Office of the Secretary
Service Date
December 28, 2007

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S PETITION TO MODIFY THE METHODOLOGY FOR DETERMINING FUEL COSTS USED TO ESTABLISH PUBLISHED RATES FOR PURPA QUALIFYING FACILITIES	**CASE NO. IPC-E-07-15** **ORDER NO. 30480**

Pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA) and the implementing regulations of the Federal Energy Regulatory Commission (FERC), the Idaho Public Utilities Commission (Commission) has approved a methodology for calculation of the avoided cost rates paid to PURPA qualifying cogeneration and small power production facilities (QFs) by Idaho Power Company, Avista Corporation and PacifiCorp. Avoided cost rates are the purchase price paid to QFs for purchases of QF capacity and energy.

On September 10, 2007, Idaho Power Company (Idaho Power; Company) filed a Petition with the Idaho Public Utilities Commission (Commission) to modify the methodology for determining fuel costs used to establish published rates for PURPA QFs. Idaho Power contends that use of the current method to set the fuel cost component in the surrogate avoided resource (SAR) methodology will result in published avoided cost rates that are not representative of the costs Idaho Power is likely to avoid by purchasing energy from QFs.

BACKGROUND

In Order No. 29124 issued September 26, 2002 in Case No. GNR-E-02-1, the Commission established the methodology currently used to compute the fuel cost component of the surrogate avoided resource (SAR) methodology. See Attachment Order No. 29124 pp. 9-11. For QF projects generating less than 10 aMW, the avoided cost rates determined by the SAR methodology are commonly referred to as the published rates. The current SAR is a natural gas-fired combined cycle combustion turbine.

The method the Commission adopted in Order No. 29124 to calculate the fuel cost component starts with an arithmetic average of the nominal prices for natural gas for the first 3 years of the Northwest Power Planning and Conservation Council's (NWPCC) median 20-year forecast of natural gas prices. These three years consist of the current year's forecasted price, plus the previous two years' forecasted prices, escalated a uniform percent per year over 20 years (escalation rate also calculated from NWPCC forecast).

In 2004, the NWPCC revised the 20-year natural gas price forecast. In Order No. 29646, the Commission revised the fuel cost component for the SAR methodology utilizing the average of the NWPCC's natural gas price forecast for the 3-year period 2004 through 2006. This change in the three-year average price revised the fuel cost component in the SAR methodology to $5.10. The fuel escalation rate was changed to 2.3%. As a result of these two changes, in 2004, the levelized published rate for a QF project estimated to come on-line in 2007 (20-year term) went from 53.67 mills/kWh in 2002 to 62.40 mills/kWh in 2004.

IDAHO POWER PROPOSAL

On July 31, 2007, the NWPCC released a draft of its next forecast of natural gas prices. Petition, Attachment 1.[1] Idaho Power contends that there exists an extreme divergence between NWPCC's forecast of natural gas prices and the assumed cost of fuel for the SAR. The principal reason for the divergence between the assumed cost of fuel for the SAR under the current methodology and the NWPCC's 20-year forecast in natural gas prices is the use of the 3-year average starting point and the linear escalation from that starting point. By starting the fuel cost assumption at the high end of the range of prices shown in the NWPCC forecast and escalating prices from that point in a linear profile, the current methodology fails to recognize the expected downward trend in fuel prices apparent in NWPCC's 20-year forecast. Failing to recognize the non-linear shape of the NWPCC's 2007 forecast, the Company contends, will cause the published rates to be much higher than they otherwise would be.

Idaho Power proposes that the Commission utilize the average of all 20 years of the NWPCC's final 2007 median 20-year natural price forecast as the fuel cost component in the SAR methodology. Because Idaho Power proposes to use the 20-year average price, no escalation forecast is needed. (Utilizing assumptions in the NWPCC 2007 draft forecast, the calculated escalation rate is 1.10%.)

