



Monica B. Moen
Attorney II

September 26, 2006

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2006 SEP 27 PM 5:01
IDAHO PUBLIC
UTILITIES COMMISSION

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-06-23
IN THE MATTER OF THE APPLICATION OF IDAHO POWER
COMPANY FOR APPROVAL OF AN AGREEMENT BETWEEN
AVIMOR, LLC AND IDAHO POWER TO PROVIDE
ELECTRIC TRANSMISSION AND SUBSTATION FACILITIES TO
THE AVIMOR MULTI-USE DEVELOPMENT

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Application for 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,

Monica B. Moen

MBM:sh
Enclosures

MONICA MOEN, ISB # 5734
BARTON KLINE, ISB # 1526
Idaho Power Company
1221 West Idaho Street
P. O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-2692
FAX Telephone: (208) 388-6936

Attorney for Idaho Power Company

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
APPROVAL OF AN AGREEMENT)
BETWEEN AVIMOR, LLC AND) CASE NO. IPC-E-06-23
IDAHO POWER TO PROVIDE ELECTRIC)
TRANSMISSION AND SUBSTATION)
FACILITIES TO THE AVIMOR MULTI-USE) APPLICATION
DEVELOPMENT)
_____)

COMES NOW Idaho Power Company ("Idaho Power" or the "Company") and hereby requests that the Commission issue its Order approving an Agreement between Idaho Power and Avimor, LLC ("Avimor"), dated August 17, 2006 ("Agreement") that provides for the construction of certain transmission and substation facilities by Idaho Power for a multi-use planned residential subdivision proposed by Avimor. A copy of the Agreement is attached hereto as Exhibit 1.

I.

Avimor is developing a substantial multi-use planned residential subdivision known as Avimor in Ada County, Idaho (the "Project"). The Project is located in an area in which Idaho Power does not have existing facilities of adequate capacity and desired phase and voltage to accommodate the Project. Delivery of power (capacity) to the Project site will require construction of 3.4 miles of a 138-kV transmission line and a substation with initial capacity of 10 MVA (the "Requested Facilities"). Provided Avimor satisfies the terms and conditions of the Agreement and construction conditions are satisfactory, Idaho Power agrees to use commercially reasonable efforts to complete construction of the Requested Facilities on or before April 30, 2007.

II.

The total cost for the design and construction of the Requested Facilities is \$4,300,000.00. Avimor has agreed to pay Idaho Power the amount of \$4,300,000.00 in three installments as set forth in Paragraph 4 of the Agreement. In accordance with the Agreement, Avimor has made the Initial Payment of \$2,150,000.00 to Idaho Power.

III.

Provided Avimor has timely made all three of the installment payments set forth in Paragraph 4 of the Agreement, the Agreement establishes in Paragraph 4.2 that Avimor shall be eligible to receive periodic refunds from Idaho Power for the cost of the design and construction of the Requested Facilities up to \$4,300,000.00.

IV.

Paragraph 4.2 of the Agreement sets out the formula by which Avimor would be eligible to receive periodic refunds from Idaho Power. Refunds to Avimor will be

calculated and paid by Idaho Power on the basis of the number of Schedule 1 (Residential), 7 (Small General Service), 9 (Large General Service) and 24 (Agricultural Irrigation) services and loads that are connected to the Requested Facilities by the Project. The refunds would be available to Avimor for the earlier of (a) a period of ten years, (b) until 685 permanent residential services within the Project have been connected to the Requested Facilities or (c) until the metered demand at the Project's Delivery Point, as defined in the Agreement, meets or exceeds 6,850 kW.

V.

Avimor has agreed that Idaho Power will own, operate and maintain the Requested Facilities that are constructed pursuant to the Agreement. Avimor further agrees that the Company will be able to use the Requested Facilities to provide service to other Idaho Power customers and that the improvements constructed to provide service to Avimor will be a part of the Company's electrical transmission and distribution system.

VI.

The Company believes that consideration of this Application by the Commission will not require an evidentiary proceeding and, therefore, respectfully requests that the Application be processed under RP 201 allowing for consideration of issues under modified procedure, that is, by written submissions rather than by an evidentiary hearing.

VII.

