

DECISION MEMORANDUM

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

FROM: SCOTT WOODBURY

DATE: FEBRUARY 24, 2005

**RE: CASE NO. IPC-E-05-3 (Idaho Power)
FIRM ENERGY SALES AGREEMENT—LEWANDOWSKI FARMS**

On February 11, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and Lewandowski Farms dated February 10, 2005. Under the Agreement, Lewandowski Farms would sell and Idaho Power would purchase electric energy generated by the Lewandowski Farms Wind Generation Project (Project) located on Simco Road east of Boise in Elmore County, Idaho in an area more particularly described as the NW ¼ of Section 23, Township 1 South, Range 4 East, Boise Meridian, Elmore County, Idaho. The Project consists of three (3) Micon, 108 kW wind generation machines. The nameplate reading of the project is 324 kW with a maximum generation capability of 400 kW.

Lewandowski Farms is currently interconnected and selling energy to Idaho Power from this Project pursuant to a previously approved tariff Schedule 86 Non-Firm Energy Purchase Agreement dated May 2, 2001 (as amended on May 28, 2004). Reference Order No. 28795. The Project will continue to be a Qualifying Facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

As represented by Idaho Power, the Agreement with Lewandowski Farms comports with the terms and conditions of Commission Order No. 29632 (Case No. IPC-E-04-10, Bob Lewandowski and Mark Schroeder vs. Idaho Power) and avoided cost Order No. 29646. The

contract is for a five-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

As reflected in Section 24 of the Agreement, the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declares that all payments that Idaho Power makes to Lewandowski Farms for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is February 10, 2005.

STAFF ANALYSIS

Staff has reviewed the rates contained in the Agreement and finds that they comport with Order No. 29646, the most recent Commission Order establishing avoided cost rates. Staff further agrees with the representation of Idaho Power that the Agreement terms and conditions comport with the Commission's Order No. 29632 in Bob Lewandowski and Mark Schroeder complaint case No. IPC-E-04-10. As the contract terms have been litigated and the non-levelized rates comport with the Commission published rates, Staff recommends that the submitted Agreement be approved without further notice or procedure.

COMMISSION DECISION

The Lewandowski Farms Wind Generation Project and contract terms under consideration were the subject of the recent complaint proceeding in Case No. IPC-E-04-10. The contract terms and conditions comport with the Commission's final Order No. 29632 (reconsideration Order No. 29682) and non-levelized rates established in Order No. 29646. The tendered Agreement is meant to replace the Schedule 86 Non-Firm Agreement presently in place.

Does the Commission agree that it is appropriate to approve the Idaho Power/Lewandowski Farms Agreement without further notice or procedure?

Scott Woodbury

Vld/M:IPCE0503_sw