

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	
<b>COMPANY'S PETITION TO MODIFY THE</b>	)	<b>CASE NO. IPC-E-07-15</b>
<b>METHODOLOGY FOR DETERMINING</b>	)	
<b>FUEL COSTS USED TO ESTABLISH</b>	)	
<b>PUBLISHED RATES FOR PURPA</b>	)	<b>ORDER NO. 30503</b>
<b>QUALIFYING FACILITIES</b>	)	

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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 December 28, 2007, the Commission in final Order No. 30480 in Case No. IPC-E-07-15 approved a change in methodology for calculating the fuel cost component in published avoided cost rates. The underlying methodology for calculating the fuel cost component was established in year 2002 in Case No. GNR-E-02-1, Order No. 29124. Unchanged in our Order No. 30480 was the Commission's continued use of the Northwest Power and Conservation Council (NWPCC; Council) median 20-year forecast of natural gas prices as the source for the fuel prices used in the computation of the published avoided cost rates.

On January 18, 2008, Exergy Development Group of Idaho LLC (Exergy) filed a Petition for Reconsideration of final Order No. 30480. Reference *Idaho Code* § 61-626(1); IDAPA 31.01.01.331.01. Exergy seeks Commission reconsideration as to the reasonableness of Idaho Power Company's use of an internally developed natural gas forecast for purposes of determining Company-proposed retail rates in its general rate case (IPC-E-07-08) and use of an external NWPCC natural gas forecast for determining published avoided cost rates calculated pursuant to a Commission-approved methodology. Exergy notes that the Commission never addressed the question of whether and why such inconsistent use of natural gas forecasts is fair, just and reasonable. Exergy contends that the inconsistent use of natural gas forecasts by Idaho Power is result driven, inherently arbitrary and capricious and hence contrary to law.

### ***Commission Findings***

The Commission has reviewed and considered the filings of record in Case No. IPC-E-07-15 including Exergy's Petition for Reconsideration and our final Order No. 30480. We have also reviewed our Order No. 29124 in Case No. GNR-E-02-1 wherein 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 avoided cost rates.

Exergy in its Petition for Reconsideration notes that the Commission failed to assess the reasonableness of Idaho Power's use of NWPCC as a forecast for natural gas prices for avoided cost calculations and a different forecast for purposes of its general rate case. In proposing use of the external NWPCC natural gas forecast in calculating the fuel cost component of published rates, we find that Idaho Power was following the methodology established in Order No. 29124, Case No. GNR-E-02-1. The NWPCC is the methodology forecast source for natural gas prices for not only Idaho Power, but also for Avista and PacifiCorp. The Council is based in the Northwest region and provides an externally developed and independent forecast that we find is not subject to utility gamesmanship. We continue to have confidence in the Council's expertise, credibility and natural gas forecast.

Idaho Power in additional reply comments filed on December 28, 2007 admits that the Company uses other forecasts of gas prices in preparing its Integrated Resource Plan (IRP) and general rate case. The forecasts used for those purposes were not pursuant to Commission direction. There are and will be opportunities for public query regarding the Company's use of these different forecasts in the IRP planning process and general rate case proceedings. The Commission finds that Exergy in its Petition for Reconsideration presents no persuasive argument or grounds to justify reconsideration of our Order No. 30480 or further procedure or proceedings.

### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, Avista Corporation dba Avista Utilities, 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.

### ORDER


In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby deny Exergy's Petition for Reconsideration of final Order No. 30480 in Case No. IPC-E-07-15.

THIS IS A FINAL ORDER DENYING RECONSIDERATION. Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this Case No. IPC-E-07-15 may appeal to the Supreme Court of Idaho pursuant to the Public Utilities Law and the Idaho Appellate Rules. See *Idaho Code* § 61-627.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup> day of February 2008.



MACK A. REDFORD, PRESIDENT

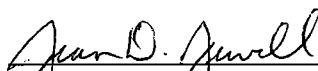


MARSHA H. SMITH, COMMISSIONER



JIM KEMPTON, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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