPC-E-07-03 and this docket reveals that the process of workshops and dialogue has resulted in constructive benefits to Avista and all parties. The wind integration adjustment proposed in this case is representative of the operational impacts and costs associated with integrating wind generation, both constructed and purchased,

into Avista's system. The Wind Integration Study performed by Avista and EnerNex Corporation presents what we find to be a good estimate of the costs the Company will incur to accommodate wind generation for a range of penetration levels. The Commission finds that the costs of wind integration are real, not illusory. A wind integration adjustment recognizes that variable wind generation presents operational integration costs to a utility that are different from other PURPA qualified resources. The wind adjustment proposed in the Settlement is a result of compromise and negotiation. Settlement Section III, ¶ 7. We find the use of the adjustment as a decrement to the published avoided cost rate for wind QFs results in net rates that represent the full avoided cost of wind generation; rates that are fair, just and reasonable. 18 C.F.R. §§ 292.101(b)(7); 292.304(a).

The Commission finds the Settlement Stipulation presented in this case and all of its components to be fair, just and reasonable and in the public interest. In our U.S. Geothermal/Lewandowski Orders in Case Nos. IPC-E-04-8/04-10, the Commission stated its belief that a legally enforceable obligation translates into reciprocal contractual obligations for both parties; a quid pro quo. It is not just a lock-in of avoided cost rates, but is also an obligation to deliver. Asked to make a decision regarding eligibility between firm and non-firm resources, we defined firmness as "predictability on a monthly basis." In establishing a 90%/110% performance band requirement, a majority of the Commission defined the minimum degree of predictability required for published rate eligibility. The Commission found the performance requirement to be necessary to assure that the Company's customers received the generation product that they were paying for. In our later Schwendiman Order in Case No. PAC-E-05-9, we found that the mechanical availability guarantee did not alone provide a reasonable or equivalent substitute for the 90%/110% performance band, and was not in itself sufficient to protect ratepayers from overpaying. The wind forecasting and mechanical availability guarantee in conjunction with other provisions of the Settlement in this case, we find, make elimination of the 90%/110% performance band reasonable. We accept that the Stipulation is based on best available data and analysis and expect that as experience and data increases, the ability to calculate wind integration costs will improve. Our acceptance of the Stipulation is contingent on a continuing and close monitoring of integration costs by Avista.

Avista proposes including a wind integration review in the Company's biennial Integrated Resource Plan. This Commission has continuing oversight and we expect Avista to

provide wind integration analysis and results to the Commission separate from its biennial IRP filing. We expect continuing, utility-sponsored, wind integration workshops (at least two times prior to the publishing of the Company's 2009 IRP) with participation extended to Commission Staff, and the parties of record in Case No. AVU-E-07-02. As recognized by Avista, regional wind integration efforts, improvements in wind forecasting, regulatory changes and actual "hands-on" experience will all have an impact on the cost of integrating wind energy. The Commission is interested in the day-to-day mechanics of how wind is integrated into the Company's system; the day-to-day impact on scheduling; and the ramifications of the Area Control Error (ACE) Diversity Interchange sharing on integration costs. We expect annual review by the Company and proposed adjustments when warranted. We expect the additional data provided will be very important to our continued support of a wind integration adjustment. We further expect Avista to notify the Commission when enough "on-line wind is accumulated to move it to a new tier at which the integration charge percentage increases (7%Ψ8%Ψ9%). As with variables in the underlying avoided cost methodology, parties can petition the Commission at any time to open a docket to review and update wind integration costs if those costs are believed to be outdated or inaccurate.

The Commission expects the combined total of existing PURPA and non-PURPA projects under Avista contract at the time of a new contract to be used for purposes of determining the applicable tiered discount. Wind projects may drop to a lower tier if the tier placement determined at the time of contract approval later proves inaccurate due to the failure of other previously contracted wind projects to achieve commercial operation.

