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IDAHO PUBLIC
UTILITIES COMMISSION

Barton L. Kline
Senior Attorney

October 2, 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-07-03
In the Matter of Idaho Power Company's Petition to Increase the
Published Rate Eligibility Cap for Wind Powered Small power
Production Facilities; and

To Eliminate the 90%/110% Performance Band for Wind Powered
Small Power Production Facilities

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power and Renewable Northwest Project and Northwest Energy Coalition's Joint Motion to Approve Settlement Stipulation with attached Settlement Stipulation 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
cc: William M. Eddie

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*Attorneys for Renewable Northwest Project
and NW Energy Coalition*

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | | |
|------------------------------------|---|-------------------------|
| IN THE MATTER OF IDAHO POWER |) | |
| COMPANY'S PETITION TO INCREASE |) | |
| THE PUBLISHED RATE ELIGIBILITY CAP |) | CASE NO. IPC-E-07-03 |
| FOR WIND POWERED SMALL POWER |) | |
| PRODUCTION FACILITIES; and |) | JOINT MOTION TO APPROVE |
| |) | SETTLEMENT STIPULATION |
| TO ELIMINATE THE 90%/110% |) | |
| PERFORMANCE BAND FOR WIND |) | |
| POWERED SMALL POWER PRODUCTION |) | |
| FACILITIES |) | |
| |) | |

COMES NOW, Idaho Power Company ("Idaho Power" or the "Company") and
Renewable Northwest Project and Northwest Energy Coalition ("Renewable Coalition")

hereinafter Party or collectively "Parties", and pursuant to RP 56 and 272 move the Commission for an order approving the enclosed Settlement Stipulation dated October 2, 2007 ("Stipulation") which is identified as Attachment 1. In support of this Motion, Idaho Power and Renewable Coalition respectfully state as follows:

Introduction and Background

1. On June 17, 2005, in Case No. IPC-E-05-22, Idaho Power filed a petition with the Commission requesting a temporary suspension from the Company's obligation under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 ("PURPA") and various Commission orders, to enter into new contracts to purchase energy generated by wind powered Qualifying Facilities ("QFs"). Following a public hearing and oral argument on August 4, 2005, the Commission entered Interlocutory Order No. 29839. The Interlocutory Order did not approve a temporary suspension but, instead, reduced the published rate eligibility cap for intermittent QF wind projects from 10 average MW/month to 100 kW and required individual contract negotiations for wind QFs larger than 100 kW. Order No. 29839 also established grandfathering criteria for QF wind projects that were in various stages of negotiation with Idaho Power at the time Order No. 29839 was issued.

2. On August 23, 2005 in Order No. 29872, the Commission designated Interlocutory Order No. 29839 as final Order No. 29851 to allow parties to seek reconsideration and appeal of the Interlocutory Order. Subsequently, Order No. 29872 denied the petitions and cross-petitions for reconsideration of final Order No. 29851 filed by Windland Incorporated, Idaho Power and the Commission Staff and established the

right of aggrieved parties to appeal all final and interlocutory orders previously issued in Case No. IPC-E-05-22 to the Idaho Supreme Court. No appeals were filed.

3. In Interlocutory Order No. 29839 (Final Order No. 29851), the Commission found that wind generation presents operational integration costs to a utility different from other PURPA qualified resources. (Order No. 29839 p. 8). The Commission also found that the unique supply characteristics of wind generation and the related integration costs provide a basis for adjustment of the published avoided cost rates, a calculated figure that may be different for each utility. (Order No. 29839 p. 8). In the IPC-E-05-22 case, Idaho Power advised the Commission that it intended to perform a study to quantify the additional costs it would incur directly related to purchasing a significant amount of wind generation (“the wind integration study” or “the study”). The Company further advised the Commission that, upon completion of the study, the Company would provide it to the Commission for its consideration.

4. To assist Idaho Power in preparing the study, the Company retained the services of EnerNex Corporation. EnerNex retained WindLogics, Inc. to assist by developing the historical wind speed data set for the study. Both consultants are acknowledged as experts in their respective fields, analysis and preparation of wind integration studies (EnerNex) and atmospheric modeling and analysis (WindLogics). Idaho Power distributed a peer review draft of the study to a number of entities that are considering similar wind integration issues on a regional basis. These entities were given the opportunity to provide the Company with a review of the methodology used in

the peer review draft of this study.¹ Based on comments received from the peer review group and with further refinements performed by the Company, the methodology was finalized and the final study prepared.