Paragraph 7.5 of the Agreement provides that the Agreement is subject to valid laws and to the regulatory authority and orders, rules and regulations of the Commission.

VIII.

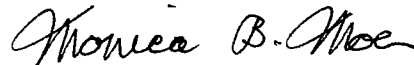
Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

Monica B. Moen, Attorney II
Barton L. Kline, Senior Attorney
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707

Layne Dodson
Community Relations Representative
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707

NOW, THEREFORE, based on the foregoing, Idaho Power Company hereby requests that the Commission issue its Order approving, without change or condition, the Agreement between Idaho Power Company and Avimor to Provide Electric Transmission and Substation Facilities.

Respectfully submitted this 27th day of September 2006.




MONICA B. MOEN
Attorney for Idaho Power Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on the 27~~th~~ day of September 2006, I served a true and correct copy of the within and foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Duane Black
Executive Senior VP & C.O.O.
SunCor Development Company
80 E. Rio Salado Parkway, Suite 410
Tempe, AZ 85281

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Email



MONICA B. MOEN

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-06-23

IDAHO POWER COMPANY

EXHIBIT 1

**AGREEMENT TO PROVIDE
ELECTRIC TRANSMISSION AND SUBSTATION FACILITIES**

THIS AGREEMENT, dated August 17, 2006, is by and between AVIMOR, LLC ("Avimor"), an Idaho Limited Liability Company, with its principal offices at 485 East Riverside Drive, Eagle, Idaho, and IDAHO POWER COMPANY ("Idaho Power" or the "Company"), an Idaho corporation, with its principal offices at 1221 West Idaho Street, Boise, Idaho. Avimor and Idaho Power may also be referred to individually as "Party" or collectively as "Parties."

RECITALS

A. Avimor is developing a substantial multi-use project known as Avimor in Ada County, Idaho ("Project"). Avimor has indicated that, at its initial phase, the Project will be a complex featuring an approximate 830-acre, 685-home community with approximately 44,000 square feet of commercial space (Exhibit 2). Additional phases of the Project will follow as demand presents. Avimor has requested that Idaho Power make 10 MVA of electrical capacity available to the Project by April 30, 2006.

B. Because the Project will be located in an area where Idaho Power does not have existing facilities of adequate capacity and desired phase and voltage, delivery of power (capacity) to the Project's site will require the construction of (1) 3.4 miles of a 138-kV transmission line (the "Transmission Facilities") and (2) a substation with initial capacity of 10 MVA (the "Spring Valley Substation Facilities"). The Transmission Facilities and the Spring Valley Substation Facilities are sometimes hereinafter collectively referred to as the

“Requested Facilities.” Installation of distribution facilities within the boundaries of the Project will be made in accordance with Rule H, Idaho Power’s tariff governing line installations, including any revisions to that rule, or any successor rules or schedules.

C. Idaho Power will construct the Requested Facilities in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual obligations and undertakings set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Avimor and Idaho Power agree as follows:

AGREEMENTS

1. Construction of Requested Facilities

The Requested Facilities will be constructed as follows:

1.1 The Transmission Facilities will provide capacity sufficient to serve 10 MVA of three-phase power at the Spring Valley Substation Facilities. A general description of the Transmission Facilities is attached hereto as Exhibit 1.

1.2 Construction of the Spring Valley Substation Facilities (the “Delivery Point”) will include a 10 MVA transformer capable of providing 10 MW of capacity to subsequently-built distribution facilities. A general description of the Spring Valley Substation Facilities is attached hereto as Exhibit 1.

1.3 Idaho Power will use commercially reasonable efforts to complete construction of the Requested Facilities on or before April 30, 2007.

However, Avimor recognizes that Idaho Power's ability to complete the Requested Facilities on or before that date is subject to the receipt of the payments from Avimor as described herein, Idaho Power's ability to obtain required labor, materials and equipment, timely receipt of satisfactory easements and rights-of-way, suitable weather conditions, adequate access to the sites of the Requested Facilities for construction equipment and personnel and timely receipt of governmental regulatory authorizations, including, but not limited to, approval of this Agreement by the Idaho Public Utilities Commission ("Commission").