Petition Attachment 4 depicts three sets of published avoided cost rates for Idaho Power: (1) the current published avoided cost rates; (2) the published avoided cost rates that will go into effect if the NWPCC accepts its 2007 draft natural gas price forecast as its final forecast

[1] The draft fuel price forecast was approved by the NWPCC on September 11, 2007. See http://www.nwcouncil.org/library/2007/2007-14.htm.

and the 3-year average natural gas price method remains unchanged; and (3) the Idaho Power proposal – the fuel cost component is computed using the average of the 20 years of natural gas prices from the NWPCC's draft 2007 median gas price forecast:

Published Rate Calculation Model	Using NWPCC Gas Forecast		
	Current Pricing	Update Fuel Only Using Established Method	Update Fuel Only Using a 20 yr Avg
	NWPCC 2004 Fuel 3 yr avg 2002-2004	NWPCC 2007 Fuel 3 yr avg 2005-2007	NWPCC 2007 Fuel 20 yr avg 2008-20027
20-yr levelized rate, on-line date:			
2007	62.40	72.22	67.77
2008	63.84	73.22	68.15
2009	65.31	74.23	68.54

Idaho Power believes that its Petition presents a limited policy question to the Commission. The Company does not believe that its proposal presents a factual dispute requiring a technical proceeding to effectuate a resolution. The Company proposes to retain the fundamental SAR methodology. The assumptions for all components of the SAR methodology remain the same except for the fuel cost assumption. All of the data required to analyze Idaho Power's proposal to change the fuel cost assumption are contained in the NWPCC's 2007 natural gas price forecast in the current SAR methodology model. The Company is not requesting a stay of the implementation of the new published rates while this case is pending.

Idaho Power requests that the Commission issue an Order changing the method for determining the fuel cost component of the SAR methodology to utilize the average of all 20 years set out in the NWPCC's 2007 final median forecast of natural gas prices rather than the escalated average of the first 3 years of the same forecast.

Initial Comments

On September 27, 2007, the Commission issued a Notice of Petition and Modified Procedure in Case No. IPC-E-07-15 establishing a comment deadline of October 23, 2007. Comments were filed by Idaho Windfarms LLC, Intermountain Wind LLC, Exergy Development Group, Commission Staff, Avista Corporation, PacifiCorp dba Rocky Mountain Power, INL Engineers, and other interested parties. All parties other than the utilities and Staff oppose a change in the methodology.

Staff – (Avista and PacifiCorp)

Idaho Power proposes that the Commission utilize the average of all 20 years of the Council's median 20-year forecast. The Commission Staff contends that a better, more straight-forward and mathematically sound approach would be to use each year of the Council's entire forecast "as is" rather than the escalated average of the first three years. See Schedule – Deliberation Memo p. 7. Avista contends that the Company proposal does not account for the "time value of money." By using an average price across all of the year, Avista states, the Company is proposing to pay a higher cost now and a lower cost later on, in real dollar terms. Avista and PacifiCorp support Staff's proposed method.

Exergy

Exergy urges the Commission to deny the Company's Petition and to implement new rates based on the existing SAR methodology. Exergy contends that the 17 inputs that comprise the methodology are interdependent. The requested change in the variable fuel cost component methodology, it states, reduces the published avoided cost from what it otherwise would be. Exergy contends that some fixed components to the methodology have changed and should also be adjusted (citing, e.g., construction costs and interest rates). In support of its opposition to a change in only one component, Exergy contends that the Council's forecast has proven to be extremely conservative.

Idaho Windfarms

Idaho Windfarms contends that there is an imbalance that occurs when the uncertainty of wind is adjusted for integration costs and the fuel price uncertainty in utility resources is ignored. Both, it states, have an equivalent impact on ratepayers. Clearly, it states, if we are to revisit one issue in calculating average costs, it is fair and reasonable to revisit them all.

Avista

Avista opposes a revisiting of the non-fuel SAR assumptions. Natural gas, it notes, represents approximately 80% of the overall cost of the SAR resource. (Idaho Power in supplemental reply comments estimates 70%.) Other cost drivers included in the SAR, on the whole, it contends, remain reasonable, and were they to change would not greatly affect overall published rates.

Wind QFs

Idaho Windfarms, Intermountain Wind and Exergy all characterize the Company's proposal to change the fuel cost component methodology as a violation of the policy disfavoring a single-issue rate case. Adjustment of only one item that makes up an overall rate, without examining all components of the overall rate, Intermountain Wind contends, makes it impossible for the Commission to make the statutorily required public interest finding that the overall rate is "fair, just and reasonable." *Idaho Code* § 61-502. Intermountain Wind contends that avoided cost rates under PURPA are subject to the same "fair, just and reasonable" standard as are retail rates. Intermountain Wind and Idaho Windfarms contend further that the Company's proposal is also an impermissible collateral attack on a final Order. *Idaho Code* § 61-625.