5. On February 6, 2007, Idaho Power filed a Petition to initiate this case. In its Petition the Company presented the final Wind Integration Study and requested that the Commission issue its order establishing the following:

(a) Raising the cap on entitlement to published avoided cost rates for intermittent wind powered from the current level of 100 kW to 10,000 average kW per month (“10 average MWs/mo” or “10 aMW”); and

(b) Reducing the published avoided cost rates applicable to intermittent wind powered QFs to compensate for the increase in system costs due to wind variability. The Company proposed new published avoided cost rates in its Petition; and

(c) Authorizing Idaho Power to purchase state-of-the-art wind forecasting services that will provide Idaho Power with forecasts of wind conditions in those geographic areas in which wind generation resources are located. The Petition requested that QFs reimburse the Company for their share of the on-going cost of the wind forecasting service; and

(d) Authorizing the Company to include a “mechanical availability guarantee” in all contracts with new intermittent wind powered QF resources. The mechanical availability guarantee would require wind powered QFs to demonstrate monthly that, except for scheduled maintenance and events of *force majeure*, the QF wind project

¹The peer review participants were Avista, BPA, Grant County PUD, National Renewable Energy Laboratory, NorthWestern Energy, Oak Ridge National Laboratory, PacifiCorp, Puget Sound Energy, Renewable Northwest Project, Seattle City Light, and two independent consultants.

was physically capable and available to generate at full output during 85% of the hours in the month.

(e) Finally, the Petition requested that if the Commission ordered the changes to the published rates, authorized the acquisition and funding of the wind forecasting services and authorized the inclusion of mechanical availability guarantees in future contracts for purchases of energy from intermittent wind powered QFs, Idaho Power proposed that the Commission remove the requirement that the 90%/110% performance band be included in new contracts for energy purchases from intermittent wind powered QFs.

6. By Notice dated February 16, 2007 the Commission acknowledged Idaho Power's intention to schedule and conduct at least one workshop in which its Petition and the Wind Integration Study would be discussed.

7. Two workshops were held on March 15, 2007 and June 20, 2007. During the workshop process, participants suggested changes to a number of the assumptions utilized in the study to determine Idaho Power's cost of integrating intermittent wind resources. Idaho Power looked at each of those assumptions individually. Several of the suggestions made by the participants in the workshops were accepted by the Company, the bulk of those changed assumptions had a relatively minor effect on the wind integration cost. However, during the course of the analysis, Idaho Power discovered two components of its model that needed adjustment. The sum total of the adjustments Idaho Power discovered and the adjustments coming as a result of suggested changes by workshop participants resulted in a revised estimate of the current cost of integrating up to 600 MW of wind on its system to \$7.92 per MWh.

8. Subsequently, on July 31, and August 10, 2007, Commission Staff sponsored joint settlement workshops in Case Nos. IPC-E-07-03 (Idaho Power), PAC-E-07-07 (PacifiCorp) and AVE-E-07-02 (Avista) to explore whether parties of record could agree to a common generic wind integration adjustment to published rates.

9. Participants in the joint settlement workshops were unable to reach a compromise generic agreement. However, as a direct result of those joint settlement discussions, additional informal discussions regarding settlement have continued.

10. The result of those informal settlement discussions is a Settlement Stipulation which is presented with this Petition.

Settlement Provisions

11. The Stipulation, Attachment 1, has several features which are explained in more detail as follows:

12. **Integration Charge.** As noted in paragraph 7 above, Idaho Power's study concluded that it would incur integration costs of \$7.92 for up to 600 MW of wind. However, there is general consensus among those that study the issue that wind integration cost increases with the amount of wind resources that are interconnected with the Company's system. To address that effect, in the Stipulation the Parties agreed to three tiers of wind integration charges based on increasing levels of wind development. The Parties also agreed to cap the wind integration charge at \$6.50 per MWh.

| | <u>Amount of wind online</u> | <u>Integration charge (cap)</u> |
|--------|------------------------------|---------------------------------|
| Tier 1 | 0 to 300 MW | 7% (\$6.50 per MWh) |
| Tier 2 | 301 to 500 MW | 8% (\$6.50 per MWh) |
| Tier 3 | 501 MW and above | 9% (\$6.50 per MWh) |

13. In its Initial Petition Idaho Power proposed a single dollar per MWh reduction in avoided costs in the amount of \$10.72 per MWh for the first 600 MWs of wind on its system. In the Stipulation the Parties have agreed to compute the integration charge as a percentage of the applicable avoided cost rate published rather than a single fixed dollar per MWh charge. By setting the integration charge as a percentage of avoided cost rates, the integration charge will automatically adjust as avoided cost rates go up or down. This presents a more transparent link to avoided cost rates and to some extent underscores the general recognition that wind integration costs are, to some extent, linked to market prices for power.

