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## House of Representatives State of Idaho Minority Leader

May 12, 2011

The Honorable Marsha H. Smith  
The Honorable Paul Kjellander  
The Honorable Mack A. Redford  
Idaho Public Utilities Commission  
472 West Washington Street  
PO Box 83720  
Boise, ID 83720-0074

**RE: Case No. GNR-E-11-01**

*IN THE MATTER OF THE COMMISSION'S INVESTIGATION INTO  
DISAGGREGATION AND AN APPROPRIATE PUBLISHED AVOIDED COST RATE  
ELIGIBILITY CAP STRUCTURE FOR PURPA QUALIFYING FACILITIES*

Dear Commissioners Smith, Kjellander, and Redford:

As you may be aware, the Idaho legislature dealt with numerous issues related to the state's policy on wind and alternative energy this last legislative session. Hundreds of wind turbines have been built throughout our state and the once fledgling wind industry has taken hold in Idaho. As a member of House Leadership, I am pleased to see that we have created a positive business climate for the development of environmentally sustainable energy resources.

I have become concerned, however, that some policies may be counterproductive. Some energy development projects have been able to artificially disaggregate into 10aMW increments to take advantage of higher, published avoided cost rates.

That is one of the reasons why I voted in support of HB 348. That important piece of legislation would have set the eligibility cap at 100 kw for wind and solar energy projects seeking published avoided cost rates. This legislation would have required wind and solar projects larger than 100kw to negotiate with the purchasing utilities on prices paid for the energy purchased. that are more in-line with the utilities' actual avoided costs and need for energy. Since these costs are passed-through to Idaho's ratepayers, it is critical that the customers pay not be saddled unnecessarily with excess costs.

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I am aware that the Commission recently set the published rate eligibility cap at 100 kw on a temporary basis and opened this docket to work through both the disaggregation and price issue for qualifying facilities. As part of this proceeding, I suggest that the Commission to consider setting the published rate eligibility cap at 100 kw on a permanent basis. Making this policy permanent would align Idaho's published rate eligibility with federal regulations and require developers to negotiate a fair price for ratepayers with the utility.

I appreciate the Commission's leadership in assuring that Idaho continues to offer businesses and consumers reliable energy at reasonable rates while looking to the best mix of energy sources for the future.

Sincerely,

John Rusche