Idaho Power Reply

Idaho Power in reply comments provides a brief summary of the legal underpinnings and requirements of PURPA and distinguishes the standards the Commission is required by federal law to follow in establishing avoided cost rates and the standards that Idaho law establishes for setting retail rates. Federal law, it states, does not require the Commission to consider whether the avoided cost rates it sets are sufficient to make QF projects economically viable. If the Commission sets avoided cost rates that are equal to "the incremental cost to the utility of alternative energy" the published rates, it concludes, are per se, just, reasonable and non-discriminatory. 18 C.F.R. § 292.101(b)(6) definition "avoided costs"; 18 C.F.R. § 292.304(a) Rates for Purchases.

Despite Exergy's urging, Idaho Power contends that federal law does not permit the State of Idaho to artificially stimulate the development of QF resources by requiring the Commission to set QF purchase prices above avoided costs. *Connecticut Light & Power Co.*, 70 FERC ¶ 61,012 (1995).

Idaho Power states that the alternative methodology proposed by Staff, Avista and Rocky Mountain is reasonable and is superior to the current methodology. The Company believes, however, that the Staff and utilities' proposal will cause greater swings in the cash flows of QF developers and may thus impact project financing.

Addressing the suggestion that perhaps all SAR methodology cost components need to be updated, Idaho Power states that it is agreeable to hosting a meeting no later than March 1, 2008, to identify and quantify necessary updates to the remaining avoided cost methodology components. The Company is hopeful that an agreement can be reached and subsequently filed with the Commission as a consensus document.

Supplemental Comments

Following its initial review of filings, comments and recommendations, the Commission established a further schedule and deadline for filing of additional written comments or protests with respect to Idaho Power's Petition, the alternative proposal of Staff, Avista and PacifiCorp, and the use of Modified Procedure. The deadline for filing additional comments was November 26, 2007 and December 5 for Company reply.

Additional comments were filed by the Renewable Northwest Project, Intermountain Wind LLC, Exergy Development Group, Idaho Windfarms LLC, Rocky Mountain Power and Commission Staff. Additional comments can be summarized as follows:

Exergy Development Group

In recommending that the Commission deny Idaho Power's Petition, Exergy contends that the "proposed methodology has never been tested, litigated or examined in open hearing." If both the existing methodology and the proposed methodology are reasonable, Exergy argues that the Commission is obligated to select the methodology that produces the higher rate, a rate that will encourage QF development and put renewable projects at the top of the list of new generation in Idaho.

Alternatively, Exergy recommends that the Commission adopt Staff's revised methodology using the natural gas price forecast that Idaho Power uses in its general rate case currently pending before the Commission (IPC-E-07-08). Exergy Additional Comments, Attachment C. As reflected in the schedule provided by Exergy, a comparison of Staff's proposal (levelized – non-fueled projects) and Exergy's proposal results in the following:

	Staff Proposal Using All 20 Years of NWPCC Forecast			**Exergy Proposal IPCo Gas Forecast (IPC-E-07-08)**
On-line Year	IPCo	Avista	PacifiCorp	IPCo
2007	66.88	67.80	67.65	74.30
2008	67.14	67.96	67.72	74.85
2009	67.65	68.37	67.04	75.51

Idaho Windfarms LLC (IWF)

IWF contends that this proceeding boils down to two key questions:

1. If the cost of uncertainty is to be deducted from prices for PURPA wind projects, should it also be added to avoided costs?

As to this point, IWF cites Avista's IRP discussion of the impact of uncertainty on its customers:

> Historically, northwest utilities plan for variability inherent in their hydroelectric plants and load forecast. Now, northwest utilities must consider natural gas price volatility, thermal plant forced outages, wind speed, extra-regional load and resource balances, and the ever changing face of emissions legislation.

In most states, IWF contends the costs of uncertainty are simply ignored. While this approach is not particularly scientific, it states, it is at least internally consistent.

2. Is it fair and reasonable to modify the current SAR methodology for only one factor, i.e., fuel costs?

All avoided cost methodologies, IWF states, are a compromise. How can one element be adjusted, it queries, without a full and fair review of all elements?