The integration charge for each Wind QF project will be calculated at the time a Wind QF project achieves its Operation Date as that term is defined in the Firm Energy Sales Agreement ("FESA") between the Company and the Wind QF. The integration charge will be calculated as a percentage (7%, 8% or 9%) of the current 20-year, levelized, avoided cost rate, subject to a cap of \$6.50/MWh. The integration charge as calculated on the Operation Date will remain fixed throughout the term of the contract and will be applied as a decrement to the applicable published rate

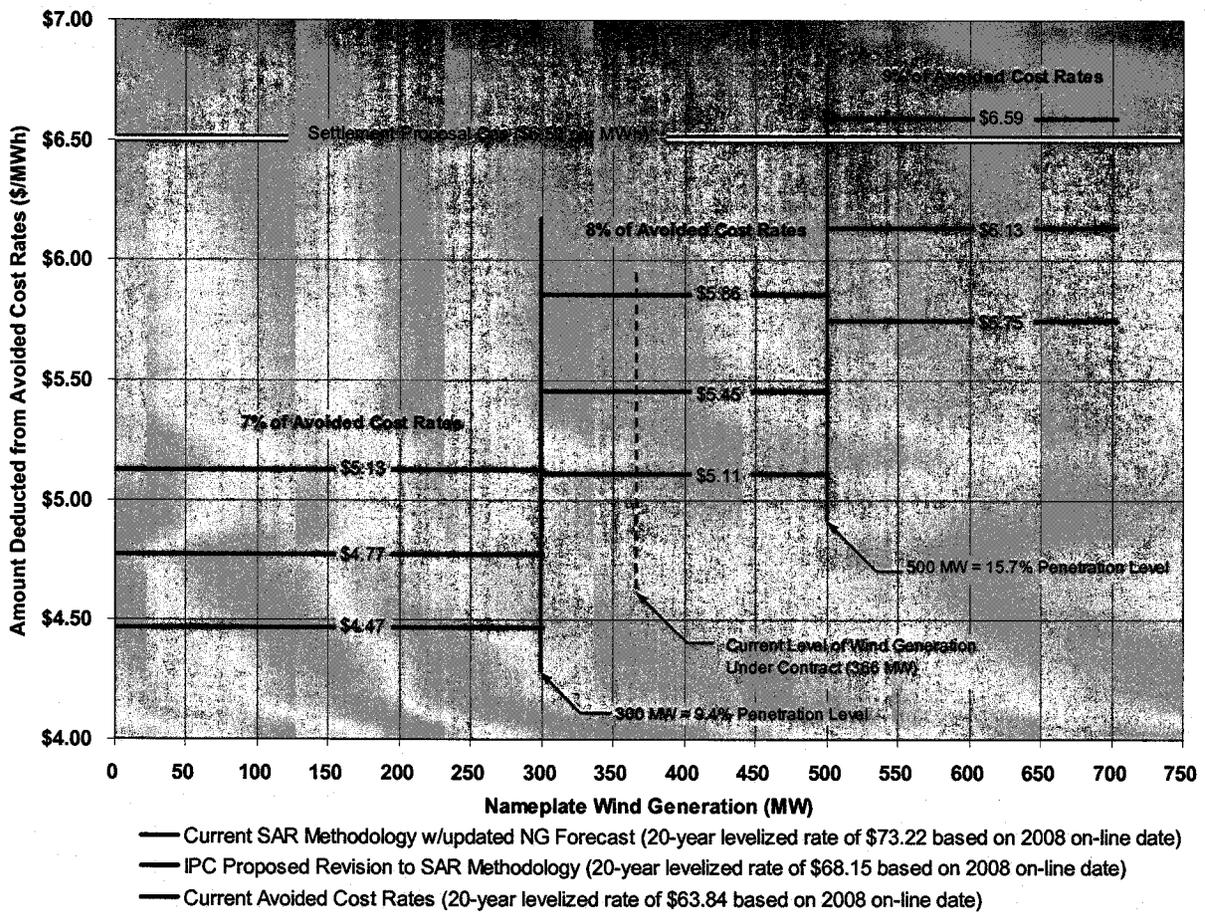
14. As noted in the Stipulation, the term "amount of wind online" means the cumulative amount of installed megawatts of wind generation capable of delivering energy in real time to Idaho Power's system on the date when a Wind QF achieves its Operation Date as that term is defined in the Firm Energy Sales Agreement ("FESA") between the Company and the Wind QF. However, the Stipulation recognizes that there are currently 247 MWs of approved FESAs with Wind QFs that have yet to come on-line. FESAs with Wind QFs which have been approved by the Commission as of the

