

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**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 HOT SPRINGS WINDFARM LLC)**

CASE NO. IPC-E-06-34

**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)**

CASE NO. IPC-E-06-35

**NOTICE OF MOTION FOR
APPROVAL OF GENERATION
INTERCONNECTION
AGREEMENTS**

**NOTICE OF
MODIFIED PROCEDURE**

**NOTICE OF
COMMENT/PROTEST DEADLINE**

YOU ARE HEREBY NOTIFIED that on September 12, 2007, Idaho Power Company (Idaho Power; Company) filed Motions with the Idaho Public Utilities Commission (Commission) in Case Nos. IPC-E-06-34 and IPC-E-06-35 requesting approval of Generation Interconnection Agreements (GIA) dated September 13, 2007 between the Company and Hot Springs Windfarm LLC (Hot Springs) and Bennett Creek Windfarm LLC (Bennett Creek). Interconnection service will be provided at 138 kV for the integration of 24 induction generator wind turbines for Bennett Creek/Hot Springs Windfarms. The project's location is (Township 4S, Range 8E, Section 23) Elmore County, Idaho. The total project output is 39.6 MW. Total transmission network upgrades (special facilities) cost is estimated to be \$2,155,000. The milestone date for construction completion is March 15, 2008.

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Firm Energy Sales Agreements (and First Amendments) were earlier approved by the Commission between Idaho Power and Hot Springs in Case No. IPC-E-06-34 (Order Nos. 30246 and 30398) and Bennett Creek in Case No. IPC-E-06-35 (Order Nos. 30245 and 30399).

The Generation Interconnection Agreements are the first involving PURPA generating facilities subject to Idaho Power Schedule 72 outside of the Twin Falls queue which involve substantial upgrades to Idaho Power's transmission system. The allocation of costs from the transmission upgrades for the two projects was not addressed in Commission Order No. 30414 in Case No. IPC-E-06-21 (the Cassia Gulch Wind Park and Cassia Wind Farm (collectively Cassia) case).

In the Cassia case, the Commission approved a settlement which implemented a cost-sharing arrangement (Cassia Formula) under which Idaho Power will contribute 25% of the cost of the needed transmission upgrades, Cassia will make a non-refundable 25% contribution in aid of construction (CIAC) to support the transmission upgrades and Cassia will make an advance in aid of construction (AIAC) for the remaining balance of the cost of the upgrades. The AIAC will be refunded to the Cassia projects over time if they fully perform their Firm Energy Sales Agreements with Idaho Power.

In Order No. 30414, the Commission concluded that use of the Cassia Formula was appropriate for the Cassia Wind Farms as well as the other PURPA generation projects in the Twin Falls 138 kV transmission queue. However, the Commission did not authorize the Company to automatically apply the Cassia Formula in other locations on its system where transmission upgrades would be required. Instead, the Commission indicated that the application of any terms or conditions approved as a part of the settlement in the Cassia case to other QF interconnection requests "will depend on the specific characteristics of that situation." Order No. 30414, p. 11.

In the GIAs between Idaho Power and Bennett Creek and Hot Springs, the parties have agreed to apply the Cassia Formula to share the costs of the transmission upgrades.

In concluding that it is appropriate to use the Cassia Formula for sharing costs of transmission upgrades, Idaho Power applied the Commission findings and conclusions in Order No. 30414 as follows:

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1. But for the construction of the Hot Springs and Bennett Creek Windfarms, Idaho Power would not have constructed the transmission upgrades described in the Generator Interconnection Agreements to provide adequate service to its native load customers. Therefore, a contribution by the developers of a portion of the transmission upgrade cost is appropriate.
2. Idaho Power believes that in Order No. 30414, the Commission directed the Company to assess the benefits of individual transmission upgrades taking into consideration "the system wide benefits that accrue to all customers on an integrated transmission grid." Order No. 30414, p. 10. One way to approach that assessment is to compare the level of benefits that the upgrades will provide to the system with the level of benefits provided in the Cassia case. The Company acknowledges that it is nearly impossible to precisely quantify the relative system benefits conferred by two distinct and geographically separate transmission upgrades. However, transmission engineers can exercise their judgment and their knowledge of transmission systems they have designed and operate. Based on their informed judgment, Idaho Power's transmission engineers are of the opinion that the transmission upgrades identified in the GIAs will provide different benefits than the transmission system benefits the Cassia upgrades will provide. Where the Cassia upgrade will install a new transformer to interconnect the 230 and 138 kV transmission systems in the western portion of the Magic Valley, the improvements contemplated herein will upgrade (replace the line conductor) and update (replace poles, insulators and hardware not capable of supporting the larger conductor) an older transmission line. Some facilities on the line interconnecting the Bennett Creek and Hot Springs projects may have been providing service since 1921. The use of the Cassia Formula is reasonable in this circumstance.
3. The Company is also of the opinion that the application of the Cassia Formula in this case will maintain the balance between "the benefits accruing to the customers of the grid with the cost responsibility of the QF necessitating the timing and the construction of the upgrade." Order No. 30414, p. 11.
4. Hot Springs and Bennett Creek, like the QF projects in the Twin Falls queue, will displace or defer the need for other or similar generation projects in the Company's Integrated Resource Plan (IRP) that would likely require related transmission investment by the Company. Order No. 30414, p. 11.

5. Idaho Power believes that application of the Cassia Formula in this instance will allow it to successfully defend a comparability claim brought by a Federal Energy Regulatory Commission (FERC) jurisdictional customer claiming that Idaho Power and the Commission had given unlawful, preferential treatment to QF resources.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case Nos. IPC-E-06-34 and IPC-E-06-35 including the previously approved Firm Energy Sales Agreements and First Amendments. The Commission has preliminarily found that the public interest regarding the Company's Motions for Approval of Generation Interconnection Agreements (GIA) between the Company and Hot Springs and Bennett Creek may not require a hearing to consider the issues presented and that the issues raised 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 Motion and the use of Modified Procedure in Case Nos. IPC-E-06-34 and IPC-E-06-35 is **Thursday, October 4, 2007**.

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(s) 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(s) based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case Nos. IPC-E-06-34 and IPC-E-06-35 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:

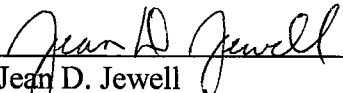
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All comments should contain the case captions and case numbers shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case numbers as they appear 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 Motions in Case Nos. IPC-E-06-34 and IPC-E-06-35 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 18th day of September 2007.



Jean D. Jewell
Commission Secretary

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