Renewable Northwest Project (RNP)

Noting recent IRP filings by Avista and PacifiCorp and a Securities and Exchange Commission (SEC) filing by Idaho Power, RNP believes that the Commission's core methodology for creating the published avoided cost rates using a combined cycle combustion turbine (CCCT) as the surrogate avoided resource (SAR), continues to be fully appropriate. In making any adjustment to the gas forecast methodology, however, RNP contends that the Commission must determine whether the resultant published rate remains a reasonable estimate of the cost of building and operating a CCCT facility. RNP contends that the rate fails that test, citing Idaho Power's IRP as a test of reasonableness.

On an interim basis, RNP recommends that the Commission continue using the existing methodology. RNP suggests also that the Commission examine the published rate to determine (a) whether the published rate methodology should use a fuel forecast that is updated more regularly than the Council's forecast, (b) whether an averaging method such as that proposed by [the Company] is appropriate, (c) whether capital costs or other factors in the published rate should also be updated, and (d) whether the published rate should include a value for the absence of fuel price risk from renewable energy.

PacifiCorp

PacifiCorp in its additional comments contends that the advocacy of the methodology proposed by Staff, Avista and PacifiCorp is evidenced by the fact that four of the states in which PacifiCorp files avoided cost tariffs (Oregon, Washington, Utah, and Wyoming) utilize a year-by-year gas forecast.

Intermountain Wind LLC

Intermountain Wind recommends that the Commission keep in mind the policy objective – an objective it suggests is to restart PURPA implementation in Idaho, development that it states has been stalled since September 2005 when the Commission reduced the published rate eligibility threshold for non-firm QFs. (IPC-E-05-22, Order No. 29872.) It agrees with Idaho Windfarms that continuous regulatory delays are killing the wind industry in Idaho.

Intermountain Wind contends that the proposed single element adjustment is unproven and untested and that the Commission, in considering the proposed single element adjustment, must take into account the overall reasonableness of the resultant rate, a rate that it believes is unreasonably low.

Intermountain Wind recommends that the Commission deny Idaho Power's Petition and leave in place the current methodology until such time as all components of avoided cost rates can be examined.

Commission Staff

Staff's interpretation of Order No. 29124 has always been that release of a new fuel price forecast by the Council automatically triggers a re-computation of the published avoided cost rates. Staff believes that the question as to whether the fuel price forecast computation methodology should be changed is really one of "analytical accuracy," i.e., Staff's proposal, rather than continued use of what is a mathematical approximation of the Council's forecast. The existing method, Staff contends, no longer works as originally intended and now fails badly to replicate the new Council forecast.

Staff disputes Idaho Power's contention that "in the final analysis, a QF that performs for the full 20-year term of its contract would receive the same compensation under either Idaho Power's proposal or the proposal of Staff, Avista and Rocky Mountain." A 20-year levelized contract with a 2007 on-line date, Staff contends, would be paid $66.88/MWh under Staff's proposed methodology and $67.77/MWh under the Company's proposed methodology.

Addressing the contentions of others that all variables need to be revisited, Staff believes that generic variables should be changed only when they are likely to significantly change the published avoided cost rates. Staff does not believe that to be the case now.

All of the variables, Staff notes, fall into three categories: (1) SAR generic variables; (2) gas price variables; or (3) utility-specific cost of capital variables. The gas price variables are being addressed in this case. Cost of capital related variables flow from and are the product of utility-specific general rate cases. Many of the variables, Staff notes, are not interdependent, but instead are simply calculated derivatives of other variables.

Staff lists the generic SAR variables along with their source as specified in Order No. 29124. Staff lists the current value of each variable and an assessment of the effect of increases in capital costs on avoided cost rates. Staff Comments, Attachments A, B and F. Some values have increased, some have decreased. Staff concludes that the resultant changes will not result in higher avoided cost rates and do not merit a formal revisiting of the SAR methodology cost components.

Additional Reply Comments (Idaho Power)

In its additional reply comments, Idaho Power points out that none of the wind developers have asserted that the current 3-year average methodology accurately reflects the full 20-year profile of natural gas prices contained in the NWPCC's forecast. The wind developers do not argue that continued use of the three-year average methodology is analytically accurate or that it is consistent with the benchmark NWPCC gas price forecast. Nor are the wind developers, the Company contends, urging retention of the three-year average methodology because it is consistent with the NWPCC forecast of gas prices. Instead, the Company contends, wind developers want to retain the current three-year average methodology because it produces higher purchase prices. Citing Intermountain Wind Additional Comments pp. 3-4, Exergy Additional Comments p. 6, and Idaho Windfarms Additional Comments p. 4.