### **Intervenor Funding**

Intervenor funding is available pursuant to *Idaho Code* § 61-617A and Commission Rules of Procedure 161 through 165. Section 61-617A(1) declares that it is the "policy of this state to encourage participation at all stages of all proceedings before this Commission so that all affected customers receive full and fair representation in those proceedings." The Commission may order any regulated utility with intrastate annual revenues exceeding \$3.5 million to pay all or a portion of the costs of one or more parties for legal fees, witness fees and reproduction costs. The statutory cap for total intervenor funding that can be awarded in any one case is \$40,000. *Idaho Code* § 61-617A(2).

A Petition for Intervenor Funding was filed in this docket by the Renewable Northwest Project and NW Energy Coalition (Renewable Coalition) in the amount of \$2,876.55.

Rule 162 of the Commission's Rules of Procedure provides the form and content requirements for a petition for intervenor funding. The petition must contain: (1) an itemized list of expenses broken down into categories; (2) a statement of the intervenor's proposed finding or recommendation; (3) a statement showing that the costs the intervenor wishes to recover are reasonable; (4) a statement explaining why the costs constitute a significant financial hardship for the intervenor; (5) a statement showing how the intervenor's proposed finding or recommendation differed materially from the testimony and exhibits of the Commission Staff; (6) a statement showing how the intervenor's recommendation or position addressed issues of concern to the general body of utility users or customers; and (7) a statement showing the class of customer on whose behalf the intervenor appeared. The filings of petitioner comport with the form required by the Commission's Rules.

### ***Commission Findings***

Submitted for Commission consideration is a Petition for Intervenor Funding filed by the Renewable Coalition. The Commission has reviewed the Petition, the comments and filed testimony of the Petitioner and the supporting comments of Commission Staff.

Pursuant to *Idaho Code* § 61-617A(2) the Commission may order Idaho Power to pay all or a portion of the costs of one or more parties for legal fees, witness fees and reproduction costs, not to exceed a total for all intervening parties combined of \$40,000 in any proceeding before the Commission. The amount requested by the Renewable Coalition is \$2,876.55. We find that the Petition for Intervenor Funding in this case was timely filed and satisfied all of the other "procedural" or technical requirements set forth in Rules 161-165 of the Commission Rules of Procedure.

*Idaho Code* § 61-617A includes a statement of policy to encourage participation by intervenors in Commission findings. The Commission determines an award for intervenor funding based on the following considerations:

- (a) A finding that the participation of the intervenor has materially contributed to the decision rendered by the Commission; and
- (b) A finding that the costs of intervention are reasonable in amount and would be a significant financial hardship for the intervenor; and

- (c) The recommendation made by the intervenor differed materially from the testimony and exhibits of the Commission Staff; and
- (d) The testimony and participation of the intervenor addressed issues of concern to the general body of users or consumers.

*Idaho Code* § 61-617A. We find that the Petition of the Renewable Coalition satisfies the substantive findings that we are required to make to justify an award. IDAPA 31.01.01.165.01.a-e. We find that the participation and efforts of the Renewable Coalition, as reflected in its comments and prefiled testimony were instrumental in bringing about the filed Settlement Stipulation of the parties. Its participation we find materially contributed to the Commission's decision and the record of proceedings in this docket. We find that the recommendations of the Renewable Coalition provided measurable form and substance to the Settlement Stipulation and differed materially from the testimony and exhibits of Commission Staff.

The Renewable Coalition is comprised of two non-profit corporations with limited budgets. The Renewable Coalition participated in workshops and settlement conferences in this docket "as a strong proponent of renewable energy, but not as a proponent for any particular renewable energy project." We find it fair, just and reasonable to award the total request of the Renewable Coalition in the amount of \$2,876.55 and find that the public interest and all utility customers are well served by such award. We find the itemized costs of the Renewable Coalition to be reasonable and recognize that the cost to the Renewable Coalition of participating in this proceeding constitutes a significant financial hardship.

