

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: DONOVAN E. WALKER

DATE: JANUARY 22, 2007

SUBJECT: IDAHO POWER'S APPLICATION FOR APPROVAL OF A POWER PURCHASE AGREEMENT WITH TELOCASET WIND POWER PARTNERS, LLC, CASE NO. IPC-E-06-31

On December 15, 2006, Idaho Power filed an Application seeking approval of a Power Purchase Agreement (PPA) with Telocaset Wind Power Partners, LLC. This PPA is the result of Idaho Power's Request for Proposals (RFP) for wind-powered generation that originated with the Company's 2004 Integrated Resource Plan. 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 RECOMMENDATION

Staff recommends that the Company's Application be processed by Modified Procedure. After its initial review of this matter Staff does not believe that resolution of the case will require a hearing, and that written submissions under Modified Procedure would be appropriate. Although no petitions for intervention were filed, joint comments were filed by the Northwest Energy Coalition and the Renewable Northwest Project. The comments supported approval of the PPA and requested that the docket be processed in an expedited fashion through Modified Procedure.

Staff has executed a Protective Agreement with Idaho Power regarding any potential trade secret/confidential information. Staff has informally reviewed documents at Idaho Power,

and has propounded an initial set of formal production requests to the Company. Staff currently has a meeting scheduled with Horizon Wind and Idaho Power on January 23, 2007, to discuss matters relevant to processing this case. Staff, after meeting with both parties on January 23, will advise the Commission at the January 24 decision meeting regarding a recommended length of time to leave open for comments under Modified Procedure.

COMMISSION DECISION

Does the Commission wish to authorize the use of Modified Procedure to process the Company's Application? If so, what does the Commission wish to set as a comment deadline?

Donovan E. Walker