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**Barton L. Kline**  
Senior Attorney

June 13, 2007

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P. O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-06-21  
*Cassia Gulch Wind Park LLC and Cassia Wind Farm LLC v. Idaho Power Company*

Dear Ms. Jewell:

Please find enclosed an original and seven (7) copies of a Joint Motion to Approve Stipulation and to Dismiss Complaint with attached Settlement Stipulation in the above -- referenced matter.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Barton L. Kline

BLK:sh  
Enclosures

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*Attorneys Cassia Wind Gulch Park LLC and  
Cassia Wind LLC*

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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASSIA GULCH WIND PARK LLC AND  
CASSIA WIND FARM LLC

Complainants  
v.

IDAHO POWER COMPANY

Respondent

**Case No. IPC-E-06-21**

**JOINT MOTION TO APPROVE  
STIPULATION AND TO DISMISS  
COMPLAINT**

COMES NOW Idaho Power Company ("Idaho Power") and Cassia Gulch Wind Park LLC and Cassia Wind Farm LLC ("Cassia") pursuant to RP 56 and 272 and move the Commission for an Order approving the Settlement Stipulation dated June 13, 2007 ("Stipulation") and filed herewith and in support thereof respectfully show as follows, to wit:

**JOINT MOTION TO APPROVE STIPULATION AND TO DISMISS COMPLAINT-1**

## Introduction and Background

1. As part of its integrated backbone electric transmission system, Idaho Power owns and operates a 138 kV transmission system in the Twin Falls, Idaho, area. Idaho Power has received requests for the integration of up to 200 MW of new generation to be connected to the 138 kV system. Most of the requests are from wind generating projects that are Qualifying Facilities (“QFs”) under the Public Utility Regulatory Policies Act (“PURPA”). The Cassia Projects are among those wind generation QFs requesting interconnection. The projects requesting interconnection are placed in a “queue” which is managed by Idaho Power in accordance with rules established by the Federal Energy Regulatory Commission (FERC). Exhibit A to the Stipulation shows the Requesting Projects which have signed Facility Study Agreements, paid the required deposits and remain in the queue in the order they made their interconnection requests.<sup>1</sup>

2. In June of 2006, Idaho Power, based on engineering studies, was of the opinion that in order to interconnect with all of the projects in the queue, it would be necessary to construct Network Upgrades to the transmission system with a total estimated cost of approximately \$60 million.

3. Cassia’s Complaint in this case was filed on September 16, 2006. In general, the Complaint sought a determination of whom, as between a Qualifying Facility developer and the utility, should be responsible for initial funding of Network Upgrades to the utility’s transmission system. On September 27, 2006, the Commission issued Order No. 30135 establishing a comment period. On October 5, 2006, the Commission issued Order No. 30147 granting intervention to Exergy Inc. Comments and Reply Comments were filed by Cassia, Idaho Power,

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<sup>1</sup> In this Motion, unless otherwise noted, capitalized terms have the same defined meanings that they have in the Stipulation (Attachment 1).

Exergy, Avista and Rocky Mountain d/b/a PacifiCorp. Staff filed Reply Comments. Oral argument was held, pursuant to notice, on November 28, 2006. Thereafter, the Commission took the matter under advisement.

4. In the intervening time, Idaho Power and Cassia have negotiated with each other in good faith to resolve the issue of cost responsibility for Network Upgrades. These negotiations have been protracted, taking into account the complexity of the issues involved. The negotiations consisted of numerous conferences, further analysis and communication of technical matters and exchanges of Stipulation drafts.

5. The resulting Stipulation, Attachment 1, has several features which are explained in more detail as follows:

**Re-Dispatch and Reduced Network Upgrade Costs**

6. A key component of the Stipulation is the concept of "Redispatch." In the electric utility industry, the term "dispatch" or "dispatchable" refers to the ability of the utility's load control centers to increase or decrease on a real time basis the out-put of generating facilities to meet system demand or to respond to system emergencies. Historically, projects with Qualifying Facility status under PURPA have not been dispatchable.

7. Idaho Power's estimated cost of approximately \$60 million to complete necessary transmission Network Upgrades was based on the assumption that the Requesting Projects in the Exhibit A queue would not be dispatchable.

8. Pursuant to the Stipulation ( Stipulation paragraph 9) Cassia has agreed to install, at its expense, equipment and communication facilities necessary to reduce its energy output to a predetermined set-point within ten (10) minutes of when Idaho Power requires a reduction to the set-point. Of course, Idaho Power cannot utilize these same facilities to increase Cassia's

generation so the Cassia Projects are not fully “dispatchable” in the normal utility sense. However, for convenience, in the Stipulation, Cassia’s agreement to reduce generation is referred to as “Cassia Redispatch.” Idaho Power will call for Cassia Redispatch only when necessary to respond to system emergencies or when other transmission lines specified in Exhibit C to the Stipulation are out of service (Stipulation paragraph 11). Redispatch would be implemented pro-rata with other Requesting Projects in the queue who have agreed to similar Redispatch protocols.

9. Based on Cassia’s commitment to Cassia Redispatch, and assuming the other Requesting Projects in the queue made similar commitments, Idaho Power performed additional analysis to determine Network Upgrades that would be necessary to preserve system integrity. This is referred to in the Stipulation as the “Redispatch Study” and costs for each Requesting Project are shown on Exhibit B, Table B-6 to the Stipulation. As can be seen, the original estimate of \$60 million decreases to approximately \$11 million under the Redispatch Study.

10. Idaho Power and Cassia believe this component of the Stipulation is in the public interest for two reasons. First, the Redispatch approach allows Idaho Power to significantly reduce the required investment to preserve system integrity and represents a least-cost, but prudent, solution to the identified problem. Second, the “Cassia Redispatch” commitment undertaken by Cassia allows the Cassia Projects to be available to Idaho Power as a resource with some ability to respond to system emergencies.

#### **Responsibility for Network Upgrade Costs**

11. Paragraph 10 of the Stipulation contains the methodology for determining the cost responsibility of Cassia and other Requesting Projects. It provides in part:

**Cassia Cost Risk for Network Upgrades:** Exhibit B to this Stipulation sets out the Network Upgrades and their budgetary

estimated costs based on the [original] Study and the Redispatch Study to interconnect the Requesting Projects with and without being subject to Redispatch. The Network Upgrade costs will be allocated to each Requesting Project, including the Cassia Projects, based on: a) their election of whether to be subject to Redispatch, b) their order in the Idaho Power Queue, and c) based on the megawatt interconnection capacity of each Requesting Project, their prorata share of the cost for the Network Upgrade required to interconnect one or more Requesting Project and the interconnection capacity that the particular Network Upgrade adds.