The Commission finds that the intervenor funding award to the Renewable Coalition is fair and reasonable and will further the purpose of encouraging "participation at all stages of all proceedings before the Commission so that all affected customers receive full and fair representation in those proceedings." *Idaho Code* § 61-617A(1).

#### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities, Idaho Power Company, and PacifiCorp dba Rocky Mountain Power, electric utilities, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under Sections 201 and 210 of PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

### **ORDER**

In consideration of the foregoing and as more particularly described and qualified above, IT IS HEREBY ORDERED and the Commission does hereby approve the Settlement Stipulation filed in Case No. AVU-E-07-02.

IT IS FURTHER ORDERED and the Commission hereby authorizes Avista to enter into new contracts with wind QFs utilizing the charges, terms and conditions contained in the Settlement Stipulation. The resultant adjusted rates for QF wind projects are attached to this Order. The rates are derived from the avoided-cost rates included in Order No. 30480. These rates include the application of heavy and light load hour differentials, seasonalization factors, and wind integration adjustments. Rates are shown for 2008 online dates only. For later online dates, contact the Commission Staff or the utility. The wind integration adjustments approved in this Order shall also be applied to future avoided cost rates as they may be changed due to changes in gas prices or other input data variables.

We will also permit wind QFs with existing Firm Energy Sales Agreements with Avista to amend their contracts to replace the 90%/110% performance band with a Mechanical Availability Guarantee should they also agree to fund their share of wind forecasting services and accept a wind integration adjustment. Amendments must be signed by the QF and utility and submitted for Commission review and approval. No change to the underlying published rate in existing contracts will be authorized.

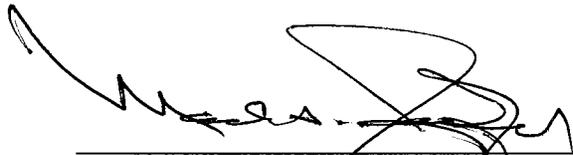
IT IS FURTHER ORDERED and the Commission hereby increases the published rate eligibility cap for intermittent QF wind projects from 100 kW to 10 aMW/month.

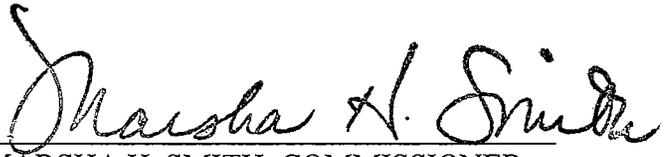
IT IS FURTHER ORDERED and the Petition of the Renewable Northwest Project and NW Energy Coalition (Renewable Coalition) for intervenor funding is granted in the amount of \$2,8876.55. Reference *Idaho Code* § 61-617A. Avista is directed to pay said amount within 28 days from the date of this Order to Advocates for the West as counsel for the Renewable Coalition for proper distribution. IDAPA 31.01.01.165.02. Avista shall include the cost of this

award of intervenor funding to the Renewable Coalition as an expense to be recovered in the Company's next general rate case proceeding. *Idaho Code* § 61-617A(3).

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

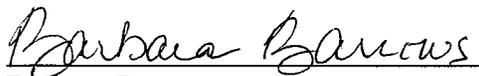
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20<sup>th</sup> day of February 2008.

  
MACK A. REDFORD, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
JIM KEMPTON, COMMISSIONER

ATTEST:

  
Barbara Barrows  
Assistant Commission Secretary

b1s/O:AVU-E-07-02\_sw3



AVISTA  
 AVOIDED COST RATES FOR NON-FUELED PROJECTS  
 TEN AVERAGE MEGAWATTS OR SMALLER

Seasonalization Factors	
Season 1	108.00% (Applied to July - February)
Season 2	84.00% (Applied to March - June)

