

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASSIA GULCH WIND PARK, LLC AND)	
CASSIA WIND FARM, LLC,)	CASE NO. IPC-E-06-21
)	
COMPLAINANTS,)	NOTICE OF COMPLAINT
)	(Regarding QF Responsibility for
v.)	Transmission Upgrade Costs)
)	
IDAHO POWER COMPANY,)	NOTICE OF
)	COMMENT DEADLINES
RESPONDENT.)	
)	ORDER NO. 30135

YOU ARE HEREBY NOTIFIED that on September 13, 2006, Cassia Gulch Wind Park, LLC and Cassia Wind Farm, LLC (collectively Cassia or the Projects) filed a complaint against Idaho Power Company (Idaho Power; Company) with the Idaho Public Utilities Commission (Commission) requesting a Commission declaration and determination that, as a matter of law and policy, the cost responsibility for transmission system upgrades to meet N-1 contingency planning conditions should not be assigned to PURPA qualifying facilities (QFs) connecting to the system, but rather, should be rolled into the utility's plant-in-service rate base and recovered from rates and charges for utility service of native load and other transmission customers. Cassia's filing in this case is accompanied by supporting memorandum and affidavit.

Cassia Gulch Wind Park, LLC and Cassia Wind Farm, LLC are QFs within the meaning of the Public Utility Regulatory Policies Act of 1978 (PURPA). Each of the Projects has signed Commission approved Firm Energy Sales Agreements with Idaho Power. Reference Case No. IPC-E-06-10, Order No. 30086; Case No. IPC-E-06-11, Order No. 30086. The Projects will sell their entire output to Idaho Power.

As reflected in the Cassia filing, this complaint involves a dispute concerning the terms and conditions of interconnection by QFs to Idaho Power's high voltage transmission system. While the Federal Energy Regulatory Commission (FERC) has jurisdiction with respect to interconnection for non-QF generators, state commissions, including the Idaho Commission, have jurisdiction with respect to interconnection terms for PURPA qualifying

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facilities when the facilities sell their entire output to a regulated utility. Citing FERC Docket No. RM02- 12-000, Order No. 2006 Standardization of Small Generator Interconnection Agreements and Procedures, May 12, 2005, ¶ 517 (“States continue to exercise authority over QF interconnections when the owner of the QF sells the output of the QF only to the interconnected utility or to on-site customers”).

BACKGROUND

As reflected in the complaint, 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. Under normal operating conditions (“N-0”) the existing Idaho Power transmission has capacity sufficient to absorb the potential new generation in the Twin Falls area. It, however, is common utility practice to model or evaluate the operation of backbone transmission assuming that one line of a system is out of service (“N-1 contingency”). Idaho Power believes that under N-1 contingency conditions the addition of 200 MW of generation at the Twin Falls 138 kV system could create thermal overloads within its integrated system. To prevent the possible occurrence of thermal overloads under N-1 contingency conditions Idaho Power proposes to construct a series of transmission system upgrades in four phases. The estimated total cost of the transmission system upgrade is approximately \$60 million. With the exception of a relatively small portion of the system upgrade costs to be borne by Idaho Power, the Company claims and asserts that the \$60 million cost of its transmission system upgrades should be borne, in the first instance, by the QFs proposing to connect to the Idaho Power transmission system. The magnitude of these additional transmission system upgrade costs, Cassia contends, is such that, if assigned to Cassia, the economic viability of the Projects would be seriously compromised.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-06-21. The Commission as part of its September 25, 2006 Decision Meeting also provided legal counsel for Idaho Power and Cassia an opportunity to present their procedural recommendations. The Commission finds that the issue as to

whether transmission system upgrade costs required to meet N-1 contingency planning conditions can and should be allocated to QFs requesting interconnection is a policy issue with generic implications for the state's major electric utilities, i.e., Idaho Power Company, PacifiCorp dba Rocky Mountain Power and Avista Corporation dba Avista Utilities. The issue is also one that affects PURPA qualifying facilities. We find the question presented has significant ramifications for the future development of QF projects in areas where transmission upgrade is required. An adequate record before the Commission must be developed. Cassia recommends that the matter be processed pursuant to Modified Procedure, i.e., by written submission rather than by hearing. It remains to be seen whether an adequate record to resolve the policy question presented can be developed in a paper case. The Commission is willing to consider this matter without a hearing unless it subsequently appears that the public interest requires a different procedure and method of record development. We accordingly find it reasonable at this time in Case No. IPC-E-06-21 to establish a procedural schedule under Commission Rules for **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

The **deadline for filing written comments or protests** with respect to the responsibility of PURPA QFs to share in electric transmission system upgrade costs necessitated (in part) by QF requests for interconnection and the use of Modified Procedure in Case No. IPC-E-06-21 is **Friday, October 27, 2006**. The **deadline for filing reply comments** is **Thursday, November 9, 2006**.

Comments filed by Idaho Power, Rocky Mountain Power, Avista and Commission Staff should include a statement of argument and memorandum of legal authorities. The Commission Secretary is directed to provide a copy of this Notice to Rocky Mountain Power and Avista Utilities and electronic copies to affected QFs in the Magic Valley where transmission upgrade is proposed.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may establish further

procedure, may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-06-21 should be mailed to the Commission, Idaho Power and Cassia at the addresses reflected below.

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

For Idaho Power:

Barton L. Kline
Lisa Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: bkline@idahopower.com
lnordstrom@idahopower.com

David Sikes
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: dsikes@idahopower.com

For Cassia:

Dean J. Miller
McDevitt & Miller, LLP
420 W. Bannock Street
PO Box 2564 (83701)
Boise, ID 83702
E-mail: joe@mcdevitt-miller.com

Ronald K. Arrington
Associate Chief Counsel
John Deere Credit
6400 NW 86th Street
Johnston, IA 50131
E-mail:
arringtonronaldk@johndeere.com

Comments should also be provided to Avista and Rocky Mountain Power at the following addresses:

For Avista:

David J. Meyer
Vice President, Chief Counsel for Regulatory
and Governmental Affairs
Avista Corporation
PO Box 3727
1411 E. Mission Avenue
Spokane, WA 99220-3727
E-mail: dmeyer@avistacorp.com

For Rocky Mountain Power:


Brian Dickman
Dean Brockbank
PacifiCorp
201 S. Main, Suite 2300
Salt Lake City, UT 84111
E-mail: brian.dickman@pacificorp.com
dean.brockbank@pacificorp.com

All comments should contain the case caption and case number shown on the first page of this document. Service dates are “in-hand” dates, with service to be accomplished by personal delivery or electronic mail. Persons desiring to submit comments via e-mail may do so by accessing the Commission’s home page located at www.puc.idaho.gov. Click the “Comments and Questions” icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the parties at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Complaint in Case No. IPC-E-06-21 together with supporting memorandum and affidavit may be viewed at www.puc.idaho.gov by clicking on “File Room” and “Electric Cases,” or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho.

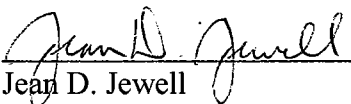
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th
day of September 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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