

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-06-31  
APPROVAL OF A POWER PURCHASE )  
AGREEMENT WITH TELOCASET WIND ) NOTICE OF  
POWER PARTNERS, LLC AND TO ) MODIFIED PROCEDURE  
INCLUDE THE ASSOCIATED EXPENSES IN )  
THE COMPANY'S ANNUAL POWER COST ) NOTICE OF  
ADJUSTMENT. ) COMMENT DEADLINE  
)  
)  
) ORDER NO. 30230**

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On December 15, 2006, Idaho Power filed an Application seeking approval of a Power Purchase Agreement (PPA) with Telocaset Wind Power Partners, LLC. Idaho Power asked that the expenses associated with the purchase of capacity and energy from the PPA be included in the Company's annual Power Cost Adjustment (PCA). The Company requested that its Application be processed by Modified Procedure.

On December 27, 2006, the Commission issued a Notice of Application and set a deadline of January 10, 2007, for interested parties to petition for intervention. No petitions for intervention were filed. Staff recommended processing the Application by Modified Procedure. With this Order the Commission authorizes the use of Modified Procedure and establishes a deadline for the filing of written comments.

**THE APPLICATION**

YOU ARE HEREBY NOTIFIED that this PPA is the result of Idaho Power's Request for Proposals (RFP) for 200 MW of wind-powered generation that originated with the Company's 2004 Integrated Resource Plan (IRP). Application at 2. The Company issued an RFP for 200 MW of wind-powered generation on January 13, 2005. *Id.* In September 2005, the RFP was revised to ask for 100 MW, instead of the 200 MW level, because of the quantity of wind the Company anticipated receiving from PURPA qualifying facilities (QFs). *Id.* at 3. In June 2006, Telocaset Wind Power Partners of Houston, Texas was selected as the preferred bidder of the 2005 Wind RFP process. *Id.*

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YOU ARE FURTHER NOTIFIED that, according to the Application, Idaho Power and Telocaset concluded negotiation of this PPA in December 2006. *Id.* at 4. The PPA guarantees an output of 196,000 MWh (annually) and has a planned capacity of 100.65 MW. *Id.* The term of the PPA is 20 years, with an option for Idaho Power to extend the term of the Agreement an additional 10 years. *Id.* If Telocaset should wish to sell the facility, the PPA provides Idaho Power with a first right of refusal. *Id.*

YOU ARE FURTHER NOTIFIED that the project is located in eastern Oregon, and would deliver its energy to a point on the LaGrande-Brownlee 230 kV transmission line. *Id.* at 4. The project is expected to have an output profile with higher output coinciding with the summer and winter peak demand. *Id.*

YOU ARE FURTHER NOTIFIED that prices under the PPA adjust seasonally and start at a base rate of \$48.00/MWh with an annual escalation rate of 3%. *Id.* No payment is required for energy deliveries in excess of the maximum contract amount and Idaho Power will retain all green energy tags from the project. *Id.* The PPA also provides that Telocaset will deliver detailed forecasting data, including wind velocity and duration, to Idaho Power. *Id.* The data will include real time access to the forecasting service used by the project, including forecasts of energy to be delivered during the next hour, next day, and next week. *Id.* This is expected to assist Idaho Power when integrating the wind generation into the Company's resource supply mix. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the PPA contains provisions, similar to the 90/110 percent delivery provisions contained in Idaho Power's QF contracts, which would provide for damages and caps. *Id.* The PPA also contains penalties should the project fail to deliver the guaranteed annual output of 196,000 MWh. *Id.* Additionally, the obligations of the project will be secured by a guaranty issued by Goldman Sachs. *Id.* Should the credit rating of Goldman Sachs fall below a predetermined level, Goldman Sachs will be required to post a liquid form of performance assurance. *Id.* The obligations of Idaho Power will be secured by Idaho Power's balance sheet. *Id.* The PPA also provided for certain "bridge" financing to Telocaset by Idaho Power to cover Telocaset's cost exposure to acquire certain long lead-time items, such as a transformer and certain engineering and design expenditures, while the Commission is considering this Application. *Id.* at 5-6. Idaho Power states it will establish a

reserve account and fund the cost to enable Telocaset to proceed prior to approval of the Application. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that Idaho Power requests that the Commission issue an order finding that the PPA is prudent and approving inclusion of the prudently incurred power purchase expenses associated with the PPA in the Company's annual PCA. *Id.* Idaho Power requests that its Application be processed by Modified Procedure. *Id.*

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Petition and testimonies are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under "File Room."

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. IPC-E-06-31. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 01.01.01.204.

#### **NOTICE OF COMMENT/PROTEST DEADLINE**

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in

Case No. IPC-E-06-31 is **February 22, 2007**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to 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

Monica B. Moen  
Jim Miller  
Ric Gale  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-mail: [mmon@idahopower.com](mailto:mmon@idahopower.com)  
[jmiller@idahopower.com](mailto:jmiller@idahopower.com)  
[rgale@idahopower.com](mailto:rgale@idahopower.com)

These 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 homepage located at [www.puc.idaho.gov](http://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 Applicant at the address(es) listed above.

#### FINDINGS/CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, its Application seeking approval of a Power Purchase Agreement, and the issues involved in this case by virtue of Title 61, Idaho Code, including *Idaho Code* §§ 61-129, 61-301, 302, 303, 61-502, and 61-503, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

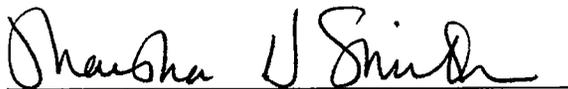
#### ORDER

IT IS HERBY ORDERED that this case be processed by Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than February 22, 2007.

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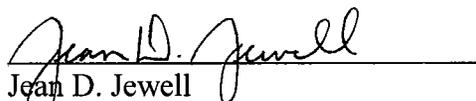
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26<sup>th</sup>  
day of January 2007.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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