date of this Stipulation will count toward the cumulative “amount of wind online” for as long as such FESAs are in effect.

15. The term “applicable published rate” means the applicable avoided cost rate approved by the Idaho PUC for purchases of power from QFs producing less than 10aMW, for the relevant contract year and time period of energy generation.

16. **Assumptions and Reasonableness.** Converting the integration charge based on a percentage of the applicable published rate to a fixed dollar amount requires assumptions regarding the published avoided cost rates. The following chart shows the integration charge for each tier for a range of published avoided cost rates.

Proposed Wind Integration Charge Based on Avoided Cost Rates



Idaho Power is cognizant that all of the above-referenced integration charges including the \$6.50 cap are less than the \$7.92 per MWh revised integration estimate. The Parties agree that the basic methodology Idaho Power used to prepare the wind integration study is sound. However, as is always the case with computer modeling, the devil is in the assumptions. The science of wind integration cost modeling is in its infancy. While wind integration cost modeling is a valid way to estimate wind integration costs, the Parties acknowledge agrees that a reasonable period of experience is required in which utilities will have an opportunity to operate their systems with statistically significant amounts of wind generation on the system before the output of the models can be fully validated.

It is the Parties' position that the integration charges set out in the Stipulation are reasonable at the current time. As experience is gained, the integration charge could go up or it could go down. Idaho Power believes that both the \$7.92 per MWh amount determined by the revised Study and the amounts set out in the Stipulation are within reasonable ranges of estimates of the Company's costs of integrating wind resources. Renewable Coalition has filed testimony in support of the Stipulation in which it explains why it believes the \$7.92 per MWh amount is too high. Time will tell whether or not the rates in the Settlement should be increased or decreased. If the best available scientific data and the Company's experience demonstrates that the percentage integration charge and the \$6.50 cap on the integration charge should be increased or decreased, the Company will include that information in its integrated resource planning process and present those results to the Commission.

Finally, the Parties believe that the integration charge contained in the Stipulation will provide long-term stability for QF development and will provide flexibility to protect customers from published rates that are too high.

17. **Elimination of the 90%/110% Performance Band Mechanical Availability Guarantee.** In the Stipulation the Parties have agreed that inclusion of the "90%/110%" performance band approved by the Commission in Order No. 29632 will be eliminated from the template Firm Energy Sales Agreement for future Wind QFs. The 90%/110% performance band will be replaced in future FESAs by the integration charge described in paragraph 12 above, a mechanical availability guarantee as described in Idaho Power's Petition in this case, and a wind forecasting charge as described in paragraph 20 below. QFs currently holding approved FESAs which include the 90%/110% performance band can elect to amend their existing FESAs to replace the 90%/110% performance band with the mechanical availability guaranty but if they make that election, they will be subject to the wind integration charge and wind forecasting charge in effect when their wind QF project achieves its Operation Date.

18. **Amendment to the Study.** In the Stipulation the Parties have agreed that no later than October 31, 2007, Idaho Power will publish an amendment to the Study to reflect the additional analyses presented by the Company in the public workshops held in IPC-E-07-03. Idaho Power will file the Amendment with the Commission and make the amendment publicly available on Company websites and in other appropriate venues.

19. **On-going Review of Wind Integration Costs.** In the Stipulation, the Parties have agreed that Idaho Power will continue to review its wind integration study

and update its study to include the results of available scientific data and actual operating experience. In the Stipulation the Parties set out the general framework for that continued review. This framework is as follows:

(a) Idaho Power will convene an informal wind integration cost working group which will meet at least two times during 2008 to discuss Idaho Power's wind integration study and new data related to wind integration costs.

