

## 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 GULCH WIND PARK, LLC, CASE NO. IPC-E-06-11

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 Gulch Wind Park, LLC ("Cassia Gulch"). Under the Agreement, Cassia Gulch would sell and Idaho Power would purchase electric energy generated by Cassia Gulch'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. 30061. No comments were received other than those filed by Staff.

### THE AGREEMENT

According to the Application, Cassia Gulch proposes to design, construct, install, own operate and maintain an 18.9 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 Gulch has elected to enter into the Agreement with Idaho Power for a 20-year term. Cassia Gulch 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 Gulch.

Cassia Gulch 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 Gulch 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 Gulch 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. Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declared that all payments that Idaho Power makes to Cassia Gulch for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is April 7, 2006. Staff recommends approval of the Agreement.

#### **COMMISSION DECISION**

Does the Commission desire to approve the Firm Energy Sales Agreement between Idaho Power and Cassia Gulch?

  
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Cecelia A. Gassner

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