12. Idaho Power and Cassia believe the above-described allocation method is in the public interest because it fairly allocates costs actually incurred on a pro-rata basis taking into account whether Requesting Projects elect to be subject to Redispatch, the Requesting Project's order in the queue and megawatt interconnection capacity. Further, Idaho Power will be responsible for on-going operation and maintenance costs of Network Upgrades.

#### **Sharing of Network Upgrade Costs**

13. Pursuant to paragraph 13 of the Stipulation, Idaho Power and the Requesting Projects will share the costs of the five planned phases of Network Upgrade as follows:

- Idaho Power will assume 100% cost responsibility for Phase I and include this cost in its rate base. Phase I upgrades would likely have been required for native load in the near future.
- Remaining four phases:
  - 25% of the costs will be provided by the project as a non-refundable contribution in aid of construction ("CIAC");
  - 25% of the costs will be funded by Idaho Power and included in Idaho Power's rate base;
  - 50% of the costs will be funded by projects as an advance in aid of construction ("AIAC") subject to refund. These costs will be rate based using standard regulatory accounting principles.

14. Idaho Power and Cassia believe this sharing formula is in the public interest. Electric power transmission systems by their nature are joint-use facilities and, as illustrated by

the Comments and pleadings in this case, there are many economic theories relating to cost allocation of joint-use facilities. While the proposed sharing formula is not based on any rigorous cost study, it reflects the considered judgment of the parties that it is a reasonable compromise of the competing points of view presented in this case.

In concluding that the proposed sharing formula is in the public interest, Idaho Power is mindful of its position in this proceeding that - “but for” – the construction of the Requesting Projects in the queue, the transmission upgrades originally identified by Idaho Power would not be needed to provide adequate service to Idaho Power native load customers. As a result, amounts paid by customers for Network Upgrades could result in customers paying more than avoided costs for generation from Cassia and other QFs because their generation requires Network Upgrades. While this situation remains substantially unchanged, Idaho Power believes that there are a number of cost savings that will mitigate, if not totally eliminate, the adverse effects on customers.

First, Idaho Power is of the opinion that the transmission upgrades identified in Table B-1 in Exhibit B to the Stipulation will provide the Company with a more robust transmission system serving the Magic Valley and the Wood River Valley. For example, Idaho Power foresees interconnecting the 230 kV transmission system to the 138 kV system at the King Substation at some point in the future to serve customer load in the western portion of the Magic Valley.

It is impossible to quantify the precise amount of system benefit to native load customers that is provided by the Network Upgrades identified in Table B-1. Nevertheless, Idaho Power expects some future customer benefit to flow from the strengthened transmission system.

Second, power generation from QF projects, such as the Cassia Projects serves, to some extent, to displace or defer the need for other generation projects in the Company’s Integrated

Resource Plan (“IRP”). For example, Idaho Power’s 2006 IRP identifies 150 MWs of wind generation to be acquired and brought on-line in 2012. Of the approximately 300 MWs of generation in the Twin Falls cluster shown in Table A-1 in Exhibit A to the Stipulation, approximately 230 MWs come from wind resources. Of that 230 MWs of wind resource, approximately 20 MWs are not currently considered in the Company’s 2006 IRP. Based on contract discussions with other wind QF resource developers, outside the Twin Falls cluster, the Company has reason to believe that if the Cassia settlement is approved and the Company is permitted to utilize the terms and conditions of the settlement as a template for other QF resources requiring Network Upgrades (see paragraph 19 below), another 60-80 MWs of wind QF resources outside the Twin Falls cluster will proceed with development.

If approval of this Stipulation allows these additional QF wind resources to develop, the total additional new QF wind resource may be sufficient to defer or replace all or a portion of the 150 MWs of wind resource identified in the 2006 IRP for acquisition in 2012. If this occurs, in effect, the QF resources facilitated by acceptance of the Stipulation will utilize an amount of Network Upgrade capacity that would have been required for the 150 MWs of such IRP wind generation projects scheduled for 2012. The cost for Network Upgrades for the 150 MWs of 2012 IRP generation projects would have been recovered from native load customers, either embedded in the energy rate in a power purchase agreement or as a Company transmission investment included in rate base.

Third, under the settlement arrangement set out in the Stipulation, Idaho Power believes it would be able to successfully defend a comparability claim brought by a FERC jurisdictional customer claiming that Idaho Power and the Commission have given unlawful preferential treatment to QF resources. The 25% non-refundable contribution of the QF Developers and the

fact that only 50% of the costs of the Network Upgrades is refundable (but only if the QF contract stays in good standing), provide evidence that QFs are not being given preferential treatment.

The final reason Idaho Power believes the Stipulation is fair is that the non-refundable 25% portion funded by the QF project will never be placed in rate-base. This combination and the fact that 50% of the Network Upgrade will be refundable over time will provide an economic signal to QFs with the objective of balancing optimal siting of energy resource with interconnection costs. By requiring QF projects to contribute a portion of costs on a non-refundable basis, an incentive is created for QF projects to make economically-efficient decisions regarding the siting of projects.

#### **Refunds and Interest on Refunds**

15. Pursuant to paragraphs 14 and 15 of the Stipulation, amounts paid by Cassia to Idaho Power as Advances in Aid of Construction (“AIAC”) will be repaid in monthly installments commencing when the Projects achieve commercial operation, with all advances to be refunded within a period not to exceed ten (10) years from the commercial operation date. Payments in any month will be contingent on the Projects being in good standing (no uncured defaults in energy sales agreements) and the Projects meeting a mechanical availability standard in that month.

16. Interest on refunds will be calculated in accordance with the method prescribed by FERC.

17. Idaho Power and Cassia believe these provisions are in the public interest. Refunds will not commence until commercial operation is achieved and will not be paid during such time as the Projects are either in contractual default or not available for the generation of

energy, thereby protecting Idaho Power and its ratepayers. The ten (10) year refund period provides Cassia with a return of its advanced capital within a reasonable period of time. Idaho Power follows the FERC method of interest computation when it constructs Network Upgrades for non-QF generators and using it in this circumstance would avoid the necessity of maintaining duplicate accounting systems for computing and tracking interest accumulation and payments.