(b) Idaho Power will review its expected cost of wind integration in light of the best available scientific data and actual operating experience. Expected wind integration cost information will be included in the Company's integrated resource planning ("IRP") process in the same way that costs for other generating resources are included in the IRP.

20. **Wind Energy Production Forecasting.** During the workshops undertaken in this case, a lot of time and effort was devoted to trying to understand how the use of state-of-the-art wind energy production forecasting could be used to reduce the cost of integrating intermittent wind resources on Idaho Power's system. There seems to be general consensus that wind energy production forecasting will be useful in achieving that goal. To that end, in the Stipulation the Parties have agreed that Idaho Power will contract with a nationally recognized wind energy production forecasting vendor to produce a wind energy production forecast for Idaho Power's service area. The cost of this wind energy production forecasting will be allocated to all Wind QFs signing new FESAs with Idaho Power on a uniform per MW basis. The cost of wind forecasting attributable to an individual Wind QF will be shared equally between Idaho Power and the Wind QF, with an annual cap on the Wind QFs maximum liability for

such costs set at 0.1% of the total energy payments Idaho Power made to the Wind QF under the applicable FESA during the previous Contract Year. During the first Contract Year, the cap will be set at 0.1% of the Wind QFs total energy payments for the first Contract Year. As this cap will not be known until the first Contract Year is complete, Idaho Power will deduct the Wind QFs calculated share each month during the first year and subsequently refund any overpayment (payments that exceed the cap) in equal monthly amounts over the ensuing Contract year. Idaho Power will consult with Wind QFs in setting up the protocols for the wind energy forecasting program. It is Idaho Power's intent that the wind energy forecasting program be practical and cost effective.

Conclusion

Idaho Power and Renewable Coalition request that the Commission process this Motion by modified procedure in accordance with RP 201 *et seq.*

For the reasons cited herein, Idaho Power and Renewable Coalition respectfully submit that the Stipulation is in the public interest and hereby jointly request that, after appropriate review, the Commission enter its Order (1) approving the Stipulation; and (2) authorizing Idaho Power to enter into new contracts with existing and future wind QFs utilizing the charges, terms and conditions contained in the Stipulation.

Respectfully submitted this 2nd day of October, 2007.

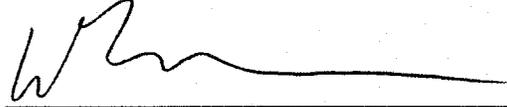
IDAHO POWER COMPANY



BARTON L. KLINE
Attorney

Respectfully submitted this 2nd day of October 2007.

RENEWABLE NORTHWEST PROJECT
AND NW ENERGY COALITION



WILLIAM M. EDDIE

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of June 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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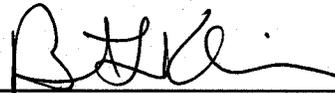
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Barton L. Kline

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-07-03

IDAHO POWER COMPANY

ATTACHMENT 1

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IDAHO PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF IDAHO POWER |) | |
| COMPANY'S PETITION TO INCREASE |) | |
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| PRODUCTION FACILITIES; and |) | SETTLEMENT STIPULATION |
| |) | |
| TO ELIMINATE THE 90%/110% |) | |
| PERFORMANCE BAND FOR WIND |) | |
| POWERED SMALL POWER PRODUCTION |) | |
| FACILITIES |) | |
| |) | |

1. This Settlement Stipulation ("Stipulation") is entered into by and among Idaho Power Company ("Idaho Power" or "the Company"), Renewable Northwest

Project and NW Energy Coalition ("Northwest Coalition) and the other signatories to this Stipulation, all of which are individually referred to as "Party" or collectively referred to as, the "Parties".

I. INTRODUCTION

2. The Parties agree this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and this Stipulation is in the public interest. The Parties believe that the Stipulation and its acceptance by the Idaho Public Utilities Commission ("IPUC" or "the Commission"), represents a reasonable resolution of the issues identified in this matter. The Parties, therefore, recommend that the Commission, in accordance with Rule of Procedure (RP) 274, approve the Stipulation and all of its terms and conditions without material change or condition.