1.4 If Idaho Power fails to meet the completion deadline described above and such failure is not excused as provided in Section 1.3, the Parties agree that Avimor may submit the matter to the Commission for appropriate relief and, pending final resolution, Avimor's obligation to make further payments pursuant to the terms of this Agreement shall be suspended.

2. Project Cost

2.1 The total cost for the design and construction of the Requested Facilities is Four Million Three Hundred Thousand and no/100 Dollars (\$4,300,000.00).

2.2 Avimor shall pay Idaho Power Four Million Three Hundred Thousand and no/100 Dollars (\$4,300,000.00) for design and construction of the Requested Facilities as provided in Section 4.

3. Capacity Entitlement

3.1 At the completion of construction of the Requested Facilities, Idaho Power will make available to Avimor 10 MW of electrical capacity measured at the Delivery Point to serve loads within the Project boundaries for a period of 10 years from the date of completion of construction of the Requested Facilities or until the metered demand at the Delivery Point meets or exceeds 10 MW, whichever occurs first. The Parties agree that if, at the conclusion of the 10-year period following completion of construction of the Requested Facilities, total loads within the Project boundaries are less than 10 MW, Avimor's entitlement to the difference between 10 MW of capacity at the Delivery Point and the total loads within the Project will be automatically terminated. Idaho Power will provide written certification to Avimor specifying the date when construction of the Requested Facilities has been completed and notifying Avimor that the 10-year time period described above has commenced.

4. Payment Provisions

4.1 Payments by Avimor. Avimor will pay Idaho Power Four Million Three Hundred Thousand and no/100 Dollars (\$4,300,000.00) for the Requested Facilities in three installments as follows:

4.1(a) At the time of execution of this Agreement, Avimor will pay Idaho Power Two Million One Hundred Fifty Thousand and no/100 Dollars (\$2,150,000.00) for the Requested Facilities as an initial installment payment ("Initial Payment").

4.1(b) On or before the start of construction of the Requested Facilities, Avimor will make a second installment payment to Idaho

Power for the Requested Facilities in the amount of One Million Seventy-five Thousand and no/100 Dollars (\$1,075,000.00) ("Second Payment").

4.1(c) Within ten (10) calendar days of written certification from Idaho Power that construction of the Requested Facilities is completed, Avimor will make the final installment payment to Idaho Power for the Requested Facilities in the amount of One Million Seventy-five Thousand and no/100 Dollars (\$1,075,000.00) ("Final Payment").

4.1(d) If Avimor fails to make the Second Payment on or before the start of construction, (1) any obligation of Idaho Power to further perform under this Agreement and to credit Avimor the amounts described in Section 4.2 herein, if any, will be terminated and (2) any portion of Avimor's Initial Payment of Two Million One Hundred Fifty Thousand and no/100 Dollars (\$2,150,000.00) that Idaho Power has not encumbered for work orders for design, labor, materials and supplies, permitting costs and other expenditures for the Requested Facilities, as determined by Idaho Power in its reasonable discretion, shall be refunded to Avimor by Idaho Power. Upon termination of this Agreement, all rights and obligations of the Parties shall cease.

Idaho Power will have the sole and absolute discretion to determine whether any subsequent payment by Avimor after the due date of the Second Payment will permit the continuation of this Agreement or whether the Agreement should be terminated. In the event Idaho Power determines that the Agreement should be terminated due to the failure of Avimor to timely make the Second Payment, Idaho Power shall return any such subsequent payment to Avimor.

4.1(e) If Avimor fails to make the Final Payment as required in Section 4.1(c), the Parties agree that Idaho Power's obligations to refund any payments as required in Section 4.2 shall be terminated.

4.2 Credits by Idaho Power. Provided Avimor has timely made the Initial, Second and Final Payments as provided herein and has otherwise performed its obligations under this Agreement, Avimor shall be eligible to receive periodic refunds from Idaho Power for either (a) a period of ten (10) years or (b) until 685 permanent residential services have been connected by Idaho Power or (c) until the metered demand at the Delivery Point meets or exceeds 6,850kW, whichever occurs first. The total refund, if any, shall not exceed the amount identified in Paragraph 4.1 above and shall be calculated as follows:

4.2(a) Maximum Refundable Project Cost:
\$4,300,000.00; Cost Per kW: $\$4,300,000.00 / 10,000\text{kW} = \$430.00/\text{kW}$

4.2(b) Avimor will pay Idaho Power Co. \$4,300,000.00 for the installation of the Requested Facilities as provided herein. Idaho Power Co. will refund Avimor \$430.00 per kW of estimated demand for electrical facilities installed within the Project that take permanent service under the Idaho Power's Idaho Public Utility Commission-approved tariff, Rate Schedule 01, Residential Service, including any revisions to that schedule or any successor schedules. For purposes of this Agreement, the estimated kW demand for each permanent residential service will be 10kW per service for a refund amount of \$4,300.00 per permanent residential electrical service.

