

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)
BONNEVILLE POWER ADMINISTRATION) **CASE NO. BPA-E-07-01**
FOR A DECLARATORY ORDER)
DISCLAIMING JURISDICTION) **NOTICE OF PETITION**
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 30308**

On April 6, 2007, Bonneville Power Administration (BPA) petitioned the Commission for a declaratory order disclaiming Commission jurisdiction and regulation of the Owner Lessor in a proposed lease financing arrangement for the construction of various electric transmission facilities within the State of Idaho. With this Order the Commission authorizes the use of Modified Procedure and establishes a deadline for interested persons to submit comments.

NOTICE OF PETITION

YOU ARE HEREBY NOTIFIED that BPA's Petition states that it is a federal power marketing administration within the U.S. Department of Energy that markets wholesale electrical power and operates transmission facilities in the West and Pacific Northwest. According to the Petition, BPA proposes to enter into a lease financing arrangement under which it would acquire, construct, and/or install various, and as of yet undetermined, transmission facilities (Facilities) for the purposes of enhancing transmission grid reliability, ensuring compliance with mandatory reliability standards, enabling the integration of new generation, and managing grid congestion. Some of the Facilities will be located in Idaho and according to the Petition, all Facilities will be used exclusively by BPA to provide interstate transmission service.

YOU ARE FURTHER NOTIFIED that as stated in the Petition, the Facilities will be financed by a special purpose entity (SPE) that is the Owner Lessor. The Facilities will be owned by the Owner Lessor, SPE, Northwest Infrastructure Financing Corporation II, which will be formed expressly for the purpose of arranging for the financing of the Facilities. All of the capital stock of the Owner Lessor, SPE, will be owned by JH Holdings, acting solely as trustee under a trust agreement between J.H. Management Corporation (JHM) as grantor, and JH

Holdings Corporation (JHH) as trustee. All of the capital stock of JHM and JHH will be owned by the 1960 Trust, an independent charitable support organization operated for the benefit of Harvard University. The Owner Lessor SPE will not engage in any business other than arranging for the acquisition and financing of the Facilities.

YOU ARE FURTHER NOTIFIED that the SPE will finance the construction of the Facilities through one or more loans. The SPE's sole source of funds to repay the loans will be payments made by BPA under the lease of the Facilities to BPA. The SPE will lease its undivided interest in each of the Facilities to BPA at the time each such Facility is acquired, installed, and/or constructed. The term of the lease will be seven years from the date that the master lease and the first lease commitment are executed. BPA will agree in the lease to operate and maintain the Facilities in the same manner as it operates and maintains its other transmission facilities. The SPE will have no operating responsibilities or control rights with respect to the Facilities. A draft of the lease agreement was filed with the Petition. BPA requests the Commission issue a declaratory order disclaiming jurisdiction over the Owner Lessor SPE in the proposed lease financing for the construction of the transmission facilities.

YOU ARE FURTHER NOTIFIED that the Petition, supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Petition and testimonies are also available on the Commission's Website at www.puc.idaho.gov under "File Room."

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that Procedural Rules 101 and 102 provide for the issuance of declaratory rulings by the Commission. IDAPA 31.01.01.101, 31.01.01.102. Pursuant to Rule 101, persons seeking such a declaratory ruling must state the ruling that the petitioner seeks, set out the factual allegations, and indicate the statute or other controlling law pertaining to the petition. IDAPA 31.01.01.101.02. Rule 102 provides that the notice of the petition for a declaratory ruling will be issued to all affected utilities. IDAPA 31.01.01.102.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. BPA-E-07-01. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written

submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, 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 Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 01.01.01.204.

NOTICE OF COMMENT/PROTEST DEADLINE

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Petition and the Commission's use of Modified Procedure in Case No. BPA-E-07-01 is **21 days from service date of this Order**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to the Company at the addresses reflected below.

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

Street Address For Express Mail:
472 W. Washington Street
Boise, ID 83702-5983

Randall C. Budge
Racine, Olson, Nye, Budge & Bailey
PO Box 1391
201 E. Center Street
Pocatello, ID 83204-1391
E-mail: rcb@racinelaw.net

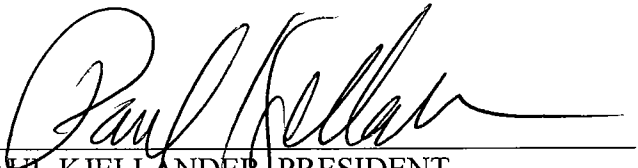
Robb F. Roberts
Bonneville Power Administration
Office of General Counsel
Routing LC-7
905 Northeast 11th Avenue
PO Box 3621
Portland, OR 97232
E-mail: rfroberts@bpa.gov

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 homepage 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 the Company at the addresses listed above.

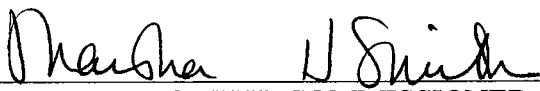
ORDER

IT IS HEREBY ORDERED that this case be processed by Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than 21 days from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of April 2007.



PAUL KJELLANDER, PRESIDENT

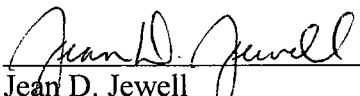


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:BPA-E-07-01_dw

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