### **Security for Payment**

18. The Stipulation in paragraph 17 recites that Cassia will provide liquid security to secure its commitment to advance or contribute funds necessary for the construction of Cassia's share of Network Upgrades, recognizing the amount of required security may fluctuate depending on whether other projects in the Queue are constructed and interconnected.

Idaho Power and Cassia believe this provision is in the public interest. It assures Idaho Power that Cassia's commitment to fund Network Upgrades is secured while providing Cassia with a degree of financial flexibility. Most importantly, it protects customers from bearing the risk of overbuilding Network Upgrades if subsequent projects in the queue do not proceed to construction.

### **Recommended Procedure for Processing This Motion and the Stipulation**

19. While the Stipulation and this Motion describe the settlement agreement negotiated between Idaho Power and Cassia, a number of other QFs seeking to interconnect their projects to Idaho Power's energy delivery system are similarly situated with Cassia and the Requesting Projects in the Twin Falls queue ("Other Requesting QFs"). These Other Requesting QFs are of sufficient size and in locations such that their interconnection to the Company's system will require Network Upgrades. To provide uniform treatment to these Other Requesting QFs, Idaho Power desires to utilize the terms and conditions contained in the Stipulation as a

template for negotiation of additional interconnection agreements with the Requesting Projects in the Twin Falls queue and for the Other Requesting QFs. For example, for the Other Requesting QFs, Idaho Power proposes to allocate the costs of the Network Upgrades with 25% of the cost to be contributed by the QF, 25% to be contributed by Idaho Power and the balance to be refundable to the Other Requesting QF. The refunds would be made utilizing the same refund criteria and interest rate calculation described in the Stipulation. Other provisions in the Stipulation, including the requirement for QFs to provide security for future upgrade payments would also be applied to the interconnection agreements with Other Requesting QF developers in a manner consistent with the settlement outlined in the Stipulation.

20. Because Idaho Power proposes to utilize the Stipulation as a template for negotiating interconnection agreements with all of the Requesting Projects and the Other Requesting QFs, the Company has delivered copies of this Motion and the Stipulation to all Requesting Projects in the queue and potential Other Requesting QFs that the Company is aware of. A copy of the *pro-forma* transmittal letter is enclosed as Attachment 2. Copies of this Motion and the Stipulation are also posted on the Company's OASIS and its website.

21. Idaho Power requests that the Commission, as part of its Order in this case, indicate its concurrence with Idaho Power's proposal to utilize the terms and conditions set out in the Stipulation as a template for interconnection agreements between Idaho Power and other QFs where interconnection requires Network Upgrades. This will allow Idaho Power and QFs to better quantify interconnection and Network Upgrade costs associated with their Projects and will facilitate the development of new QF resources.

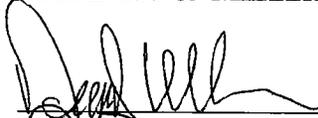
**Conclusion**

22. Idaho Power and Cassia further request that the Commission process this Motion by modified procedure in accordance with RP 201 *et seq.*

23. For the reasons cited herein, Idaho Power and Cassia respectfully submit that the Stipulation is in the public interest and hereby jointly request that, after appropriate review, the Commission enter its order (1) approving the Stipulation; (2) dismissing Cassia's Complaint; and (3) authorizing Idaho Power to utilize the terms and conditions in the Stipulation as a template for interconnection agreements under Schedule 72 for QFs, in addition to Cassia, which involve the construction of Network Upgrades.

Respectfully submitted this 13 day of June 2007.

**MCDEVITT & MILLER LLP**



Dean J. Miller  
*Attorneys for Cassia*

**IDAHO POWER COMPANY**



Barton L. Kline  
*Attorney for Idaho Power Company*

## CERTIFICATE OF SERVICE

I hereby certify that on the 13<sup>th</sup> day of June 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Jean Jewell, Secretary Idaho Public Utilities Commission 472 West Washington Street P.O. Box 83720 Boise, ID 83720-0074	<input checked="" type="checkbox"/> Hand Delivered <input type="checkbox"/> U.S. Mail <input type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input type="checkbox"/> Email: <a href="mailto:jjewell@puc.state.id.us">jjewell@puc.state.id.us</a>
David J. Meyer Vice President, Chief Counsel for Regulatory and Governmental Affairs P.O. Box 3727 1411 E. Mission Avenue Spokane, WA 99220-3727	<input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input checked="" type="checkbox"/> Email: <a href="mailto:dmeyer@avistacorp.com">dmeyer@avistacorp.com</a>
Peter Richardson Richardson & O'Leary 515 N. 27th Street Boise, Idaho 83702 (208) 938-7901	<input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input checked="" type="checkbox"/> Email: <a href="mailto:peter@richardsonandoleary.com">peter@richardsonandoleary.com</a>
Brian Dickman Dean Brockbank PacifiCorp/dba Rocky Mountain Power 201 S. Main St. Suite 2200 Salt Lake City, UT 84111	<input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input checked="" type="checkbox"/> Email: <a href="mailto:brian.dickman@pacificorp.com">brian.dickman@pacificorp.com</a> <a href="mailto:dean.brockbank@pacificorp.com">dean.brockbank@pacificorp.com</a>
Lawrence R. Lieb Exergy Development Group of Idaho LLC 910 W. Main Street, Ste. 310 Boise, ID 83702 Telephone: (208) 336-9793 Fax: (208) 336-9431	<input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Fax <input type="checkbox"/> Fed. Express <input checked="" type="checkbox"/> Email: <a href="mailto:lrlal@sbcglobal.net">lrlal@sbcglobal.net</a>

  
Barton L. Kline

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-21**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**

**TO**

**JOINT MOTION**

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*Attorneys Cassia Wind Gulch Park LLC and  
Cassia Wind LLC*

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASSIA GULCH WIND PARK LLC AND  
CASSIA WIND FARM LLC

Complainants  
v.

