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IDAHO PUBLIC UTILITIES COMMISSION

Barton L. Kline
Senior Attorney

July 11, 2007

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-06-35
In the Matter of the Application of Idaho Power Company for Approval of a Firm Energy Sales Agreement for the Sale and Purchase of Electric Energy Between Idaho Power Company and Bennett Creek Windfarm LLC; and

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Motion for Approval of Amendment of Firm Energy Sales Agreement 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,

Barton L. Kline

BLK:sh
Enclosures

BARTON L. KLINE, ISB # 1526
MONICA B. MOEN, ISB # 5734
Idaho Power Company
1221 West Idaho Street
P. O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-2682
FAX Telephone: (208) 388-6936

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IDAHO PUBLIC UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR) Case No. IPC-E-06-35
APPROVAL OF A FIRM ENERGY SALES)
AGREEMENT FOR THE SALE AND) IDAHO POWER'S MOTION FOR
PURCHASE OF ELECTRIC ENERGY) APPROVAL OF AMENDMENT OF
BETWEEN IDAHO POWER COMPANY AND) FIRM ENERGY SALES
BENNETT CREEK WINDFARM LLC) AGREEMENT
_____)

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company") and pursuant to RP 056, moves the Commission for an Order approving an amendment to the December 20, 2006 Firm Energy Sales Agreement ("Agreement") between Idaho Power and Bennett Creek Windfarm LLC ("Bennett Creek"). This request is based on the following:

BACKGROUND

1. In Order No. 30245 issued in this case on February 20, 2007 ("the Order"), the Commission approved the Agreement.

2. In the Order the Commission noted that Bennett Creek selected December 31, 2007 as the estimated scheduled operation date for the Bennett Creek Windfarm Project ("Project"). As the Commission noted on page 3 of the Order, in Idaho Power's negotiations with Bennett Creek, Bennett Creek agreed that an online date of December 2007 was crucial to demonstrate, for "grandfathering" purposes, that the Project was a viable project in August 2005. The Agreement contains liquidated damage provisions that require the Project to pay Idaho Power liquidated damages if the Project comes online after December 31, 2007 ("Delay Damages"). The Delay Damages will accrue for a period of up to ninety (90) days. (Agreement Sections 5.3-5.6).

3. On page 9 of the Order the Commission also noted that the Bennett Creek Wind Farm Project had not signed an interconnection agreement at the time of the Commission's approval of the Agreement. During the negotiation of the Agreement, Bennett Creek indicated to Idaho Power that it believed that the costs of interconnection would be manageable and that the time required for interconnection studies would not adversely impact its ability to meet the December 31, 2007 scheduled operation date.

4. Bennett Creek has now completed initial discussions with Idaho Power's delivery business unit as required by the Agreement. As a result of those discussions, it has become apparent that the Bennett Creek Project will require network upgrades in order to accommodate the Project's generation and that the time required for completion of necessary studies and the construction of necessary interconnection facilities and network upgrades will delay the project's online date beyond the

December 31, 2007 scheduled operation date. Such a delay will trigger Delay Damages.

5. Bennett Creek is also concerned about its ability to absorb all of the network upgrade costs. Bennett Creek has indicated that the settlement that is proposed in Case No. IPC-E-06-21 will allow it to proceed with its Project. However, until Case No. IPC-E-06-21 is resolved, Bennett Creek is reluctant to proceed.

6. The delay in interconnection of the Project has also caused Bennett Creek' investor and wind turbine supplier to reallocate the project's turbines to another project. Bennett Creek must now wait for the nrxt available turbines, which are due before the end of the year. One of the new turbine options requires a modification of the type and size of wind turbines allowed under the Agreement. The amendment reflects this change in turbine manufacturer and size. It also recognizes that the turbine market is volatile and additional changes in turbine configuration may be required in the future.

7. In light of the foregoing, Bennett Creek has requested that Idaho Power agree to amend the Agreement to extend the scheduled operation date for a period of time that Bennett Creek believes is necessary to ensure that it will be able to meet the revised scheduled operation date and give the Project the opportunity to avoid the payment of Delay Damages.

8. For all the above described reasons, Idaho Power and Bennett Creek desire to amend the Agreement to (1) revise the wind turbine manufacturer and specifications; (2) revise the scheduled operation date; and (3) provide liquid security in the amount of estimated Delay Damages.

