



appropriate and a different methodology should be established to ensure that the rate is just and reasonable in accordance with the Commission's statutory mandates under state and federal law.

Windland agrees with Idaho Power's premise that the current avoided cost rate is too high, at least for wind, and that the price should be revisited by the Commission. Section 210 of the PURPA requires that the rates paid to QFs should not "exceed the incremental cost to the electric utility of alternative electric energy".<sup>1</sup> In its testimony and pleadings, Idaho Power has claimed that the RFP has produced an average price of \$55 per MWh. This price, and other testimony suggests that the current incremental cost of wind generated alternative electric energy in the Idaho Power service territory is well below the avoided costs established in Order No. 29646.<sup>2</sup>

Based on these facts the Commission should not delay this proceeding to allow the parties time for settlement negotiations that would bind Idaho Power into buying further QF resources at unjust and unreasonable rates. Windland asserts that only those QFs who have signed contracts with Idaho Power and have been approved by the Commission, have any claim to receive the avoided cost rate as set by Order No. 29646. Any other QF projects should not be allowed to receive this rate regardless of its maturity if the Commission has not yet approved a contract and it finds that the rate as applied to wind QFs is unjust and unreasonable. Windland asserts that Idaho Power's standard form PURPA contract recognizes that the Commission must approve QF contracts. Section 24.1 of these contracts states:

This Agreement shall become finally effective upon the Commission's approval of all terms and provisions hereof without change or condition and declaration

---

<sup>1</sup> Public Utilities Regulatory Policy Act of 1978, 210(b)(2).

<sup>2</sup> Indeed Windland's bid for selling the output of the Cotterrel wind farm is lower than both the avoided cost rate of \$61 per MWh for PURPA projects and the Idaho Power claimed \$55 per MWh price, fact which further demonstrates that using the current avoided cost rate for wind powered QFs is unjust and unreasonable. *Heckler* at p. 3. Windland also asserts that its bid was not in anyway influenced by the PURPA avoided cost rate. *Heckler* at pp. 3-4.

that all payments to be made to Seller hereunder shall be allowed as prudently incurred expenses for ratemaking purposes.

Windland asserts that through this provision, the Commission should not approve additional QF contracts if it finds that the current avoided cost rate is unjust and unreasonable. Thus, the Commission could not find that Idaho Power was incurring the costs of additional wind QF resources prudently. If the Commission allowed any grandfathering, the consequence is that Idaho Power and ratepayers would pay approximately \$3,300,000.00 dollars more for a PURPA, 10.5 MW nameplate capacity project as opposed to the same amount of energy being procured through the average RFP bid.<sup>3</sup> This simply is not in the public interest and the Commission should not delay this proceeding to allow the parties to consider the issue of grandfathering when it is likely that applying the avoided cost rate to wind QF projects is unjust and unreasonable.

Based on the foregoing, Windland believes that this proceeding should proceed on the current track. The Commission should revisit the avoided cost rate for wind QFs. The Commission should also encourage Idaho Power to proceed with its 2005 Wind RFP. Through the RFP process, Idaho Power and the Commission can harness competitive forces to establish a market price for wind generation in the Idaho Power territory, which can be used as a factor in determining what the new avoided cost rate should be.

Accordingly, Windland respectfully request that this proceeding not be delayed.

---

<sup>3</sup> This figure is generated by taking the known \$61 per MWh avoided cost rate and the RFP bid price of \$55 per MWh, per Idaho Power's Petition and assuming a plant with a 10.5 nameplate capacity, with a 30% capacity factor that operates for 8760 hours per year under a 20 year contract.

DATED this 21<sup>st</sup> day of July, 2005.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John R. Hammond, Jr.", written over a horizontal line.

John R. Hammond, Jr.  
BATT & FISHER, LLP  
101 South Capital Blvd., Suite 500  
P.O. Box 1308  
Boise, ID 83701  
(208) 331-1000

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21<sup>st</sup> day of July, 2005, I served the foregoing upon all parties of record in this proceeding as indicated below.