IDAHO POWER COMPANY

Respondent

**Case No. IPC-E-06-21**

**SETTLEMENT STIPULATION**

1. This Settlement Stipulation (“Stipulation”) is entered into by and among the Complainants, Cassia Gulch Wind Park LLC and Cassia Wind Farm LLC (hereinafter jointly

and severally referred to as “Cassia”), and the Respondent, Idaho Power Company (“Idaho Power” or “the Company” and individually as a “Party” or collectively, “the Parties”).

## **INTRODUCTION**

2. The Parties agree this Stipulation represents a fair, just and reasonable compromise of the issues raised in Cassia’s Complaint filed herein and this Stipulation is in the public interest. The Parties believe this Stipulation, and its acceptance by the Idaho Public Utilities Commission (the “Commission”), represents a reasonable resolution of the issues identified in this matter. The Parties, therefore, recommend that the Commission, in accordance with Rule of Procedure (RP) 274, approve this Stipulation and all of its terms and conditions without material change or condition.

## **BACKGROUND**

3. Each of the wind energy projects to be developed by Cassia Wind Park LLC and Cassia Wind Farm LLC (collectively, the “Cassia Projects”) are Qualifying Facilities (“QFs”) within the meaning of the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Each of the Cassia Projects has signed Commission-approved Firm Energy Sales Agreements (“FESAs”) with Idaho Power. *See* Case No. IPC-E-06-10; Order No. 30086; Case No. IPC-E-06-11; Order No. 30086. Each of the Cassia Projects will sell its entire output to Idaho Power and, accordingly, the interconnection of the Cassia Projects is under the jurisdiction of the Commission and is, other than as provided for in this Stipulation, subject to Schedule 72 of Idaho Power’s IPUC No. 28 Tariff No. 101.

4. A number of generation projects seeking Network Resource Interconnection Service, (as that term is defined in FERC Order 2003 and Idaho Power’s FERC approved Open Access Transmission Tariff (“OATT”)) including the Cassia Projects, propose to interconnect to

the portion of Idaho Power's transmission system where the Cassia Projects are located in the Twin Falls area, and have submitted interconnection requests to Idaho Power during the period January 1, 2005 through June 29, 2006 (collectively, the "Requests" or "Requesting Projects"). The Requests include (1) interconnection of PURPA QF projects, under jurisdiction of the Commission, (2) interconnection of non-qualifying generation facilities, under FERC jurisdiction, and (3) interconnection of generation facilities planned by Idaho Power, under FERC jurisdiction.

5. In accordance with FERC Order 2003, Idaho Power's OATT, and in the interest of maintaining comparability and economic efficiency in responding to the Requests, Idaho Power has established an "Idaho Power Queue" for generation interconnection projects. Exhibit A shows the Requesting Projects by project number in the order they made their interconnection request. Idaho Power has conducted a Generation Interconnection System Impact Study dated June 2006 ("the Study") to determine transmission system improvements required to interconnect the Requests ("Network Upgrades"). Idaho Power subsequently expanded the study to include an option, to be offered to each Requesting Project, to be subject to generation restriction, under specified line outage conditions, to a maximum level of energy output (generally "Redispatch" and specifically "Cassia Redispatch" as further defined in paragraph 9). The expanded Study is hereinafter referred to as the "Redispatch Study." In return for the ability to Redispatch the Requesting Projects, the Company has determined the associated reduced investment required to construct the needed Network Upgrades covering all the Requests in the Idaho Power Queue as of the filing date of this Stipulation. The cost under the Redispatch Study for each Request is shown on Exhibit A. Network Resource Interconnection Service, or its equivalent in the case of QF projects, would be provided to meet all the Requests in the Idaho

Power Queue. However, the cost of the required Network Upgrades allocated to Requesting Projects electing to be subject to Redispatch would be less on a per megawatt of Request capacity basis than for those Requesting Projects declining to be subject to Redispatch. The Company has applied the FERC Large Generator Interconnection Procedures (LGIP) and Small Generator Interconnection Procedures (SGIP), as appropriate, in responding to the Requests. The position of a generator in the Idaho Power Queue is determined by the date of the generator's request for interconnection filed with Idaho Power's delivery business unit. The Cassia Projects are in the Idaho Power Queue.

6. Cassia is ready and willing to start immediate construction of the Cassia Projects. One or more Requesting Projects which precede or follow Cassia in the Idaho Power Queue are not yet prepared for immediate construction or may not be constructed at all.

7. Pursuant to the Redispatch Study, Idaho Power has identified five phases of Network Upgrades that are necessary to provide Network Resource interconnection service for all the Requests listed in Exhibit A.

8. This Stipulation sets forth the basic principles of a settlement agreement between Cassia and Idaho Power. Upon approval of this Stipulation by the Commission, consistent with the provisions of Schedule 72, Cassia and Idaho Power will negotiate definitive interconnection agreements (the "Interconnection Agreement"), and amendments or addenda to the FESAs and other documents or instruments that may be required that conform to this Stipulation.

#### **TERMS OF THE STIPULATION**

9. **Cassia Redispatch:** The maximum level of power to be generated by the Cassia Projects at any moment depends on the number of turbines synchronized to the grid and ready to generate and on the wind speed at that time (the "Maximum Hourly Output"). The Cassia

Projects will, at their sole expense, install, operate and maintain the equipment and communications facilities necessary to enable the Maximum Hourly Output to be reduced to a not-to-exceed set point, to be determined by Idaho Power, within ten (10) minutes of when Idaho Power calls for the reduction to the set point ("Cassia Redispatch"). Cassia Redispatch cannot and shall not be asked to increase the output above such Maximum Hourly Output for the then existing turbine and wind conditions. Cassia Redispatch will normally, subject to those conditions, seek to maximize the energy output for the Cassia Projects, but Cassia Redispatch will limit the output of the Cassia Projects whenever the Maximum Hourly Output level would otherwise exceed the required set point in any scheduling hour.

**10. Cassia Cost Risk for Network Upgrades:** Exhibit B to this Stipulation sets out the Network Upgrades and their budgetary estimated costs based on the Study and the Redispatch Study to interconnect the Requesting Projects with and without being subject to Redispatch. The Network Upgrade costs will be allocated to each Requesting Project, including the Cassia Projects, based on: a) their election of whether to be subject to Redispatch, b) their order in the Idaho Power Queue, and c) based on the megawatt interconnection capacity of each Requesting Project, their prorata share of the cost for the Network Upgrade required to interconnect one or more Requesting Project and the interconnection capacity that the particular Network Upgrade adds. The Cassia Projects will be obligated under this Stipulation and under the Interconnection Agreement, which shall conform to this Stipulation and shall be subsequently entered into by Cassia and Idaho Power, to pay non-reimbursed amounts of no more than 25% of the actual as-constructed cost of the Cassia Project's currently allocated share of the Network Upgrades listed in Exhibit B as required to interconnect the Cassia Projects without Cassia Redispatch.