Idaho Power argues that setting avoided costs using an analytically accurate methodology protects both customers and QFs in the long run. Setting avoided costs in the manner that places undue reliance on what it takes to make wind projects profitable and stimulate the PURPA wind industry, the Company argues, is inconsistent with both the letter and spirit of PURPA.

Regarding Staff's argument that it is not necessary to convene a new proceeding to look at the non-fuel-related avoided cost components, the Company states that while Staff may be correct in its analysis, Idaho Power believes that the record relating to the costs of new CCCTs should be more fully developed. To this end the Company recommits to facilitate workshops to see if it might be possible to develop a consensus on updates to the non-fuel cost related avoided cost components.

Commission Findings

The Commission has reviewed the filings of record in Case No. IPC-E-07-15 including the Petition of Idaho Power, the alternate proposed change in calculation methodology of Commission Staff and all related comments. We have also reviewed the NWPCC's most recent forecast of natural gas prices and our Order No. 29124 (Case No. GNR-E-02-1) that established the methodology currently used to compute the fuel cost component of published avoided cost rates. Based on our review of the filings of record the Commission continues to find it reasonable to process this case pursuant to Modified Procedure, i.e., by written submission rather than hearing. IDAPA 31.01.01.204. The Commission also finds that the release of a new fuel price forecast by the Council automatically triggers a recalculation of the published avoided cost rates under the methodology we approved in Order No. 29124 and carried out in Order No. 29646 when the Council released its 2004 fuel price forecast.

In Order No. 29124, Case No. GNR-E-02-1, the Commission adopted the Council's median natural gas price forecast as the source for the fuel prices used in the computation of the published rates. The median forecast the Commission was considering at that time showed natural gas prices steadily increasing over a 20-year forecast horizon. In our Order, we adopted a three-year average calculation methodology (current year forecasted price, plus the previous two years' prices, escalated a uniform percent over 20 years) which generally tracked the upward profile of the Council's then-current median gas price forecast.

In contrast, the Council's most recent natural gas forecast shows a decidedly different profile from the one we considered when we adopted the three-year average calculation and escalated the result over a 20-year period. As a result, Idaho Power, Commission Staff, PacifiCorp, and Avista argue that the continued use of the three-year average calculation is no longer reasonable and a different calculation methodology for setting the fuel cost component of avoided cost rates should be adopted by the Commission. We agree.

Continued use of the Commission's current three-year calculation methodology, combined with out-year variations in the Council's most recent natural gas forecast, produces values in the Commission's calculation that unreasonably vary from the Council's year-by-year forecast. The Commission finds that the alternate methodology proposed by Staff (Avista and PacifiCorp) for changing the fuel cost component accurately replicates the 20-year profile of natural gas prices contained in the Council's forecast, i.e., use of each year of the Council's entire forecast "as is" tracks exactly the magnitude and direction of the forecast's changes over time. No party disputes this contention. We find it reasonable based on the written record developed in this case to adopt Staff's proposed change for calculating the fuel cost component in published avoided cost rates. We further find that the proposed change in the methodology to calculate the fuel cost component in published avoided cost rates can be made independently (and in advance) of a review of the entire list of non-fuel methodology variables.

The Commission agrees that a periodic review of the other methodology variables is advisable, and accepts and encourages Idaho Power's offer to conduct a 2008 workshop to revisit the other non-fuel methodology variables. We also deem it advisable that PacifiCorp and Avista participate. We direct the Company to report its workshop findings to the Commission.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities, Idaho Power Company, and PacifiCorp dba Rocky Mountain Power, electric utilities, pursuant to the authority and power granted it under Title 61 of the Idaho Code, and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA and implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations for the purchase of energy from qualified facilities, and to implement FERC rules.

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve Staff's proposed change in methodology for calculating the fuel cost component of published avoided cost rates from the three-year escalated average that we established in Order No. 29124 (Case No. GNR-E-02-1) to the use of each year of the NWPCC median 20-year natural gas price forecast. A schedule of new rates accompanies this Order for an authorized effective date of January 1, 2008.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th day of December 2007.