9. Enclosed for the Commission's approval is Attachment 1, the First Amendment to the Bennett Creek Wind Farm Firm Energy Sales Agreement.

10. Idaho Power is willing to enter into the First Amendment for two reasons. First, in exchange for this Amendment, Bennett Creek is willing to provide Idaho Power with liquid security in an amount sufficient to cover the liquidated Delay Damages. This provision is not currently included in this or other QF contracts and Idaho Power believes that the inclusion of this provision provides value for the Company and its customers. Second, Idaho Power is aware of other wind projects in the same area facing similar delays due to unanticipated (by the developer) interconnection delays. If the Commission concurs, Idaho Power will propose a similar resolution for those projects.

11. For the Commission's information, Idaho Power has implemented new procedures to avoid this situation occurring in the future. FERC's Standard of Conduct rules make it impossible for the Company's power supply business unit to independently confirm the reasonableness of the QF developer's selection of a particular date for scheduled operation. As a result, it will now be the policy of the power supply business unit not to sign Firm Energy Sales Agreements until the QF project developer can demonstrate that it has completed its interconnection application to the extent that the scheduled operation date is unlikely to be modified due to delays in the interconnection study and transmission construction process. This is the only way that the Company can be reasonably certain that the scheduled operation dates selected by the QF developer is realistic. Idaho Power recognizes that QF developers prefer to obtain a Firm Energy Sales Agreement at the earliest possible date so they can use the

agreement to obtain project financing. In the past, speedy interconnection was simply assumed by all parties. The situation addressed in Case No. IPC-E-06-21 (Cassia case) has shown that the cost and timing of the interconnection process is now a material factor that must be considered in the development schedule of QF projects.

NOW, THEREFORE, based on the foregoing, Idaho Power requests that the Commission issue its Order: (1) approving the First Amendment to the Firm Energy Sales Agreement (Attachment 1) without change or condition; and (2) confirming that the costs associated with the Agreement as amended will be approved as prudent expenditures for ratemaking purposes as originally provided in Order No. 30245.

Respectfully submitted this 11th day of July 2007.



BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 11th day of July 2007, I served a true and correct copy of the within and foregoing upon the following named parties by the method indicated below, and addressed to the following:

Scott Woodbury
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington Street
Post Office Box 83720
Boise, Idaho 83720-0074

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email Scott.woodbury@puc.idaho.gov

Dean J. Miller
Attorney for Bennett Creek
McDevitt & Miller LLP
420 W. Bannock
Boise, ID 83701

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email: joe@mcdevitt-miller.com



Barton L. Kline

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-06-35

IDAHO POWER COMPANY

Attachment No. 1

**FIRST AMENDMENT TO
ENERGY SALES AGREEMENT**

This First Amendment is to that certain Firm Energy Sales Agreement (“Agreement”) entered into on December 20, 2006, between Bennett Creek Windfarm, LLC (“Seller”) and Idaho Power Company (“Idaho Power”) for the Bennett Creek Windfarm electric generation project (“Facility”).

W I T N E S S E T H:

WHEREAS, the Agreement was approved by the Idaho Public Utilities Commission (“Commission”) on February 20, 2007, in Order No. 30245; and

WHEREAS, the parties desire to amend the Agreement to (1) allow for the substitution of a different wind turbine manufacturer and specifications and (2) revise the Scheduled Operation Date and (3) provide liquid security in the amount of estimated Delay Liquidated Damages.

NOW THEREFORE, Idaho Power and Seller agree to amend the Agreement as follows:

1. In the existing Appendix B of the Agreement:

B-1 Description of Facility

The sentence that reads “Seller may substitute at any time prior to the Operation Date, a different manufacturer and/or model wind turbine provided that the aggregate nameplate rating of the Facility does not exceed 20 MW.” is deleted in its entirety and the following inserted in its place:

..... Seller may substitute at any time prior to the Operation Date, a different manufacturer and/or model wind turbine provided that the aggregate nameplate rating of the Facility does not exceed 21 MW.

B-4 Maximum Capacity Amount

The stated Maximum Capacity of 20 MW is revised to be 21 MW.