II. BACKGROUND

3. In Case No. IPC-E-05-22, the Commission endeavored to properly determine the appropriate pricing of intermittent generation purchased from Qualified Facilities ("QFs") pursuant to Section 201 and 210 of the Public Utility Regulatory Policies Act of 1978 ("PURPA") and ascertain whether any related utility integration costs were fully reflected in the published avoided cost rates. Pending this determination, the Commission issued Order No. 29839 in August 2005 reducing the published rate eligibility cap for intermittent QFs using wind as the motive force ("Wind QFs") from 10 average MW per month to 100 kW and required individual contract negotiations for Wind QFs larger than 100 kW.

Idaho Power subsequently performed a study to quantify the additional costs it would incur directly related to purchasing a significant amount of wind generation ("Wind

Integration Study” or “Study”). In February 2007 Idaho Power filed the Study with the Commission, together with the Petition that initiated this docket proposing a \$10.72/MWh integration adjustment to published avoided cost rates that was substantiated by the Study. In addition, the Company’s Petition requested that the Commission issue an order:

A. Raising the cap on entitlement to published avoided cost rates for intermittent Wind QFs from the current level of 100 kW to 10,000 average kW per month (“10 average MWs/mo” or “10 aMW”); and

B. Reducing the published avoided cost rates applicable to intermittent Wind QFs to compensate for the increase in system costs due to wind variability as requested; and

C. Authorizing Idaho Power to purchase state-of-the-art wind energy production forecasting services that will provide Idaho Power with forecasts of wind conditions in those geographic areas in which Wind QFs are located. The Petition requested that the order further provide that Wind QFs reimburse the Company for their share of the on-going cost of the wind forecasting service; and

D. Authorizing the Company to include a “mechanical availability guarantee” (“MAG”) in all contracts with new intermittent Wind QFs. The MAG would require intermittent Wind QFs to demonstrate monthly that, except for scheduled maintenance and events of force majeure, the Wind QF project was physically capable and available to generate at full output during 85% of the hours in the month; and

E. If the Commission orders the requested changes to the published rates, authorizes the acquisition and funding of the wind forecasting services and authorizes

the inclusion of mechanical availability guarantees in future contracts for purchases of energy from intermittent Wind QFs, Idaho Power proposed that the Commission remove the requirement that the 90%/110% performance band be included in new contracts for energy purchases from intermittent Wind QFs.

Interested parties participated in multiple workshops and settlement discussions in both the IPC-E-05-22 and IPC-E-07-03 dockets.

As a result of those workshops and settlement discussions, as a compromise of the positions of the Parties to this case, and for other consideration as set forth below, the Parties agree to the following terms:

3. **Terms of the Stipulation.**

(a.) Idaho Power's published avoided cost rates for Wind QFs will be adjusted to recognize an assumed cost of integrating the energy generated by Wind QFs as a part of the Company's generating resource portfolio. The rate adjustment will be applied in three tiers, increasing as the total amount of wind integrated onto Idaho Power's system grows. The integration charge for each Wind QF project will be calculated at the time a Wind QF project achieves its Operation Date as that term is defined in the Firm Energy Sales Agreement ("FESA") between the Company and the Wind QF. The integration charge will be calculated as a percentage (7%, 8% or 9%) of the current 20-year, levelized, avoided cost rate, subject to a cap of \$6.50/MWh. The integration charge as calculated on the Operation Date will remain fixed throughout the term of the contract and will be applied as a decrement to the applicable published rate according to the table below:

| | <u>Amount of wind online</u> | <u>Integration charge (cap)</u> |
|--------|------------------------------|---------------------------------|
| Tier 1 | 0 to 300 MW | 7% (\$6.50/MWh) |
| Tier 2 | 301 to 500 MW | 8% (\$6.50/MWh) |
| Tier 3 | 501 MW and above | 9% (\$6.50/MWh) |

In this Stipulation, the term “amount of wind online” means the cumulative amount of installed megawatts of wind generation capable of delivering energy in real time to Idaho Power’s system on the date when a Wind QF achieves its Operation Date. Provided however that FESAs with Wind QFs which have been approved by the Commission as of the date of this Stipulation will count toward the cumulative “amount of wind online” for as long as such FESAs are in effect. If the generating capacity associated with a Wind QF causes the amount of wind online to exceed 300 MW or to exceed 500 MW, such Wind QF will be subject to the applicable integration cost for Tier 2 or Tier 3, respectively.