MACK A. REDFORD, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

JIM KEMPTON, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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AVISTA
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008

$/MWh

LEVELIZED

CONTRACT LENGTH (YEARS)	ON-LINE YEAR 2008	2009	2010	2011	2012	2013
1	15.33	15.68	16.04	16.41	16.79	17.17
2	15.50	15.85	16.22	16.59	16.97	17.36
3	15.66	16.02	16.39	16.77	17.15	17.55
4	15.82	16.19	16.56	16.94	17.33	17.73
5	15.98	16.35	16.73	17.11	17.51	17.91
6	16.14	16.51	16.89	17.28	17.68	18.09
7	16.30	16.67	17.06	17.45	17.85	18.26
8	16.45	16.83	17.21	17.61	18.02	18.43
9	16.59	16.98	17.37	17.77	18.18	18.60
10	16.74	17.12	17.52	17.92	18.34	18.76
11	16.88	17.27	17.67	18.07	18.49	18.92
12	17.02	17.41	17.81	18.22	18.64	19.07
13	17.15	17.55	17.95	18.36	18.79	19.22
14	17.28	17.68	18.09	18.50	18.93	19.37
15	17.41	17.81	18.22	18.64	19.07	19.51
16	17.53	17.94	18.35	18.77	19.21	19.65
17	17.65	18.06	18.48	18.90	19.34	19.78
18	17.77	18.18	18.60	19.03	19.47	19.92
19	17.88	18.29	18.72	19.15	19.59	20.04
20	17.99	18.41	18.83	19.27	19.71	20.17

NON-LEVELIZED

CONTRACT YEAR	NON-LEVELIZED RATES
2008	15.33
2009	15.68
2010	16.04
2011	16.41
2012	16.79
2013	17.17
2014	17.57
2015	17.98
2016	18.39
2017	18.81
2018	19.25
2019	19.69
2020	20.15
2021	20.61
2022	21.09
2023	21.58
2024	22.07
2025	22.58
2026	23.11
2027	23.64
2028	24.19
2029	24.75
2030	25.32
2031	25.91
2032	26.51
2033	27.12

EFFECTIVE DATE	ADJUSTABLE COMPONENT
1/1/2008	52.27

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	17.99 + 52.27
2-20	17.99 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	15.33 + 52.27
2	15.68 + Adjustable component in year 2009
3	16.04 + Adjustable component in year 2010
4	16.41 + Adjustable component in year 2011

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480).

AVISTA
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2008	2009	2010	2011	2012	2013		
1	67.59	65.19	62.59	59.93	59.09	59.80	2008	67.59
2	66.45	63.95	61.32	59.53	59.43	59.91	2009	65.19
3	65.27	62.73	60.64	59.61	59.61	60.49	2010	62.59
4	64.11	61.93	60.46	59.70	60.09	61.26	2011	59.93
5	63.27	61.58	60.38	60.05	60.75	62.06	2012	59.09
6	62.82	61.37	60.58	60.58	61.45	62.93	2013	59.80
7	62.51	61.42	60.95	61.17	62.22	63.76	2014	60.03
8	62.45	61.66	61.41	61.84	62.98	64.57	2015	61.82
9	62.57	61.99	61.96	62.51	63.72	65.36	2016	64.02
10	62.80	62.42	62.52	63.18	64.45	66.12	2017	66.10
11	63.13	62.88	63.10	63.84	65.17	66.87	2018	68.60
12	63.49	63.37	63.68	64.49	65.86	67.60	2019	70.62
13	63.89	63.86	64.25	65.13	66.55	68.31	2020	72.80
14	64.31	64.37	64.82	65.76	67.21	69.01	2021	74.94
15	64.74	64.87	65.39	66.37	67.87	69.70	2022	77.14
16	65.17	65.37	65.95	66.98	68.52	70.38	2023	79.40
17	65.61	65.87	66.50	67.58	69.15	71.04	2024	81.82
18	66.05	66.36	67.05	68.17	69.77	71.69	2025	84.20
19	66.49	66.86	67.59	68.75	70.38	72.32	2026	86.86
20	66.93	67.35	68.12	69.32	70.97	72.93	2027	89.70
							2028	92.52
							2029	95.52
							2030	98.50
							2031	101.40
							2032	104.55
							2033	107.80

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480).

