

## DECISION MEMORANDUM

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

**FROM:** SCOTT WOODBURY

**DATE:** APRIL 14, 2005

**SUBJECT:** CASE NO. IPC-E-05-6; 05-7; 05-8; 05-9 (Idaho Power)  
FIRM ENERGY SALES AGREEMENTS – THOUSAND SPRINGS (05-6);  
PILGRIM STAGE STATION (05-7); OREGON TRAIL (05-8); TUANA  
GULCH (05-9)

On February 24, 2005, Idaho Power Company (Idaho Power; Company) filed four Applications with the Idaho Public Utilities Commission (Commission) requesting approval of Firm Energy Sales Agreements (Agreements) between Idaho Power and Thousand Springs Wind Park, LLC (Thousand Springs); Pilgrim Stage Station Wind Park, LLC (Pilgrim Stage); Oregon Trail Wind Park, LLC (Oregon Trail); and Tuana Gulch Wind Park, LLC (Tuana Gulch), collectively the Wind Projects. The Agreements are dated February 18, 2005. The Wind Projects are qualified small power production facilities (QFs) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). All of the Wind Projects are located near Hagerman, Idaho. Each project consists of seven 1.5 MW GE wind turbines the nameplate rating of each project is 10.5 MW. Under normal and/or average conditions the projects 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.

As represented by Idaho Power, the Agreements comport 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 Agreements are for a 20-year term and contain the published non-levelized avoided cost rates set forth in Order No. 29646.

On March 15, 2005, the Commission issued Notices of Application and Modified Procedure in Case Nos. IPC-E-05-6 through -9. The deadline for filing written comments was Tuesday, April 5, 2005. Comments were filed by Commission Staff and a number of interested parties and project area residents.

In its comments, Commission Staff notes that all four wind 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, Staff notes that the Fossil Gulch project previously approved by the Commission, is also located in the same vicinity. 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 recommends approval of the Agreements with the Company recommended effective date of February 18, 2005.

The comments filed by interested parties and area residents generally support renewable energy and wind power. Concern was expressed regarding the siting decisions for the towers, however. Many commenters had not expected to see the 7 Fossil Gulch wind towers on the rim, and believe that the placement of 21 additional towers on or close to the rim will ruin the scenic beauty in the valley and is unconscionable. It is recommended that the towers be sited west of the rim, out of sight. The flashing aircraft warning lights on the existing Fossil Gulch windmills were cited as an extremely annoying feature for the residents of the Hagerman valley. Considering that the valley floor is nearly 1,000 vertical feet below the tops of these towers, commenters suggest that the lights need to be shielded so that the lights are only visible 200 feet above the ground level at the towers. Lights should be shielded, they contend, to avoid light pollution on the ground. One commenter suggests that it is important that the siting decisions be done in conformance with environmental studies that minimize the impacts upon night flying birds, bats, and raptor flyways. It is also important, the commenter states, that habitat for prairie grouse (sage grouse, sharp-tailed grouse, and lesser and greater prairie-chicken) be kept intact and not fragmented by wind turbine development. Leks and traditional mating grounds, the commenter cautions, should be avoided. The commenter assumes that environmental studies have been completed by competent scientists and that the Applicants have configured their development proposals to conform with them.

One commenter notes that in the case of the proposed windmills Exergy is changing the viewshed along the Thousand Springs Scenic Byway. This, the commenter states,

is a negative impact but, as good neighbors, Exergy has an opportunity to offset that impact and turn their existence into a plus for the local area. Instead of operating merely for their own profit and to supply electricity to other regions, as a good neighbor, the commenter suggests that Exergy could assist in local efforts to promote the Thousand Springs Scenic Byway, assist in the cost of interpreting the wise uses of natural resources, aid in developing recreation attractions and tourism businesses and support green energy education and resource protection in the Hagerman area.

### **COMMISSION DECISION**

Four Firm Energy Sales Agreements have been presented for Commission consideration and approval. All four Agreements are for 10.5 MW wind projects located in the Hagerman area. Under normal and/or average conditions the projects will not exceed 10 aMW on a monthly basis. All commenting parties support the development of wind energy. Local residents express concerns, however, regarding the siting of the turbines, environmental impact and light pollution. James Carkulis of Exergy, developer of the four projects, informs the Staff that concerns of area residents will be addressed during local conditional use permit hearings. The terms of the submitted Agreements comport with the Commission's Order No. 29632 (*U.S. Geothermal, et al. v. Idaho Power*) and avoided cost Order No. 29646. Does the Commission find it reasonable to approve the submitted Agreements?

---

Scott Woodbury

bls/M:IPCE0506\_07\_08\_09\_sw