

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-06-26
APPROVAL OF A FIRM ENERGY SALES)	
AGREEMENT FOR THE SALE AND)	NOTICE OF APPLICATION
PURCHASE OF ELECTRIC ENERGY)	
BETWEEN IDAHO POWER COMPANY)	NOTICE OF
AND MAGIC WIND PARK LLC)	MODIFIED PROCEDURE
)	
)	NOTICE OF
)	COMMENT/PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on October 27, 2006, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement between Idaho Power and Magic Wind Park LLC (Magic Wind) dated October 11, 2006 (Agreement).

Background

On August 4, 2005, the Idaho Public Utilities Commission (Commission) in Case No. IPC-E-05-22, Order No. 29839, reduced the eligibility cap for avoided cost published rates for non-firm wind projects from 10 aMW to 100 kW, required individual negotiation for larger wind qualifying facilities (QFs), and established criteria for assessing QF contract entitlement. Reference Public Utility Regulatory Policies Act of 1978 (PURPA). By Commission Order No. 29872 the date for grandfathering eligibility was changed from July 1, 2004, the Notice of Petition date, to August 4, 2005, the date of Interlocutory Order No. 29839.

On October 20, 2005, Magic Wind in Case No. IPC-E-05-34 filed a Motion to Determine Exemption Status seeking a Commission determination that Magic Wind was exempt from the rate eligibility cap established in Commission Order No. 29839. On August 15, 2006, the Commission in Order No. 30109 determined that Magic Wind was entitled to an exemption. The Commission further declared that Magic Wind was not entitled to receive from Idaho Power a PURPA QF Purchase Power Agreement that established fixed prices for surplus energy outside the 90/110 performance band using the "Modified PacifiCorp Method." Reference Order No. 30000, Case No. PAC-E-05-9.

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Agreement

The Magic Wind facility will be located in Sections 1, 2 and 11, Township 9 S, Range 13 E, Boise Meridian, Twin Falls County, Idaho. Magic Wind warrants that the facility will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). The facility will consist of eight clipper wind turbines with individual nameplate ratings of 2.5 MW for each unit. The nameplate capacity of the facility will be 20 MW. The Agreement contains the non-levelized, published avoided cost rates set forth in Order No. 29391. Under normal and/or average operating conditions, Magic Wind will not generate more than 10 aMW on a monthly basis. Energy delivered in excess of this monthly amount is Inadvertent Energy. Idaho Power will accept Inadvertent Energy that does not exceed the Maximum Capacity Amount (20 MW) but will not purchase or pay for Inadvertent Energy. Agreement ¶ 7.6.

As reflected in the Application, following issuance of Commission exemption Order No. 30109, Magic Wind inquired of Idaho Power as to whether it would be possible to utilize the methodology for computing shortfall energy payments the Commission approved in the Firm Energy Sales Agreement between Idaho Power and Fossil Gulch Wind Park LLC (Case No. IPC-E-04-19, Order No. 29630) rather than the methodology for determining shortfall energy payments established by Commission Order No. 29632 in Case No. IPC-E-04-8, the U.S. Geothermal case. Under the Fossil Gulch Method if the QF delivers less than 90% of the scheduled "net energy" amount (for reasons other than forced outage or force majeure events) the shortfall energy is priced at 85% of the market price, less the contract rate, the difference capped at 150% of contract rate. In the U.S. Geothermal case the Commission expressed a concern that under certain conditions use of the Fossil Gulch methodology could have adverse results for QFs. (Order No. 29632, p. 20.) Magic Wind has voluntarily selected the Fossil Gulch method. Agreement ¶¶ 7.3-7.5. Use of the Fossil Gulch methodology is a negotiated term of the Agreement and is mutually acceptable to Idaho Power and Magic Wind.

As reflected in the Application and Appendix B to the Agreement, Magic Wind is one of the generating resources that may be affected by the outcome of the Cassia Wind complaint, Case No. IPC-E-06-21, a dispute regarding cost responsibility for funding upgrades to Idaho Power's transmission system. Magic Wind has selected July 31, 2007 as the Scheduled

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First Energy Date and December 31, 2007 as the Scheduled Operation Date for the facility. These dates are subject to revision.

Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declared that all payments Idaho Power makes to Magic Wind for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-06-26. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Idaho Power's Application and the use of Modified Procedure in Case No. IPC-E-06-26 is **Thursday, December 7, 2006**.

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 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-06-26 should be mailed to the Commission and the Company 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

Barton L. Kline, Senior Attorney
Monica B. Moen, Attorney II
Idaho Power Company
PO Box 70
Boise, ID 83707-0070

E-mail: bkline@idahopower.com
mmoen@idahopower.com

Randy C. Allphin, Contract Administrator
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: rallphin@idahopower.com

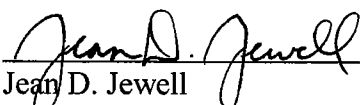
Street Address for Express Mail:

1221 W. Idaho Street
Boise, ID 83702

All comments should contain the case caption and case number shown on the first page of this document. 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 Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. IPC-E-06-26 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 and at the general business office of Idaho Power Company, 1221 West Idaho Street, Boise, Idaho.

DATED at Boise, Idaho this 8th day of November 2006.



Jean D. Jewell
Commission Secretary

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