Refunds for non-residential loads taking service under Idaho Power's Idaho Public Utility Commission-approved tariffs, Schedules 7 (Small General Service), 9 (Large General Service) and 24 (Agricultural Irrigation), including any revisions to those schedules or any successor schedules, will be calculated by multiplying \$430.00 times the kva rating of the distribution transformers serving each such non-residential account.

Refunds to Avimor will be calculated in accordance with this Agreement and will be paid whenever a residential customer within the Project taking service under Schedule 1 permanently connects service or when a non-residential account within the Project taking service under Schedules 7, 9 or 24 has both permanent electrical service installed and the meter for said account is energized.

If, prior to the end of the ten year period specified in Paragraph 3 of this Agreement, Avimor has otherwise performed its obligations under this Agreement and Idaho Power has either (1) connected 685 permanent residential electrical services or (2) the metered demand at the Delivery Point meets or exceeds 6,850 kW, whichever occurs first, the Company will refund the remaining refundable balance described within this Agreement. These payments will be made without interest with a maximum payout to be calculated as described herein but not to exceed \$4,300,000.00.

If, at the conclusion of the 10-year period specified in Paragraph 4.2 of this Agreement, either (a) the metered demand at the Delivery Point is less than 6,850 kW or (b) fewer than 685 permanent residential electrical

services have been connected within the Project, the Parties agree that Idaho Power has no further obligation to refund Avimor for any payments made by Avimor and Avimor shall forfeit any claims for further refunds.

5. Ownership Operation and Maintenance

5.1 Idaho Power will own, operate and maintain the Requested Facilities constructed pursuant to this Agreement. Avimor recognizes that it is paying a proportionate share of the total costs of improving a portion of Idaho Power's utility system and recognizes that Idaho Power will utilize the improvements to the system to provide service to other customers and that the improvements will be a part of Idaho Power's electrical transmission and distribution system.

6. Rights-of-Way and/or Easements

6.1 At no cost to Idaho Power or any other utility, Avimor will convey and/or grant to Idaho Power or any other utility such easements or rights-of-way on Avimor's land that Idaho Power or other utilities may determine are reasonably required for locating, constructing, operating, accessing and maintaining the Requested Facilities that are acceptable to Idaho Power and other utilities requiring easements for the Requested Facilities. Idaho Power will be responsible for obtaining any and all permits, rights-of-way and/or regulatory approvals required by public agencies for performance of this Agreement and for payment of any and all permit fees and/or taxes required for or associated with such permits, rights-of-way and/or regulatory approvals.

6.2 In addition, at no cost to Idaho Power, Avimor will convey and/or grant to Idaho Power a 25-foot wide expansion to an existing transmission easement that traverses the Project and which is more particularly described in Exhibit 3 attached hereto.

7. Additional Provisions

7.1 Liability. Each Party will indemnify and hold harmless the other Party and its officers, directors, employees, agents, representatives, parent company, affiliates and subsidiaries from and against loss, damage or liability, exclusive of costs and attorney's fees, resulting from claims asserted by third persons against either or both Parties to this Agreement on account of injury or death to persons or damage or destruction of property occurring on such indemnifying Party's side of the aforesaid Delivery Point, unless such injury or damage shall have resulted from the sole negligence of the other Party or its employees, agents or contractors.

7.2 Limitation on Liability. NEITHER PARTY, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES, PARENT COMPANY, AFFILIATES AND SUBSIDIARIES SHALL, IN ANY EVENT, BE LIABLE TO THE OTHER FOR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES SUCH AS, BUT NOT LIMITED TO, LOST PROFITS, REVENUE OR GOOD WILL, OR INTEREST, WHETHER SUCH LOSS IS BASED ON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.

