

DECISION MEMORANDUM

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

FROM: CECELIA A. GASSNER

DATE: MAY 25, 2006

**SUBJECT: IN THE MATTER OF THE APPLICATION OF IDAHO POWER
COMPANY FOR APPROVAL OF A FIRM ENERGY SALES
AGREEMENT WITH CASSIA WIND FARM, LLC, CASE NO. IPC-E-06-
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On April 20, 2006, Idaho Power Company ("Idaho Power" or "Company") filed an Application requesting approval of a Firm Energy Sales Agreement dated April 7, 2006 with Cassia Wind Farm, LLC ("Cassia Wind"). Under the Agreement, Cassia Wind would sell and Idaho Power would purchase electric energy generated by Cassia Wind's wind generating facility near Hagerman, Idaho. The Company asks the Commission approve the Agreement and declare that all payments for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes.

THE AGREEMENT

According to the Application, Cassia Wind proposes to design, construct, install, own operate and maintain a 10.5 MW wind generating facility near Hagerman, Idaho (the "Facility"). The Facility will be a qualified small power production facility under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

Under the terms of the Agreement, Cassia Wind has elected to enter into the Agreement with Idaho Power for a 20-year term. Cassia Wind further elected to contract with the Company using the non-levelized published avoided cost rates as currently established by the Commission for energy deliveries of less than 10 aMW. All applicable interconnection charges and monthly operation and maintenance charges under Schedule 72 will be assessed Cassia Wind.

Cassia Wind has elected August 31, 2006 as the scheduled first energy date and December 31, 2006 as the scheduled operation date for the Facility. Certain requirements have been placed on Cassia Wind for Idaho Power to accept energy deliveries from the Facility. Idaho Power will monitor compliance with these initial requirements, as well as ongoing requirements throughout the term of the Agreement.

STAFF RECOMMENDATION

Staff recommends the Company's Application be processed by Modified Procedure with a 14-day comment period. This should allow sufficient time for interested parties to review the Company's Application and file their comments with the Commission. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-.204.

COMMISSION DECISION

Does the Commission preliminarily find that the public interest may not require a hearing to consider the issues presented in this case, and that this case is appropriate for Modified Procedure pursuant to Commission Rules of Procedure 201 through 204?

Does the Commission approve of a comment period of 14 days?



Cecelia A. Gassner

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