

SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0320
IDAHO BAR NO. 1895

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR APPROVAL)	CASE NO. IPC-E-05-7
OF A FIRM ENERGY SALES AGREEMENT)	
FOR THE SALE AND PURCHASE OF)	
ELECTRIC ENERGY BETWEEN IDAHO)	
POWER COMPANY AND PILGRIM STAGE)	COMMENTS OF THE
STATION WIND PARK LLC.)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Application, Notice of Modified Procedure and Notice on Comment Deadline issued on March 15, 2005, submits the following comments.

BACKGROUND

On February 24, 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 Pilgrim Stage Station Wind Park, LLC (Pilgrim Stage Station) dated February 18, 2005. Under the Agreement, Pilgrim Stage Station will sell and Idaho Power will purchase electric energy generated by the Pilgrim Stage Station Project located near Hagerman, Idaho in an area more particularly

described as Sections 19, 24, 25 and 31, Township 7 South, Range 12 East, Boise Meridian, Twin Falls County, Idaho. The Project consists of seven (7) 1.5 MW GE wind turbines. The nameplate rating of the project is 10.5 MW. Under normal and/or average conditions the project will not exceed 10 aMW on a monthly basis. If energy in excess of this amount (Inadvertent Energy) is accidentally generated, Idaho Power will accept Inadvertent Energy that does not exceed the 10.5 MW maximum capacity amount but will not purchase or pay for it. Agreement ¶ 7.3.2.

The Pilgrim Stage Station Project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Pilgrim Stage Station has selected December 31, 2005 as the scheduled operation date and January 15, 2006 as the first energy date. 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 Pilgrim Stage Station for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

STAFF ANALYSIS


The Pilgrim Stage Station Project is one of four nearly identical projects with contracts now pending before the Commission. All four projects are located in the Bell Rapids area west of the city of Hagerman. Attachment A shows the location of these four projects. In addition to these four projects, the Fossil Gulch Project is also located in the same vicinity. The Commission on November 12, 2004 in Order No. 29630 approved a power sales agreement for Fossil Gulch. Construction of the Fossil Gulch Project is nearly complete. These four projects, in addition to the Fossil Gulch Project, bring the total installed capacity in the vicinity to 50 MW.

Staff has reviewed the Agreement between Idaho Power and Pilgrim Stage Station and finds that it comports with the terms and conditions of Commission Order No. 29632 (*U.S. Geothermal et. al v. Idaho Power*) and avoided cost Order No. 29646. The contract is for a 20-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

RECOMMENDATION

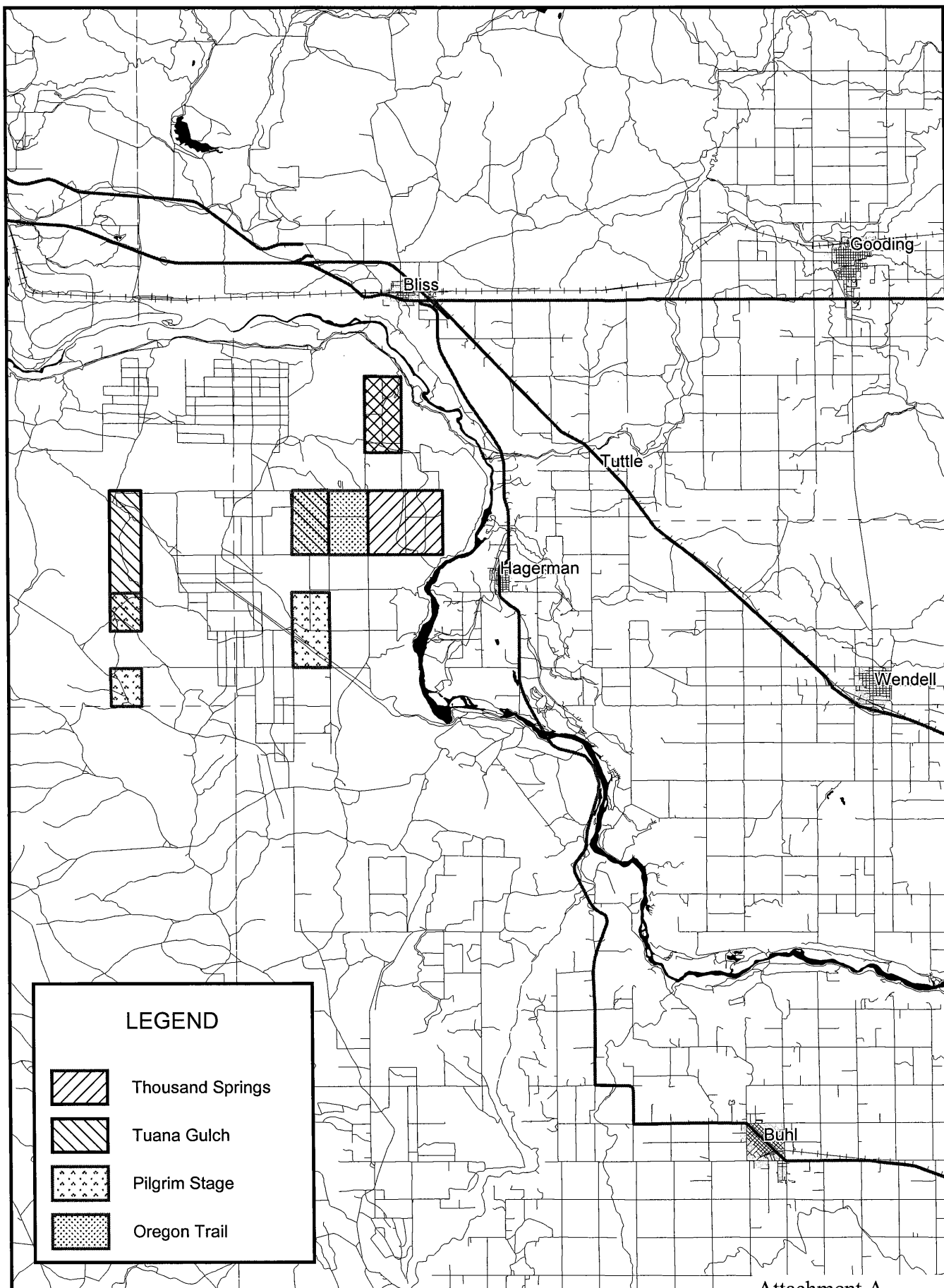
Staff recommends approval of the Agreement with an effective date of February 18, 2005.

RESPECTFULLY submitted this 17th day of March 2005.



Scott D. Woodbury
Deputy Attorney General

i:umisc:comments/ipce05.7swrps



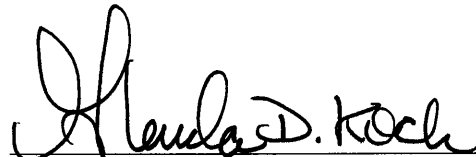
CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 17TH DAY OF MARCH 2005, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-05-07, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
MONICA MOEN
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

RANDY ALLPHIN
CONTRACT ADMINISTRATOR
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

JAMES CARCULIS
PILGRIM STAGE STATION WIND PARK
LLC
1424 DODGE
HELENA MT 59601



SECRETARY

CERTIFICATE OF SERVICE