2. In the existing Appendix B of the Agreement:

B-3 Scheduled First Energy and Operation Date

The sentence reading “Seller has selected December 31, 2007 as an estimated Scheduled Operation Date.” is deleted and the following inserted in its place:

Scheduled Operation Date shall be no later than 365 days after the date of the later of (1) Idaho Public Utilities Commission (“IPUC”) final unappealable order approving this amendment or (2) the IPUC final unappealable order resolving the current IPUC case IPC-06-21 (Complaint of Cassia Gulch Wind Park LLC and Cassia Wind Farm LLC)

3. The following paragraph is added to Article 5 of the Agreement.

5.7 Within thirty (30) days after the Scheduled Operation Date as specified in Appendix B, item B-3 has been established; Seller shall post liquid security (“Delay Security”) in a form as described in Appendix D equal to or exceeding the amount calculated in paragraph 5.7.1.

5.7.1 Idaho Power shall calculate the amount of Delay Security by multiplying a good faith forecast of each applicable monthly Mid-

Columbia Market Energy Cost for each month of the potential 90 day (3 month) delay period, times the applicable month's Initial Year Monthly Net Energy Amounts as specified in paragraph 6.2.1 of the Agreement. If the sum of the 3 month's individual values results in a total of less than \$100,000 the Delay Security will be \$100,000, if this calculation results in a total of greater than \$500,000 the Delay Security will be \$500,000.

5.7.2 Idaho Power shall release all security posted hereunder on the earlier of (1) within 30 days after any and all Delay Liquidated Damages for the Delay Period, as calculated within the Agreement, are paid in full to Idaho Power Company or (2) 45 days after the Operation Date has been achieved.

The following Appendix D is added to the Agreement.

Appendix D

Forms of Liquid Security

The Seller shall provide Idaho Power with commercially reasonable security instruments such as Cash Escrow Security, Guarantee or Letter of Credit as those terms are defined below or other forms of liquid financial security that would provide readily available cash to Idaho Power to satisfy the Delay Security requirement within this Agreement.

For the purpose of this Appendix D, the term "Credit Requirements" shall mean acceptable financial creditworthiness of the entity providing the security instrument in relation to the term of the obligation in the reasonable judgment of Idaho Power, provided that any guarantee and/or letter of credit issued by John Deere Capital Corporation or John Deere Renewables, LLC. or any other entity with a short-term or long-term investment grade credit rating by Standard & Poor's Corporation or Moody's Investor Services, Inc. shall be deemed to have acceptable financial creditworthiness.

- 1. Cash Escrow Security – Seller shall deposit funds in an escrow account established by Idaho Power in a banking institution acceptable to both Parties equal to the Delay Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time.*

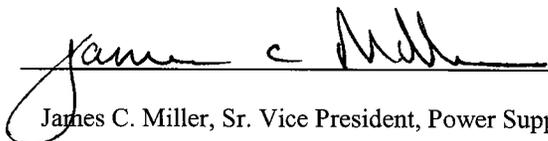
- 2. Guarantee or Letter of Credit Security – Seller shall post and maintain in an amount equal to the Delay Security: (a) a guaranty from a party that satisfies the Credit*

IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed in their respective names on the dates set forth below:

Idaho Power Company

Bennett Creek Windfarm L.L.C.

By


James C. Miller, Sr. Vice President, Power Supply

By

Glenn Ikemoto, Authorized Manager

Dated

July 2, 2007
"Idaho Power"

Dated

"Seller"

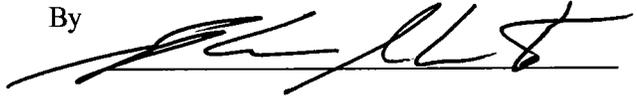
IN WITNESS WHEREOF, The Parties hereto have caused this Agreement to be executed in their respective names on the dates set forth below:

Idaho Power Company

Bennett Creek Windfarm L.L.C.

By

By



James C. Miller, Sr. Vice President, Power Supply

Glenn Ikemoto, Authorized Manager

Dated

Dated

7-02-2007

"Idaho Power"

"Seller"

Requirements, in a form acceptable to Idaho Power in its discretion, or (b) a Letter of Credit in a form acceptable to Idaho Power, in favor of Idaho Power. The Letter of Credit will be issued by a financial institution acceptable to both parties.