

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-04-19, Order No. 29611

October 13, 2004

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Idaho Power wants to buy power from Hagerman wind project

Boise – Idaho Power Company is seeking regulatory approval of a 20-year sales agreement between it and Montana-based Fossil Wind Gulch Park, LLC.

Fossil Gulch intends to construct and maintain seven 1.5-megawatt wind turbines about 3 ½ miles west of Hagerman. Idaho Power would purchase the power under the commission's established rates for PURPA projects.

PURPA, the Public Utilities Regulatory Policies Act, was passed by Congress during the energy crisis of the late 1970s. Its purpose is to encourage development of renewable energy technologies as alternatives to burning fossil fuels or constructing new power plants. The federal act requires that electric utilities offer to buy power produced by qualifying small power producers or cogenerators. The rate to be paid to project developers, called an "avoided cost rate," is to be equal to the cost the electric utility avoids if it would have had to generate the power itself or purchase it from another source.

Idaho Power is asking that the commission declare that all payments of energy purchases made under the agreement be allowed as prudently incurred expenses to be included in customer rates.

The commission is seeking comments on the reasonableness of the purchase and also on whether updated avoided cost rates, based on new Northwest Power and Conservation Council calculations, should be used. The agreement now signed between Idaho Power and Fossil Gulch uses current avoided cost rates of about 5.5 cents per kWh. The projected avoided cost rate is about 6 cents per kWh.

The commission will proceed under a modified procedure that allows the case to be handled through written public comments rather than by public hearing. However, comments may request a public hearing. Those wishing to submit comments must do so by no later than Nov. 2. Comments are accepted via e-mail by accessing the commission's homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (IPC-E-04-19) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762. Comments should be copied to Barton Kline, Idaho Power Company, P.O. Box 70, Boise, ID, 83707 or e-mailed to bkline@idahopower.com.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site. Click on "File Room" and then on "Electric Cases" and scroll down to the above case number.