

DECISION MEMORANDUM

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

FROM: CECELIA A. GASSNER

DATE: JUNE 19, 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-
10

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 to approve the Agreement and declare that all payments for purchases of energy under the Agreement be allowed as prudently incurred expenses for ratemaking purposes. On June 2, 2006, the Commission issued a Notice of Application and Modified Procedure requesting any comments to the matter. See Order No. 30060. No comments were received other than those filed by Staff.

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 to 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 COMMENTS

Based on its review, Staff believes that the Agreement between Cassia Wind and Idaho Power 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. Staff recommends approval of the Agreement with an effective date of April 7, 2006.

COMMISSION DECISION

Does the Commission desire to approve the Firm Energy Sales Agreement between Idaho Power Company and Cassia Wind Farm, LLC?



Cecelia A. Gassner

M:IPC-E-06-10_cg2