11. **Cassia Redispatch Rights:** Idaho Power may issue a set point or limit and initiate Cassia Redispatch to respond to transmission system emergencies, or respond to circumstances where the transmission line(s) specified in Exhibit C are out of service and for which Cassia Redispatch was determined necessary and did lower the amount of Network Upgrade cost obligation for Cassia. In most circumstances, Cassia Redispatch will not be required where all the lines specified in Exhibit C are in service. Any use of Cassia Redispatch to establish a set point below the Cassia Project capacity shall be pro-rata with other Requesting Projects subject to Redispatch. Idaho Power will not purchase or pay for energy which would have been produced by the Cassia Projects, but for operation of Cassia Redispatch.

12. **Responsibility for Network Upgrade Costs:** In addition to funding all costs of directly interconnecting the Cassia Projects to Idaho Power's system, Cassia will pay its pro-rata share of the Network Upgrade costs actually incurred by Idaho Power to provide firm Network Resource Interconnection Service to Cassia for the Cassia Projects and Cassia shall not be obligated to share the on-going operation and maintenance costs of such Network Upgrades.

Cassia recognizes that the final cost of its share of the Network Upgrades will not be known until construction is completed. Cassia also recognizes that its share of the final Network Upgrade cost will increase or decrease, subject to the provisions of paragraph 10, depending on whether other projects, both earlier and later in the Idaho Power Queue are constructed. The examples shown in Exhibit B illustrate, on a hypothetical basis, how these costs can change.

13. **Sharing of Network Upgrade Costs:**

A. Cassia and Idaho Power will share the five phases of Network Upgrade costs attributable to the Cassia Projects as follows:

1. Phase 1: Idaho Power will assume 100% cost responsibility for Phase 1 and include this cost in its rate base.

2. Phases 2, 3, 4 and 5:

(a) 25% of the costs will be provided by Cassia as a non-refundable contribution in aid of construction (“CIAC”).

(b) 25% of the costs will be funded by Idaho Power and included in Idaho Power’s rate base.

(c) 50% of the costs will be funded by Cassia as an advance in aid of construction (“AIAC”) subject to refund as provided in section 14 below. As refunds are made, the refunded amounts will be included in rate base using standard regulatory accounting principles.

B. As projects in the Idaho Power Queue are interconnected, Idaho Power will reallocate the CIAC and AIAC portions of the costs of Phases 2 through 4. For example, when additional projects in the Idaho Power Queue are constructed after the Cassia Projects are constructed, Idaho Power will collect monies from these subsequent projects and refund monies to Cassia. It is Idaho Power’s intent that each QF Project in the Idaho Power Queue will pay its respective pro-rata share, based on nameplate generation capacity, of each phase of the Network Upgrade they utilize. Tables B-7, 8, 9 and 10 in Exhibit B illustrates how this re-allocation would occur on a hypothetical basis.

C. Idaho Power will accelerate refunds of AIAC advances if, prior to the construction of the Network Upgrades described in Exhibit A, the Commission authorizes Idaho Power to construct alternative transmission facilities that would eliminate or reduce the costs of Network Upgrades.

14. **Refund Provisions:** Cassia will be entitled to a cash repayment, in monthly, equal installments, for the total AIAC amount Cassia advances to Idaho Power for Network Upgrades, including any tax gross-up or other tax related payments associated with the AIAC for Network Upgrades. Reimbursement will occur over a term not to exceed ten (10) years after the date the Cassia Projects achieve commercial operation. Payment of such repayments in any month will be contingent on the FESA's being in good standing (no uncured defaults) and Cassia achieving a mechanical availability in that month in excess of 50%, defined as 100% multiplied by the ratio of (1) the sum of the capacity available to generate in each hour, over all hours of the month, divided by (2) the installed capacity multiplied by the number of hours in the month. In computing the mechanical availability, the capacity available in each hour will not be reduced from the installed capacity, if the reason for the reduction is an event of force majeure, (as that term is defined in the FESA) or a reduction in generation due to Cassia Redispatch required by Idaho Power as described in paragraphs 5 and 9.

15. **Interest on Refunds:** Monthly refund payments on AIAC amounts shall include interest calculated in accordance with the methodology set forth in FERC regulations at 18 C.F.R. 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which Cassia receives repayment.

16. **No effect on 90—110:** Production of energy forgone because of curtailments ordered by Idaho Power, as provided in paragraph 11, will not be considered in the calculation of Surplus Energy as defined by paragraph 1.25 of the FESAs.

17. **Security for Payment:** Until it is finally determined which of the Projects in Exhibit A will be constructed and interconnected and the final cost of those interconnections is determined, upon executing an Interconnection Agreement which conforms with this Stipulation,

Cassia will provide and maintain a cash escrow or a letter of credit to Idaho Power in a form and by an issuer satisfactory to Idaho Power as security for payment, initially in the amount of Cassia's allocation of Network Upgrade costs as stated in Exhibit B and adjusted from time to time pursuant to the status of the Requests in Exhibit A. The total security amount at any time will not exceed the amount that would be owed if the Requests then remaining in the Idaho Power Queue that are scheduled for construction later than the Cassia Projects are not constructed. Other QF participants in the Idaho Power Queue will be held to a similar requirement.

18. **Cassia Redispatch Protocols:** The Interconnection Agreement will provide for interconnection of the Cassia Projects to the Idaho Power transmission system with Network Resource Interconnection Service in accordance with this Stipulation. However, Cassia acknowledges that, until sufficient Network Upgrades are installed to allow the Cassia Projects to qualify for Network Resource Interconnection Service, the Cassia Projects will be subject to Cassia Redispatch as described in paragraphs 5 and 9. The Interconnection Agreement will provide additional detail regarding the protocols for Redispatch of the Cassia Projects energy generation and the other Requesting Projects in Exhibit A. Cassia Redispatch will not be initiated for the sole purpose of reducing Idaho Power's costs but Idaho Power will take economic principles into account when making a determination as to which Network Resources, as between the Cassia Projects and other resources in Exhibit A that may be subject to Redispatch that reduced Network Upgrade costs and other Network Resources, should be reduced to comply with transmission congestion reduction orders. Idaho Power will not be obligated to compensate Cassia for any energy curtailed in accordance with Cassia Redispatch.