Year	Non Levelized Price						Season 1 Pricing (108%)						Season 2 Pricing (84%)					
	Heavy and Light Load Hour Differential		\$5.00		(\$3.33)		Flat		Heavy Load Hour		Light Load Hour		Flat		Heavy Load Hour		Light Load Hour	
	Heavy Load Hour	Light Load Hour	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment	Price	Less Wind Integration Adjustment
	Hour	Hour																
2008	67.90	69.57	64.57	73.33	68.20	75.14	69.88	69.74	64.86	57.04	53.05	58.44	54.35	54.24	50.44			
2009	65.78	67.45	62.45	71.04	66.07	72.84	67.74	67.44	62.72	55.25	51.38	56.66	52.69	52.46	48.79			
2010	63.42	65.09	60.09	68.49	63.70	70.29	65.37	64.89	60.35	53.27	49.54	54.67	50.84	50.47	46.94			
2011	60.96	62.63	57.63	65.83	61.22	67.64	62.91	62.24	57.88	51.20	47.62	52.61	48.93	48.41	45.02			
2012	60.35	62.02	57.02	65.18	60.62	66.98	62.29	61.58	57.27	50.69	47.14	52.09	48.44	47.89	44.54			
2013	61.33	63.00	58.00	66.23	61.59	68.04	63.28	62.84	58.26	51.51	47.90	52.92	49.22	48.72	45.31			
2014	61.80	63.47	58.47	66.75	62.08	68.55	63.75	63.15	58.73	51.91	48.28	53.32	49.59	49.12	45.68			
2015	63.93	65.60	60.60	69.04	64.21	70.85	65.89	65.45	60.87	53.70	49.94	55.10	51.24	50.90	47.34			
2016	66.49	68.16	63.16	71.81	66.78	73.61	68.46	68.21	63.44	55.85	51.94	57.25	53.24	53.05	49.34			
2017	68.95	70.62	65.62	74.47	69.26	76.27	70.93	70.87	65.91	57.92	53.87	59.32	55.17	55.12	51.26			
2018	71.88	73.55	68.55	77.63	72.20	79.43	73.87	74.03	68.85	60.38	56.15	61.78	57.46	57.58	53.55			
2019	74.33	76.00	71.00	80.28	74.66	82.08	76.33	76.68	71.31	62.44	58.07	63.84	59.37	59.64	55.47			
2020	76.96	78.63	73.63	83.12	77.30	84.93	78.98	79.53	73.96	64.65	60.12	66.05	61.43	61.85	57.52			
2021	79.58	81.25	76.25	85.95	79.93	87.75	81.61	82.35	76.59	66.85	62.17	68.25	63.47	64.05	59.57			
2022	82.29	83.96	78.96	88.87	82.65	90.67	84.32	85.27	79.30	69.12	64.28	70.52	65.58	66.32	61.68			
2023	85.08	86.75	81.75	91.89	85.46	93.69	87.19	88.29	82.11	71.47	66.47	72.87	67.77	68.67	63.86			
2024	88.07	89.74	84.74	94.94	88.62	96.92	90.42	91.52	85.11	73.98	68.80	75.38	70.10	71.18	66.20			
2025	91.05	92.72	87.72	98.34	91.84	100.14	93.64	94.74	88.24	76.49	71.14	77.89	72.44	73.69	68.53			
2026	94.37	96.04	91.04	101.92	95.42	103.72	97.22	98.32	91.82	79.27	73.72	80.67	75.02	76.47	71.12			
2027	97.92	99.59	94.59	105.75	99.25	107.55	101.05	102.15	95.65	82.25	76.49	83.65	77.79	79.45	73.89			
2028	101.46	103.13	98.13	109.58	103.08	111.38	104.88	105.98	99.48	85.23	79.26	86.83	80.57	82.43	76.66			
2029	105.26	106.93	101.93	113.68	107.18	115.48	108.98	110.08	103.58	88.42	82.23	89.82	83.53	85.62	79.63			
2030	109.05	110.72	105.72	117.78	111.28	119.58	113.08	114.18	107.68	91.60	85.19	93.01	86.51	88.81	82.59			