

DECISION MEMORANDUM

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

FROM: SCOTT WOODBURY

DATE: JUNE 9, 2004

**RE: CASE NO. IPC-E-04-13 (Idaho Power)
SCHEDULE 86 NON-FIRM POWER PURCHASE AGREEMENT
LEWANDOWSKI FARMS—SECOND REVISED EXHIBIT A**

On July 30, 2001, the Idaho Public Utilities Commission (Commission) in Case No. IPC-E-01-22, Order No. 28795, approved a tariff Schedule 86 Non-Firm Energy Purchase Agreement (Agreement) between Idaho Power Company and Lewandowski Farms (Lewandowski).

Lewandowski is a developer of wind generating facilities located near Simco Road east of Boise in Elmore County, Idaho, in an area more particularly described as the Northwest Quarter of Section 23, Township 1 South, Range 4 East, Boise-Meridian, Elmore County, Idaho. The Lewandowski wind generation project is a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Pursuant to Agreement, the purchase price will be in accordance with Option A under Section 1 of Schedule 86.

On September 16, 2002, Lewandowski Farms and Idaho Power agreed to a certain minor technical modification to Exhibit A to the approved Agreement (Revised Exhibit A). A copy of Revised Exhibit A to the Agreement was filed with the Commission for its information.

Idaho Power in a June 04, 2004 filing with the Commission in Case No. IPC-E-04-13 reports that Lewandowski Farms has requested a material revision to Revised Exhibit A of the approved Agreement. Lewandowski Farms requests that two (2) additional 108 kW wind generation units be included in the facility's description to bring the total number of wind

generation units at the facility to three (3) 108 kW wind generation units. The addition of two more generation units at this facility requires Idaho Power to modify the interconnection, special facilities and metering equipment as described within Revised Exhibit A. Idaho Power has filed a Second Revised Exhibit A to the Agreement containing the agreed upon generation unit additions and the associated interconnection, special facilities and meter equipment modifications. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 resulting from the proposed modifications will be assessed Lewandowski Farms.

Idaho Power requests a Commission Order (1) rescinding Revised Exhibit A to the previously approved Agreement between Idaho Power and Lewandowski Farms in its entirety; (2) approving the Second Revised Exhibit A without change or condition to replace Revised Exhibit A; and (3) declaring that all additional payments for purchases of energy under the Agreement as a result of the Second Revised Exhibit A be allowed as prudently incurred expenses for ratemaking purposes.

COMMISSION DECISION

Staff has reviewed the Idaho Power/Lewandowski Farms Schedule 86 Non-Firm Energy Agreement and Second Revised Exhibit A. The revised Agreement contains non-firm energy rates conforming with posted tariffs and applicable Commission Orders. Staff recommends that the Commission approve payments made under the revised Agreement as prudently incurred expenses for ratemaking purposes. Staff also recommends that the Commission approve the revised Agreement and Second Revised Exhibit A without further notice and affirm that payments made under the revised Agreement will be regarded as prudently incurred expenses for ratemaking purposes. Does the Commission agree?

Scott Woodbury

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