IDAHO POWER COMPANY
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2008	2009	2010	2011	2012	2013		
1	14.24	14.57	14.91	15.26	15.61	15.97	2008	14.24
2	14.40	14.73	15.08	15.43	15.78	16.15	2009	14.57
3	14.56	14.90	15.24	15.59	15.96	16.33	2010	14.91
4	14.71	15.05	15.40	15.76	16.13	16.50	2011	15.26
5	14.87	15.21	15.56	15.92	16.29	16.67	2012	15.61
6	15.02	15.37	15.72	16.09	16.46	16.84	2013	15.97
7	15.17	15.52	15.88	16.25	16.62	17.01	2014	16.34
8	15.31	15.67	16.03	16.40	16.78	17.17	2015	16.72
9	15.46	15.82	16.18	16.56	16.94	17.34	2016	17.11
10	15.60	15.96	16.33	16.71	17.10	17.50	2017	17.51
11	15.74	16.11	16.48	16.86	17.25	17.65	2018	17.91
12	15.88	16.25	16.62	17.01	17.40	17.81	2019	18.33
13	16.01	16.38	16.76	17.15	17.55	17.96	2020	18.75
14	16.15	16.52	16.90	17.30	17.70	18.11	2021	19.19
15	16.28	16.65	17.04	17.44	17.84	18.25	2022	19.64
16	16.40	16.78	17.17	17.57	17.98	18.40	2023	20.09
17	16.53	16.91	17.30	17.71	18.12	18.54	2024	20.56
18	16.65	17.04	17.43	17.84	18.25	18.68	2025	21.04
19	16.77	17.16	17.56	17.97	18.38	18.81	2026	21.53
20	16.89	17.28	17.68	18.09	18.51	18.94	2027	22.03
							2028	22.54
							2029	23.07
							2030	23.61
							2031	24.16
							2032	24.72
							2033	25.30

EFFECTIVE DATE	ADJUSTABLE COMPONENT
1/1/2008	52.27

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	16.89 + 52.27
2-20	16.89 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	14.24 + 52.27
2	14.57 + Adjustable component in year 2009
3	14.91 + Adjustable component in year 2010
4	15.26 + Adjustable component in year 2011

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480).

IDAHO POWER COMPANY
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008
$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2008	2009	2010	2011	2012	2013		
1	66.51	64.09	61.46	58.77	57.91	58.60	2008	66.51
2	65.34	62.82	60.17	58.36	58.24	58.69	2009	64.09
3	64.15	61.57	59.47	58.43	58.41	59.27	2010	61.46
4	62.95	60.76	59.28	58.51	58.89	60.04	2011	58.77
5	62.09	60.39	59.19	58.86	59.55	60.85	2012	57.91
6	61.61	60.17	59.38	59.39	60.27	61.73	2013	58.60
7	61.29	60.22	59.76	60.00	61.05	62.58	2014	58.80
8	61.23	60.45	60.24	60.69	61.83	63.41	2015	60.57
9	61.35	60.80	60.80	61.38	62.60	64.23	2016	62.73
10	61.59	61.25	61.39	62.07	63.36	65.02	2017	64.79
11	61.93	61.74	62.00	62.77	64.11	65.80	2018	67.26
12	62.32	62.25	62.61	63.45	64.84	66.57	2019	69.26
13	62.75	62.78	63.22	64.13	65.57	67.33	2020	71.41
14	63.20	63.32	63.84	64.81	66.28	68.08	2021	73.52
15	63.66	63.86	64.45	65.47	66.99	68.82	2022	75.69
16	64.14	64.41	65.06	66.13	67.69	69.56	2023	77.91
17	64.62	64.96	65.66	66.79	68.39	70.29	2024	80.30
18	65.11	65.51	66.27	67.45	69.08	71.01	2025	82.66
19	65.61	66.06	66.87	68.09	69.76	71.71	2026	85.28
20	66.10	66.61	67.47	68.73	70.42	72.40	2027	88.09
							2028	90.87
							2029	93.84
							2030	96.78
							2031	99.65
							2032	102.76
							2033	105.97

Note: The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480).

PACIFICORP
AVOIDED COST RATES FOR FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008

