

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF IDAHO POWER COMPANY FOR )** **CASE NO. IPC-E-05-29**  
**APPROVAL OF A FIRM ENERGY SALES )**  
**AGREEMENT FOR THE SALE AND )**  
**PURCHASE OF ELECTRIC ENERGY )**  
**BETWEEN IDAHO POWER COMPANY )** **ORDER NO. 29928**  
**AND G2 ENERGY HIDDEN HOLLOW LLC )**  
**)**

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On October 19, 2005, Idaho Power Company (Idaho Power) filed its Application for approval of a 20-year Firm Energy Sales Agreement (Agreement) for the sale and purchase of electric energy with G2 Energy Hidden Hollow, LLC, a Georgia limited liability company (G2). Under the Agreement, G2 will sell and Idaho Power will purchase electric energy generated by the Hidden Hollow Landfill Gas Project located at Ada County's Hidden Hollow Landfill near Boise (the Project). The nameplate rating of the Project is 3.2 MW.

The landfill gas project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). As represented by Idaho Power, the Agreement with G2 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. G2 has selected March 1, 2006 as the scheduled operation date. The proposed effective date of the Agreement is October 11, 2005.

On November 8, 2005, the Commission issued Notices of Application and Modified Procedure in Case No. IPC-E-05-29. The deadline for filing written comments was November 29, 2005. Comments were filed by Commission Staff and two interested members of the public. The two comments from the public were both generally in favor of the Agreement.

Staff reviewed the Agreement and believes that it comports with the rates, terms and conditions of Commission Order No. 29632 (*U.S. Geothermal, et al. v. Idaho Power*) and avoided cost Order No. 29646. Because the Project will utilize landfill gas as its fuel source, the Commission's recent Order (Order No. 29839) temporarily restricting entitlement for wind projects does not apply.

In its comments, Staff noted that to its knowledge, the Project will be the first electrical generation facility in the State to use landfill gas as its source. Staff is uncertain as to whether the fuel supply will diminish over time and whether the Project can continue to produce its rated output over the 20-year life of the Agreement. Staff is also uncertain as to whether the facility's equipment will endure over the full term of the Agreement. Nevertheless, because this is a non-levelized Agreement, there will be no overpayment liability and thus no risk to Idaho Power or its ratepayers if the Agreement is terminated early. Staff recommended that the Agreement be approved.

### **Commission Findings**

The Commission has reviewed the filings of record in Case No. IPC-E-05-29, including the underlying Agreement and filed comments. Idaho Power has presented a Firm Energy Sales Agreement with G2 for Commission consideration and approval. The Agreement is for a 3.2 MW Landfill Gas Project located in Ada County's Hidden Hollow Landfill near Boise. As represented and pursuant to contract, under normal and/or average conditions the Project will not exceed 10 aMW on a monthly basis. We thus find that the Project is qualified to receive the published avoided costs rates approved by the Commission.

The Commission finds that the Agreement submitted in this case contains acceptable contract provisions and includes the non-levelized published rates approved by the Commission in Order No. 29646. We find it reasonable that the submitted Agreement be approved without further notice or procedure. IDAPA 31.01.01.204. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from qualified facilities and to implement FERC rules.

**ORDER**

IT IS HEREBY ORDERED and the Commission does hereby approve the October 11, 2005 Firm Energy Sales Agreement between Idaho Power Company and G2 Energy Hidden Hollow LLC.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6<sup>th</sup> day of December 2005.



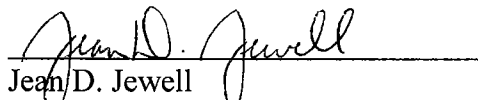
PAUL KJELLANDER, PRESIDENT



MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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