Barton L. Kline  
Monica B. Moen  
IDAHO POWER COMPANY  
P.O. Box 70  
Boise, ID 83707-0070  
[bkline@idahopower.com](mailto:bkline@idahopower.com)  
[mmoen@idahopower.com](mailto:mmoen@idahopower.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Peter J. Richardson  
RICHARDSON & O'LEARY PLLC  
515 N. 27<sup>th</sup> Street  
Boise, ID 83702  
[peter@richrdsonandoleary.com](mailto:peter@richrdsonandoleary.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Richard L. Storro  
Director, Power Supply  
AVISTA CORPORATION  
1411 E. Mission Ave  
P.O. Box 3727, MSC- 7  
Spokane, WA 99220-3727  
[dick.storro@avistacorp.com](mailto:dick.storro@avistacorp.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

R. Blair Strong  
PAINE, HAMBLIN, COFFIN,  
BROOKE & MILLER LLP  
717 West Sprague Avenue, Suite 1200  
Spokane, WA 99201-3505  
[r.blair.strong@painehamblin.com](mailto:r.blair.strong@painehamblin.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Scott Woodbury  
Deputy Attorney General  
IDAHO PUBLIC UTILITIES COMMISSION  
424 W. Washington Street  
P.O. Box 83720  
Boise, ID 83720-0074  
[scott.woodbury@puc.idaho.gov](mailto:scott.woodbury@puc.idaho.gov)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Michael Heckler  
Director of Marketing and Development  
WINDLAND INCORPORATED  
7669 West Riverside Drive, Suite 102  
Boise, ID 83714  
Telephone: (208) 377-7777  
Facsimile: (208) 375-2894  
[mheckler@windland.com](mailto:mheckler@windland.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Dean J. Miller  
MCDEVITT & MILLER LLP  
420 W. Bannock  
Boise, ID 83702  
[joe@mcdevitt-miller.com](mailto:joe@mcdevitt-miller.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Jared Grover  
CASSIA WIND LLC  
CASSIA GULCH WIND PARK LLC  
3635 Kingswood Drive  
Boise, ID 83701

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Armand Ecker  
MAGIC WIND LLC  
716-B East 4900 North  
Buhl, ID 83316

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Glenn Ikemoto  
Principal  
ENERGY VISION LLC  
672 Blain Avenue  
Piedmont, CA 94611  
[glenni@pacbell.net](mailto:glenni@pacbell.net)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Bob Lively  
PACIFICORP  
One Utah Center, 23<sup>rd</sup> Floor  
201 S. Main Street  
Salt Lake City, UT 84140  
[bob.lively@pacificorp.com](mailto:bob.lively@pacificorp.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Lisa Nordstrom  
PACIFICORP  
825 NE Multnomah, Suite 1800  
Portland, OR 97232  
[lisa.nordstrom@pacificorp.com](mailto:lisa.nordstrom@pacificorp.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

David Hawk  
Director, Energy Natural Resources  
J.R. SIMPLOT COMPANY  
999 Main Street  
P.O. Box 27  
Boise, ID 83707-0027  
[dhawk@simplot.com](mailto:dhawk@simplot.com)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

R. Scott Pasley  
Assistant General Counsel  
J.R. SIMPLOT COMPANY  
999 Main Street  
P.O. Box 27  
Boise, ID 83707-0027  
[spasley@simplot.com](mailto:spasley@simplot.com)

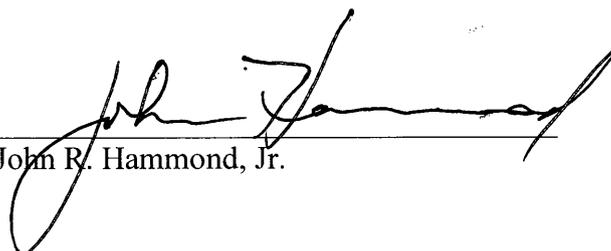
Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

William M. Eddie  
ADVOCATES FOR THE WEST  
1320 W. Franklin Street  
P.O. Box 1612  
Boise, ID 83701  
[billeddie@rmci.net](mailto:billeddie@rmci.net)

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

Troy Gagliano  
917 SW Oak Street, Suite 303  
Portland, OR 97205

Certified Mail  
 First Class Mail  
 Hand Delivery  
 Facsimile  
 Electronic Mail

  
\_\_\_\_\_  
John R. Hammond, Jr.