19. **Network Upgrade Cost Determination:** Network Upgrade costs, allocated to the Cassia Projects for initial funding, will be determined in a comparable manner and with the same criteria used by Idaho Power when studying the interconnection of other generation, whose output can be changed within ten (10) minutes, at other locations on its transmission system. Upon request by the Cassia Projects, Idaho Power will provide a written explanation of the methods and assumptions leading to any such allocation of Network Upgrade cost obligation to the Cassia Projects.

20. **Request Uncertainty:** Idaho Power will follow good utility practice, the LGIP and SGIP, and all Commission orders in processing the Idaho Power Queue. Any Requests that fail to meet those requirements to remain in the Idaho Power Queue, or fail to proceed to construct their interconnection or fail to initially fund or secure their allocated share of the Network Upgrade costs, will forfeit their position in the Idaho Power Queue and their rights to the interconnection and transmission system capacity associated with their Request.

21. **Cassia Project Responsibility for Network Upgrade Costs:** Idaho Power will initially and throughout the life of the Cassia Projects, consistent with good utility practice, determine the least cost solution, given the current status of the Requests in the Idaho Power Queue, that will result in the lowest reasonable allocation of initial funding responsibility for Network Upgrades to the Cassia Projects. Idaho Power will apply the same criteria to all QF Projects in the Idaho Power Queue.

22. **Reasonable Compromise:** The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to

this Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

**23. Best Efforts for Approval:** The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. The Parties shall support this Stipulation before the Commission and no Party shall appeal a Commission Order approving this Stipulation or an issue resolved by this Stipulation. If this Stipulation is challenged by any person not a party to this Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

**24. Right to Withdraw:** If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 7 days of the date of such action by the Commission, to withdraw from this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's Order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt convening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case. The Parties agree to cooperate in development of a schedule that concludes the

proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

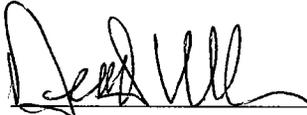
**25. Public Interest:** The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

**26. Commission Approval:** The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions.

**27. Counterparts:** This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

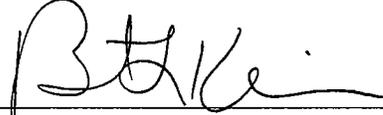
Respectfully submitted this 13 day of June 2007.

**MCDEVITT & MILLER LLP**



\_\_\_\_\_  
Dean J. Miller  
*Attorneys for Cassia*

**IDAHO POWER COMPANY**



\_\_\_\_\_  
Barton L. Kline  
*Attorneys for Idaho Power Company*

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-21**

**IDAHO POWER COMPANY**

**EXHIBIT A**

**TO**

**SETTLEMENT STIPULATION**

**Exhibit A**

The Table A-1 lists the generation interconnection queue projects that are currently in active status.

Table A-1: Generation interconnection queue

Queue Position	Date of Request	Status of Request	Service Type	Location	Total (MW)	Station or Trans Line for POI	Projected In-Service Date	Fuel Type
114	11/16/04	Construction	PURPA	Gooding County	10	Dale 044 35kV feeder	7/1/07	Animal waste
116	1/13/05	FSA	PURPA	Twin Falls County	10.5	Fossil Gulch 041 35 kV feeder on 138kV Bliss-King	12/31/07	Wind
117	1/13/05	FSA	PURPA	Twin Falls County	101.5	New Tuana substation on 138kV Bliss-King	12/31/07	Wind
128	5/26/05	FSA	PURPA	Twin Falls County	10.5	New Tuana substation on 138kV Bliss-King	2/1/08	Wind
134	6/16/05	FSA	PURPA	Twin Falls County	18.9	New substation on 138kV Bliss-King	2/1/08	Wind
135	6/17/05	FSA	PURPA	Twin Falls County	20	Blue Gulch 042 35 kV feeder	12/31/07	Wind
136	6/23/05	FSA	NR	Twin Falls County	64	Cliff Substation	9/30/10	Hydro
154	12/12/05	Construction	PURPA	Twin Falls County	2.3	46 kV Low Line Canal Tap	6/1/07	Hydro
155	12/19/05	FSA	PURPA	Cassia County	11.62	Golden Valley 013 13 kV feeder	10/1/07	Wind
157	12/19/05	FSA	PURPA	Cassia County	18	Milner 043 35 kV feeder	10/1/07	Wind
158	12/19/05	FSA	PURPA	Lincoln County	18	Notch Butte 011 12.5 kV feeder	10/1/07	Wind
159	12/19/05	FSA	PURPA	Twin Falls County	18	Dale 043 (or Blue Gulch 042) 35 kV feeder	12/1/07	Wind
170	6/29/06	Construction	PURPA	Twin Falls County	1	Fossil Gulch 041 35 kV feeder	6/1/07	Wind

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-21**

**IDAHO POWER COMPANY**

**EXHIBIT B**

**TO**

**SETTLEMENT STIPULATION**

## Exhibit B

The System Impact Study for the addition of generation to the 138 kV transmission system west of Twin Falls produced the transmission network upgrades identified in Table B-1. The allocation of project capacity to the network upgrade phases is shown in Table B-2 and the allocation of project cost per phase is shown in Table B-3.