7.3 Waivers. Any waiver at any time by either Party of any right with respect to any matter arising under this Agreement, or any failure to give notice provided hereunder, shall not be deemed to be a waiver with respect to any subsequent matter, nor as the establishment of or consent to any practice under this Agreement or an interpretation of any term or provision hereof.

7.4 Successors and Assigns. Neither Party shall assign this Agreement or any portion thereof without the prior written consent of the other Party, which consent of such other Party shall not be unreasonably withheld. Upon proper assignment, this Agreement shall inure to the benefit of and be binding upon the successors in interest, assigns and legal representatives of Avimor and Idaho Power.

7.5 Regulatory Authority. This Agreement is subject to valid laws and to the regulatory authority and orders, rules and regulations of the Idaho Public Utilities Commission (Commission) and such other administrative bodies having jurisdiction, as well as Idaho Power Company's Rules and Regulations as now or may be hereafter modified and approved by the Commission.

7.6 Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho without reference to its choice of law provisions and venue for any court proceeding arising out of this Agreement shall be in Boise, Idaho.

7.7 Modifications and Counterparts. This Agreement may only be amended or modified by a writing signed by the duly authorized

representatives of both parties. This Agreement may be executed in counterparts, each of which, taken together, shall constitute one and the same Agreement.

8. Commission Approval. This Agreement shall be subject to the approval of the Commission and the respective rights and obligations of the Parties hereunder shall be subject to the continuing jurisdiction and regulatory authority of said Commission.

9. Attorneys' Fees. In the event it becomes necessary for either Party to employ legal counsel or to bring an action at law or other proceeding to enforce any of the terms, covenants or conditions of this Agreement, the prevailing Party in any such action or proceeding shall be entitled to recover its costs and expenses incurred in such action from the other Party, including, without limitation, the cost of reasonable attorneys' fees.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the day and year first above written.

IDAHO POWER COMPANY

AVIMOR, LLC, an Idaho limited liability company

By: *J. A. Grow*

By: SunCor Idaho, Inc., an Idaho Corporation
Its: Sole Member

Title: *VP, Delivery Eng: OPS*

By: *[Signature]*
Name: *Duane S. Black*
Title: *COO & EVP*

EXHIBIT 1

The Avimor Project Description

Project includes building a 3.5 mile, 138kV transmission line that will tap off of the BOBN-EMET Line 412 and serve a new substation located in Avimor. The substation will be 138kV to 12.5kV and feed new underground feeders from an open 12.5kV bus.

Transmission Facilities:

This project will require 3.5 miles of new 138kV line that will tap off of the BOBN-EMET Line 412 just south of Shadow Valley Golf Course, run east along the ridge-top until it hits the 230kV line, follow that 230kV corridor north, cross under the 230kV line and feed the new substation located in Spring Valley Ranch. Poles will typically be wood and designed to handle single-circuit 397ACSR Ibis and DNO 5484 OPGW shield wire. There will need to be two 138kV air-breaks added to the BOBN-EMET line, one on either side of the new SPVY tap. Typical spans will be 500' and there is one highway crossing that will require a permit. The line will not accommodate distribution or joint use. There will be a wavetrap installed on the new SPVY tap.

Substation Facilities:

The substation will initially be designed for a 138-12.47kV, 7.5/10.5MVA transformer with regulator, and two 12.47kV distribution feeders served from open bus and leaving the substation with underground getaways. One of the two distribution feeders will be a future install. There will be connections on the 138kV and 12.5kV bus for a mobile connection.

One 138kV dead-end structure (H-frame) will be installed for the incoming transmission line, with provisions for a future line breaker underneath the dead-end and two future sets of 138kV side-break "V" breaker disconnect switches to be mounted on the dead-end.

Two hand-operated 138kV RDA type air-break disconnects and a 138kV circuit-switcher will be installed initially.

The 12.5kV bus will be standard IPCO ALP type.

Two 12.5kV feeder bays will be installed now with plans for two future bays. Only one feeder will be installed now, SPVY-011. It will leave the station, cross the highway, and feed the development on the east side of highway 55.