$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR 2008	2009	2010	2011	2012	2013	CONTRACT YEAR	NON-LEVELIZED RATES
1	14.71	15.05	15.39	15.75	16.11	16.49	2008	14.71
2	14.87	15.21	15.56	15.92	16.29	16.67	2009	15.05
3	15.03	15.38	15.73	16.10	16.47	16.85	2010	15.39
4	15.19	15.54	15.90	16.27	16.64	17.03	2011	15.75
5	15.35	15.70	16.06	16.43	16.82	17.20	2012	16.11
6	15.50	15.86	16.23	16.60	16.98	17.38	2013	16.49
7	15.65	16.01	16.38	16.76	17.15	17.55	2014	16.87
8	15.80	16.17	16.54	16.92	17.31	17.72	2015	17.26
9	15.95	16.32	16.69	17.08	17.48	17.88	2016	17.66
10	16.09	16.47	16.85	17.24	17.63	18.04	2017	18.07
11	16.23	16.61	16.99	17.39	17.79	18.20	2018	18.48
12	16.37	16.75	17.14	17.54	17.94	18.36	2019	18.91
13	16.51	16.89	17.28	17.68	18.09	18.51	2020	19.35
14	16.64	17.03	17.42	17.83	18.24	18.66	2021	19.80
15	16.77	17.16	17.56	17.96	18.38	18.81	2022	20.26
16	16.90	17.29	17.69	18.10	18.52	18.95	2023	20.73
17	17.03	17.42	17.82	18.24	18.66	19.09	2024	21.21
18	17.15	17.54	17.95	18.37	18.79	19.23	2025	21.70
19	17.27	17.67	18.07	18.49	18.92	19.36	2026	22.20
20	17.38	17.78	18.20	18.62	19.05	19.49	2027	22.72
							2028	23.25
							2029	23.79
							2030	24.34
							2031	24.91
							2032	25.49
							2033	26.08

EFFECTIVE DATE	ADJUSTABLE COMPONENT
1/1/2008	52.27

The total avoided cost rate in each year is the sum of the adjustable component and the fixed component from either of the tables above.

Example 1. A 20-year levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	17.38 + 52.27
2-20	17.38 + Adjustable component in each year

Example 2. A 4-year non-levelized contract with a 2008 on-line date would receive the following rates:

Years	Rate
1	14.71 + 52.27
2	15.05 + Adjustable component in year 2009
3	15.39 + Adjustable component in year 2010
4	15.75 + Adjustable component in year 2011

Notes: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).

PACIFICORP
AVOIDED COST RATES FOR NON-FUELED PROJECTS
SMALLER THAN TEN MEGAWATTS
January 1, 2008

$/MWh

LEVELIZED							NON-LEVELIZED	
CONTRACT LENGTH (YEARS)	ON-LINE YEAR						CONTRACT YEAR	NON-LEVELIZED RATES
	2008	2009	2010	2011	2012	2013		
1	66.97	64.56	61.94	59.26	58.42	59.11	2008	66.97
2	65.82	63.30	60.66	58.86	58.75	59.21	2009	64.56
3	64.63	62.06	59.97	58.94	58.93	59.80	2010	61.94
4	63.44	61.26	59.78	59.02	59.41	60.57	2011	59.26
5	62.59	60.89	59.70	59.37	60.07	61.38	2012	58.42
6	62.12	60.68	59.89	59.90	60.78	62.25	2013	59.11
7	61.81	60.73	60.27	60.51	61.56	63.09	2014	59.32
8	61.74	60.97	60.74	61.19	62.34	63.92	2015	61.11
9	61.86	61.31	61.30	61.88	63.10	64.73	2016	63.28
10	62.10	61.76	61.89	62.57	63.85	65.52	2017	65.35
11	62.44	62.24	62.48	63.25	64.59	66.29	2018	67.83
12	62.82	62.74	63.09	63.93	65.31	67.05	2019	69.84
13	63.24	63.26	63.69	64.60	66.03	67.80	2020	72.00
14	63.69	63.79	64.29	65.26	66.73	68.53	2021	74.13
15	64.14	64.32	64.90	65.91	67.42	69.26	2022	76.31
16	64.61	64.86	65.49	66.56	68.11	69.98	2023	78.55
17	65.08	65.39	66.08	67.20	68.79	70.69	2024	80.95
18	65.55	65.93	66.67	67.83	69.46	71.39	2025	83.32
19	66.03	66.47	67.26	68.46	70.12	72.07	2026	85.96
20	66.51	67.00	67.84	69.08	70.76	72.74	2027	88.78
							2028	91.58
							2029	94.56
							2030	97.52
							2031	100.39
							2032	103.52
							2033	106.75

Notes: (1) The rates shown in this table have been computed using the Northwest Power and Conservation Council's September 11, 2007 Fuel Price Forecast. (See Order No. 30480). (2) The rates shown in this table have been computed using the weighted average cost of capital from PacifiCorp's most recent general rate case. (See Order No. 30482).