Table B-1: Transmission upgrade projects with no generation redispatch

Project	Phase	Total Capacity	Phase Capacity	Cost
		Available (MW)	Added (MW)	
Upper Salmon Series Reactor	1	7	7	\$ 290,000
Lower Malad Series Reactor	2	60	53	\$ 290,000
King 230/138 Transformer	3	135	75	\$10,320,000
Reconductor Midpoint Dram 230 kV line	4	305	170	\$47,525,000
			Total	\$58,425,000

Table B-2: Project capacity allocation by network upgrade phase with no generation redispatch, allocation assuming all projects complete construction

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	7	3				10
116	10.5		10.5				10.5
117	101.5		39.5	62			101.5
128	10.5			10.5			10.5
134	18.9			2.5	16.4		18.9
135	20				20		20
136	64				64		64
154	2.3				2.3		2.3
155	18				18		18
157	18				18		18
158	18				18		18
159	18				13.3	4.7	18
170	1					1	1
<b>Totals</b>	<b>310.7</b>	<b>7</b>	<b>53</b>	<b>75</b>	<b>170</b>	<b>5.7</b>	<b>310.7</b>

**Exhibit B**

Table B-3: Project cost allocation by network upgrade phase with no generation redispatch, allocation assuming all projects complete construction

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	\$ -	\$ 16,415	\$ -	\$ -	\$ -	\$ 16,415
116	10.5		\$ 57,453	\$ -	\$ -	\$ -	\$ 57,453
117	101.5		\$216,132	\$ 8,531,200	\$ -	\$ -	\$ 8,747,332
128	10.5		\$ -	\$ 1,444,800	\$ -	\$ -	\$ 1,444,800
134	18.9		\$ -	\$ 344,000	\$ 4,584,765	\$ -	\$ 4,928,765
135	20		\$ -	\$ -	\$ 5,591,176	\$ -	\$ 5,591,176
136	64		\$ -	\$ -	\$17,891,765	\$ -	\$17,891,765
154	2.3		\$ -	\$ -	\$ 642,985	\$ -	\$ 642,985
155	18		\$ -	\$ -	\$ 5,032,059	\$ -	\$ 5,032,059
157	18		\$ -	\$ -	\$ 5,032,059	\$ -	\$ 5,032,059
158	18		\$ -	\$ -	\$ 5,032,059	\$ -	\$ 5,032,059
159	18		\$ -	\$ -	\$ 3,718,132	\$ -	\$ 3,718,132
170	1		\$ -	\$ -	\$ -	\$ -	\$ -
<b>Totals</b>	<b>310.7</b>	<b>\$ -</b>	<b>\$290,000</b>	<b>\$10,320,000</b>	<b>\$47,525,000</b>	<b>\$ -</b>	<b>\$58,135,000</b>

The System Impact Study for the addition of generation, with ability to redispatch the generation, to the 138 kV transmission system west of Twin Falls produced the transmission network upgrades identified in Table B-4. The allocation of project capacity to the network upgrade phases is shown in Table B-5 and the allocation of project cost per phase is shown in Table B-6.

Table B-4: Transmission upgrade projects with generation redispatch

Project	Phase	Total Capacity Available (MW)	Phase Capacity MW added	Cost
Upper Salmon Series Reactor	1	42	42	\$ 290,000
Lucky Peak Series Reactor	2	94	52	\$ 290,000
Lower Malad Series Reactor	3	153	59	\$ 290,000
Midpoint 1/3 Series Capacitor Bypass	4	156	3	\$ 100,000
King 230/138 Transformer	5	330	174	\$10,320,000
<b>Total</b>				<b>\$11,290,000</b>

**Exhibit B**

Table B-5: Project capacity allocation by network upgrade phase with all projects committing to redispatch, allocation assuming all projects complete construction

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	10					10
116	10.5	10.5					10.5
117	101.5	21.5	52	28			101.5
128	10.5			10.5			10.5
134	18.9			18.9			18.9
135	20			2	3	15	20
136	64					64	64
154	2.3					2.3	2.3
155	11.62					11.62	11.62
157	18					18	18
158	18					18	18
159	18					18	18
170	1					1	1
Totals	304.32	42	52	59	3	148.32	304.32

Table B-6: Project cost allocation by network upgrade phase with all projects committing to redispatch, allocation assuming all projects complete construction

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
116	10.5		\$ -	\$ -	\$ -	\$ -	\$ -
117	101.5		\$ 290,000	\$ 137,627	\$ -	\$ -	\$ 427,627
128	10.5		\$ -	\$ 51,610	\$ -	\$ -	\$ 51,610
134	18.9		\$ -	\$ 92,898	\$ -	\$ -	\$ 92,898
135	20		\$ -	\$ 7,864	\$ 100,000	\$ 1,051,815	\$ 1,159,679
136	64		\$ -	\$ -	\$ -	\$ 4,371,179	\$ 4,371,179
154	2.3		\$ -	\$ -	\$ -	\$ 157,089	\$ 157,089
155	11.62		\$ -	\$ -	\$ -	\$ 793,642	\$ 793,642
157	18		\$ -	\$ -	\$ -	\$ 1,229,394	\$ 1,229,394
158	18		\$ -	\$ -	\$ -	\$ 1,229,394	\$ 1,229,394
159	18		\$ -	\$ -	\$ -	\$ 1,229,394	\$ 1,229,394
170	1		\$ -	\$ -	\$ -	\$ 68,300	\$ 68,300
Totals	304.32	\$ -	\$ 290,000	\$ 290,000	\$ 100,000	\$ 10,130,207	\$ 10,810,207

## Exhibit B

Table B-7 and B-8 demonstrate the adjustment of cluster project costs for the addition of generation, with ability to redispach the generation, based on project #117 hypothetically electing not to construct.

Table B-7: Hypothetical project capacity allocation by network upgrade phase assuming project #117 is not constructed

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	10					10
116	10.5	10.5					10.5
117	0						0
128	10.5	10.5					10.5
134	18.9	11	7.9				18.9
135	20		20				20
136	64		24	40			64
154	2.3			2.3			2.3
155	11.62			11.62			11.62
157	18			5.18	3	9.82	18
158	18					18	18
159	18					18	18
170	1					1	1
Totals	202.82	42	52	59	3	46.82	202.82

Table B-8: Hypothetical project cost allocation by network upgrade phase assuming project #117 is not constructed

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
116	10.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128	10.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
134	18.9	\$ 44,058	\$ -	\$ -	\$ -	\$ -	\$ 44,058
135	20	\$ 111,538	\$ -	\$ -	\$ -	\$ -	\$ 111,538
136	64	\$ 134,404	\$ 196,119	\$ -	\$ -	\$ -	\$ 330,522
154	2.3	\$ -	\$ 11,305	\$ -	\$ -	\$ -	\$ 11,305
155	11.62	\$ -	\$ 57,115	\$ -	\$ -	\$ -	\$ 57,115
157	18	\$ -	\$ 25,461	\$ 100,000	\$ 2,124,704	\$ -	\$ 2,250,165
158	18	\$ -	\$ -	\$ -	\$ -	\$ 3,894,569	\$ 3,894,569
159	18	\$ -	\$ -	\$ -	\$ -	\$ 3,894,569	\$ 3,894,569
170	1	\$ -	\$ -	\$ -	\$ -	\$ 216,365	\$ 216,365
Totals	202.82	\$ -	\$ 290,000	\$ 290,000	\$ 100,000	\$ 10,130,207	\$ 10,810,207

**Exhibit B**

Table B-9 and B-10 demonstrate the adjustment of cluster project costs for the addition of generation, with ability to redispach the generation, based on projects #135 through #170 hypothetically electing not to construct.