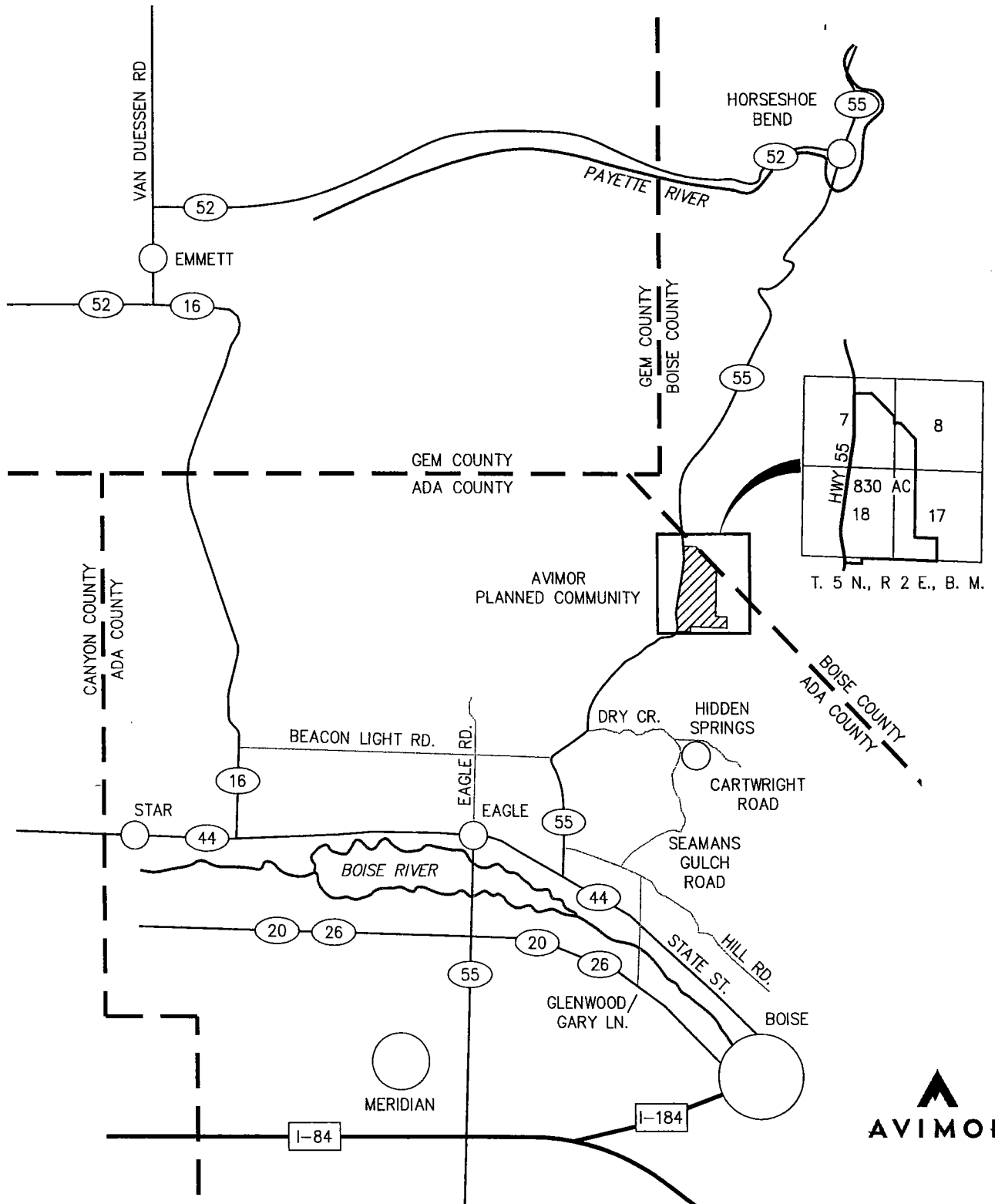
There will be a control building to house all of the protection, communication, and battery equipment, as well as the AC and DC load centers.

Grading of the site will provide for sheet flow drainage across the site from north to south with an elevation change of 1.5'. Drainage ditches on the north and west sides of the station will permit excess water flow around the station and back to natural drainage features. Culverts may be necessary underneath station access road to facilitate drainage back to natural drainage features.