The term “applicable published rate” means the applicable avoided cost rate approved by the Idaho PUC for purchases of power from QFs producing less than 10aMW, for the relevant contract year and time period of energy generation.

(b.) The “90%/110%” performance band approved by the Commission in Order No. 29632 will be eliminated from the template Firm Energy Sales Agreement for future Wind QFs. The 90%/110% performance band will be replaced in future FESAs by the integration charge described in paragraph 3(a) above, a mechanical availability guarantee as described in Idaho Power’s Petition in this case, IPC-E-07-03 and a wind forecasting charge as described in paragraph 3(f) below. QFs currently holding approved FESAs which include the 90%/110% performance band can elect to amend their existing FESAs to replace the 90%/110% performance band with the mechanical availability guarantee but if they make that election, they will be subject to

the wind integration charge and wind forecasting charge in effect when their wind QF project achieves its Operation Date.

(c.) No later than October 31, 2007, Idaho Power will publish an amendment to the Study to reflect the additional analyses presented by the Company in the public workshops held in IPC-E-07-03. Idaho Power will make such amendment publicly available on Company websites and in other appropriate venues.

(d.) Idaho Power will convene an informal wind integration cost working group which will meet at least two times during 2008 to discuss Idaho Power's wind integration study and new data related to wind integration costs.

(e.) Idaho Power will review its expected cost of wind integration in light of the best available scientific data and actual operating experience. Expected wind integration cost information will be included in the Company's integrated resource planning ("IRP") process in the same way that costs for other generating resources are included in the IRP.

(f.) Idaho Power will contract with a nationally recognized wind energy production forecasting vendor to produce a wind energy production forecast for Idaho Power's service area. The cost of this wind energy production forecasting will be allocated to all Wind QFs holding FESAs with Idaho Power on a uniform per MW basis. The cost attributable to an individual Wind QF will be shared equally between Idaho Power and the Wind QF, with an annual cap on the Wind QFs maximum liability for such costs set at 0.1% of the total energy payments Idaho Power made to the Wind QF under the applicable FESA during the previous Contract Year. During the first Contract Year, the cap will be set at 0.1% of the Wind QFs total energy payments for the first

Contract Year. As this cap will not be known until the first Contract Year is complete, Idaho Power will deduct the Wind QFs calculated share each month during the first year and subsequently refund any overpayment (payments that exceed the cap) in equal monthly amounts over the ensuing Contract Year. Idaho Power will consult with Wind QFs in setting up the protocols for the wind energy forecasting program. It is Idaho Power's intent that the wind energy forecasting program be practical and cost effective.

4. **Reasonable Compromise:** The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to this Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

5. **Best Efforts for Approval:** The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. The Parties shall support this Stipulation before the Commission and no Party shall appeal a Commission Order approving this Stipulation or an issue resolved by this Stipulation. If this Stipulation is challenged by any person not a party to this Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation

agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

6. **Right to Withdraw:** If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 7 days of the date of such action by the Commission, to withdraw from this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's Order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt convening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case. The Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

7. **Public Interest:** The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

8. **Commission Approval:** The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions.

9. **Counterparts:** This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

Respectfully submitted this 2nd day of October 2007.

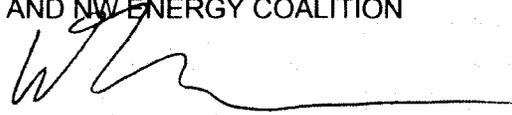
IDAHO POWER COMPANY

A handwritten signature in black ink, appearing to read 'B. L. Kline', written over a horizontal line.

BARTON L. KLINE
Attorney

Respectfully submitted this 2nd day of October 2007.

RENEWABLE NORTHWEST PROJECT
AND NW ENERGY COALITION



WILLIAM M. EDDIE

Respectfully submitted this 2 day of October 2007.

IDAHO WINDFARMS, LLC

A handwritten signature in black ink, appearing to read 'Glenn Ikemoto', written over a horizontal line.

GLENN IKEMOTO
Authorized Manager

SETTLEMENT STIPULATION

Respectfully submitted this 31st day of October 2007.

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IDAHO PUBLIC
UTILITIES COMMISSION

SNAKE RIVER ALLIANCE



KEN MILLER
Clean Energy Program Director

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of October 2007, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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