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IDAHO PUBLIC
UTILITIES COMMISSION

Idaho State Senate

State Capitol
P.O. Box 83720
Boise, Idaho 83720-0081

August 1, 2005

Mr. Paul Kjellander, President, Idaho Public Utilities Commission

I've been contacted by a number of constituents in reference to the pending case of wind energy rates, PURPA avoided cost, and the current Idaho Power IRP. The impact of the current Commission action, or lack of action, and the potential impact on rates, is the basis of my weighing in on the issue at this time.

1. The commission has issued PURPA contracts at an avoided cost (\$61.00) that is not a reflection of a directly similar source for replacement power; IE- reliable on demand gas turbine energy for intermittent wind energy. Another issue is that PURPA contracts as currently allowed are a disservice to all ratepayers. I would suggest that the commission put on hold all pending wind PURPA contracts, review all issued contracts for possible adjustment and review any other non-wind PURPA contracts to make sure that reasonable replacement sources are used to set avoided cost.
2. Order Idaho Power to proceed with negotiations on the responses to the wind RFP requested under the IRP. This should be sufficient to establish a realistic and competitive avoided cost for the following reasons:
 - a. The major wind players have spent the time and effort to secure some of the most efficient sites.
 - b. The \$31 cost for the Montana project is questionable.
 - c. The \$43 projected by Idaho Power and the Commission happened before energy and steel prices escalated and the demand for wind turbines impacted the market.
 - d. The companies that responded to the RFP expended considerable time, effort and money to prepare their response.
 - e. The parties could help establish the basis for avoided cost and fill most of the projected need as outlined in the IRP.
3. The Commission and the staff could use this information from the IRP negotiations and other regional wind avoided cost to set the avoided cost and approve the contracts under the IRP.
4. The Commission should consider a base wind avoid price (see 2 and 3 above) based on availability and a downward sliding scale for projects that perform below the average. This would further protect the ratepayers from marginal projects.
5. Further delays would most likely drive up cost and cause further market pressures that will impact the ratepayers.

My understanding of the original intent of PURPA was to help emerging technologies such as wind, solar and geothermal and give "reasonable" incentives to develop resources that would be too small under a normal commercial basis. In addition, to benefit and advance the technology and do it in a way that protected the ratepayers. The current "wholesale gaming of the system" by some developers to fall under PURPA violates the spirit & intent of the law. The ratepayers of Idaho need your help & protection now.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerry Sweet".

Senator Gerry Sweet