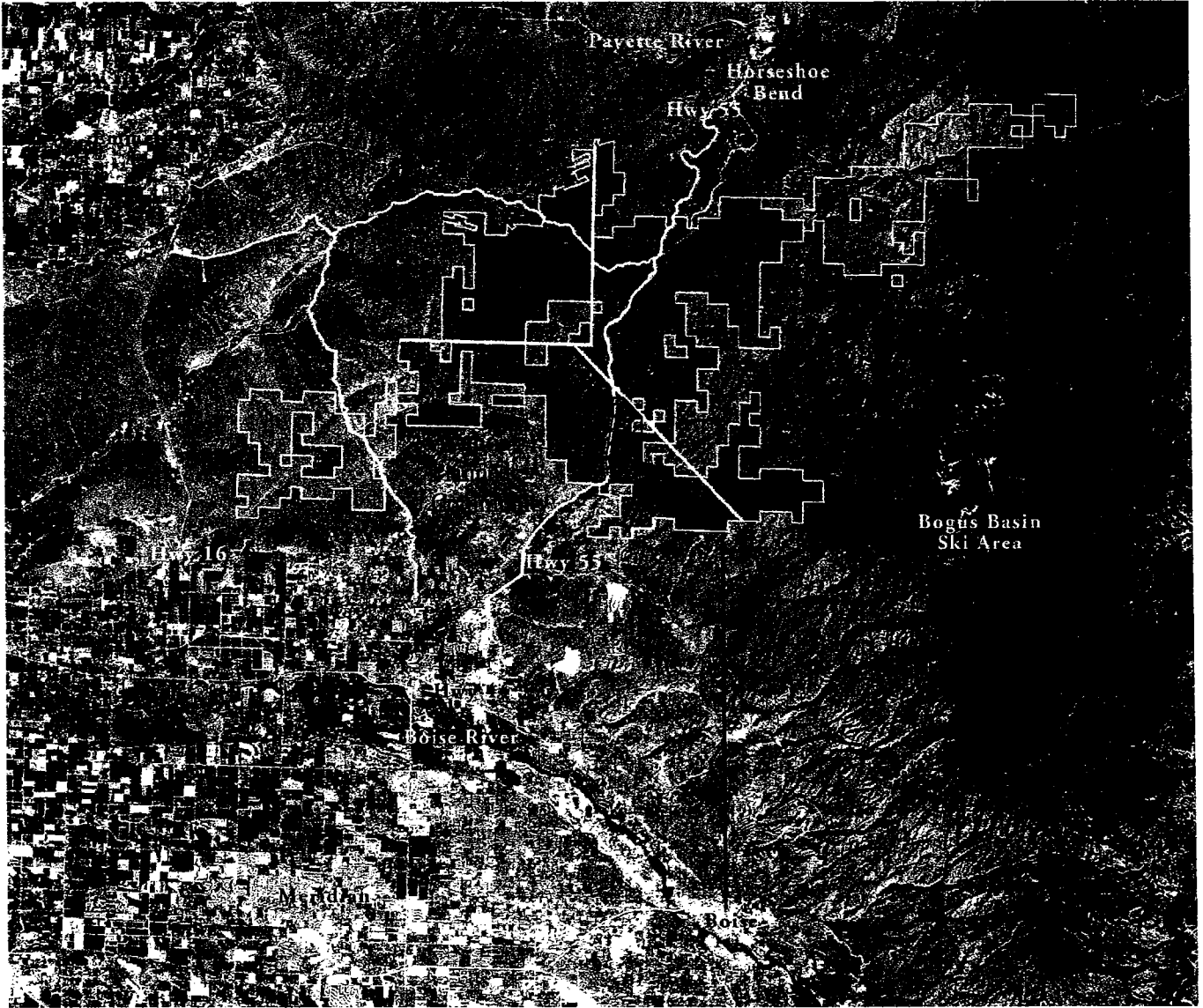
Access roads will be designed and constructed by Idaho Power.

EXHIBIT 2

[ILLUSTRATE THE AVIMOR PROJECT BOUNDARIES]



Not To Scale
Figure 2



Legend

-  LANDS IN TRUST
-  EXCLUDED LANDS



Not To Scale
Figure 1