Table B-9: Hypothetical project capacity allocation by network upgrade phase assuming projects #135 through #170 are not constructed

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	10					10
116	10.5	10.5					10.5
117	101.5	21.5	52	28			101.5
128	10.5			10.5			10.5
134	18.9			18.9			18.9
135	0						0
136	0						0
154	0						0
155	0						0
157	0						0
158	0						0
159	0						0
170	0						0
Totals	151.4	42	52	57.4	0	0	151.4

Table B-10: Hypothetical project cost allocation to network upgrade phase assuming projects #135 through #170 are not constructed

Project No.	Capacity	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
114	10	0	\$ -	\$ -	\$ -	\$ -	\$ -
116	10.5		\$ -	\$ -	\$ -	\$ -	\$ -
117	101.5		\$290,000	\$141,463	\$ -	\$ -	\$431,463
128	10.5		\$ -	\$ 53,049	\$ -	\$ -	\$ 53,049
134	18.9		\$ -	\$ 95,488	\$ -	\$ -	\$ 95,488
135	0		\$ -	\$ -	\$ -	\$ -	\$ -
136	0		\$ -	\$ -	\$ -	\$ -	\$ -
154	0		\$ -	\$ -	\$ -	\$ -	\$ -
155	0		\$ -	\$ -	\$ -	\$ -	\$ -
157	0		\$ -	\$ -	\$ -	\$ -	\$ -
158	0		\$ -	\$ -	\$ -	\$ -	\$ -
159	0		\$ -	\$ -	\$ -	\$ -	\$ -
170	0		\$ -	\$ -	\$ -	\$ -	\$ -
Totals	151.4	\$ -	\$290,000	\$290,000	\$ -	\$ -	\$580,000

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-21**

**IDAHO POWER COMPANY**

**EXHIBIT C**

**TO**

**SETTLEMENT STIPULATION**

## Exhibit C

The following Idaho Power network transmission facilities have been identified to be affected by the addition of the Requesting Projects in the Twin Falls area. An outage of any of these facilities may result in over loads on the remaining facilities. Such outages may require the initiation of the Cassia Redispatch.

Boise Bench – Midpoint 230 kV transmission line  
Boise Bench – Rattle Snake 230 kV transmission line  
Rattle Snake – Midpoint 230 kV transmission line  
Dram – Midpoint 230 kV transmission line  
Hubbard – Danskin 230 kV transmission line  
King 138/230 kV transformer  
Danskin – Mountain Home Junction 138 kV transmission line  
Upper Salmon – Mountain Home Junction 138 kV transmission line  
Lower Malad – Mountain Home Junction 138 kV transmission line  
Upper Salmon – Mountain Home Junction 138 kV line reactor  
Lower Malad – Mountain Home Junction 138 kV line reactor  
Lucky Peak – Mountain Home Junction 138 kV line reactor

**BEFORE THE**  
**IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-06-21**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 2**

**TO**

**JOINT MOTION**

**BARTON L. KLINE**  
Senior Attorney

June \_\_\_\_, 2007

Re: QF Interconnection Agreements Involving Network Upgrades

Dear \_\_\_\_\_:

Our records indicate that you may have an interest in developing a co-generation or small power production facility ("Qualifying Facility" or "QF") and selling the energy to Idaho Power. As part of that development process, it will be necessary for you to obtain an Interconnection Agreement from Idaho Power's Delivery Business Unit. As a part of the interconnection review process, the Company's Delivery Business Unit will consider whether it will be necessary to upgrade Idaho Power's transmission system in order to accommodate energy deliveries from your project ("Network Upgrades").

As you may be aware, there is currently pending before the Idaho Public Utilities Commission a proceeding in which the Commission has been asked by QF wind developers, Cassia Wind Farm and Cassia Gulch Wind Park ("Cassia") to decide whether they should be responsible for funding Network Upgrades to Idaho Power's transmission system. (IPUC Case No. IPC-E-06-21). That case is fully submitted to the Commission.

While awaiting a Commission decision, Idaho Power and Cassia have negotiated with each other in good faith to resolve the issue of cost responsibility for Network Upgrades. As a result of those negotiations, Idaho Power and Cassia have entered into a Stipulation which settles all of the issues of cost responsibility for Network Upgrades in a manner that is acceptable to Cassia, Cassia's financier John Deere Credit and Idaho Power. If the Commission accepts the Stipulation, it will resolve Case No. IPC-E-06-21.

While this Stipulation is between Idaho Power and Cassia, Idaho Power is requesting that the Commission allow the Company to utilize the terms and conditions contained in the Stipulation as a template for developing interconnection agreements with other qualifying facilities where Network Upgrades are required for interconnection.

June \_\_\_\_, 2007  
Page 2

Enclosed for your review is a copy of the Stipulation and the Joint Motion to Approve the Stipulation filed by Idaho Power and Cassia. As noted in the Motion, Idaho Power believes that the terms and conditions in the Settlement Agreement are reasonable and should be applied to all future interconnections where Network Upgrades are required.

If you have any questions regarding the terms and conditions in the Stipulation that you would like to direct to Idaho Power, please email Dave Angell at [dangell@idahopower.com](mailto:dangell@idahopower.com). If you desire to provide comments to the Commission regarding the Joint Motion, the Stipulation and Idaho Power's request that the Commission authorize the Company to apply the terms and conditions of the Stipulation to future interconnection agreements between Idaho Power and QFs, you should go to the Commission's website for instructions on how to provide comments.

The Commission will be issuing a Notice of Request for Public Comment on the Motion and Stipulation in the near future. You may want to contact the Commission and have them put you on their mailing list for receipt of notices regarding this proceeding.

Very truly yours,

Barton L. Kline

BLK:sh