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BARTON L. KLINE
Lead Counsel

May 28, 2009

VIA HAND DELIVERY

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-08-21
Special Contract to Supply Power to Hoku Materials, Inc.

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Motion to Delay Start Date in the above matter.

Very truly yours,

Barton L. Kline

BLK:csb
Enclosures

BARTON L. KLINE (ISB No. 1526)
LISA D. NORDSTROM (ISB No. 5733)
Idaho Power Company
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Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION FOR) CASE NO. IPC-E-08-21
APPROVAL OF A SPECIAL CONTRACT)
TO SUPPLY POWER TO HOKU) MOTION TO DELAY START DATE
MATERIALS, INC.)
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with RP 056, hereby moves the Commission for an Order authorizing a delay in the commencement of the Energy Sales Agreement ("ESA") dated September 17, 2009, between Idaho Power and Hoku Materials, Inc. ("Hoku"). This Motion is based on the following:

I. Background

1. On October 24, 2008, Idaho Power filed an Application with the Commission seeking approval of a special contract, as described in Idaho Power's

Schedule 19, to supply electrical power to Hoku. The ESA is a four year contract that begins on June 1, 2009, and concludes on May 31, 2013. On March 16, 2009, the Commission issued Order No. 30748 in this case approving the Company's ESA with Hoku "with an effective date of June 1, 2009." (Order No. 30748, p. 5.) As noted in Order No. 30748, the ESA requires Hoku to "take-or-pay" for a certain amount of energy from Idaho Power every month (Order No. 30748, p. 2.) The ESA also provides for a monthly Contract Demand Charge based on Hoku's scheduled load requirements during the term of the ESA.

II. Request for Delay of Start Date

2. Hoku has advised the Company that the global credit market crisis and other factors that impact Hoku and its customers are forcing Hoku to revise its plant startup schedule. This change in schedule will reduce the amount of demand and energy it will need the Company to provide during 2009. On April 28, 2009, Hoku provided the Company with updated load information in accordance with the provisions of the Section 5.7 of the ESA. Hoku has also requested several other cost-mitigation adjustments to the ESA based on its substantially reduced 2009 demand and energy requirements.

3. Idaho Power has reviewed Hoku's request for a delay in the ESA start date and for mitigation of the minimum payment requirements of the ESA and is willing to provide Hoku with some pricing and operational flexibility during 2009 in return for a commitment by Hoku that preserves the four year term of the ESA and provides offsetting benefits to Idaho Power and its customers.

III. Changes to ESA

4. Hoku has requested that the start date of the ESA be delayed until December 1, 2009. During the period of June 1, 2009, through November 30, 2009, Hoku has requested that it be allowed to receive service as a Schedule 19T customer. This delay in the start date would mean that the minimum energy purchase and contract demand provisions of the ESA would not apply to service provided to Hoku from June 1, 2009, through November 30, 2009. To provide planning certainty to Idaho Power during the critical summer period of 2009, Hoku has agreed to limit its demand to no more than 5 MWs through July 2009, 10 MWs during August 2009, and 25 MWs thereafter through November 2009. Hoku will also coordinate with Idaho Power to schedule the times and dates when it will impose any large loads associated with its production equipment testing that occur in the period June through August 2009. The ending date of the ESA will be extended through November 30, 2013.

5. As further consideration for a delay in the ESA start date and pricing relief, Hoku has agreed to reduce its contract demand levels during the summer of 2012 to 43 MWs during the period of June 16 through August 15 and 67 MWs from August 16 through September 15 (similar to the contract demand schedule for the summers of 2010 and 2011). Finally, Hoku has agreed to the addition of Schedule 91, Energy Efficiency Rider charges, to its First Block energy prices beginning December 1, 2011.

IV. Proposed Procedure for Approval

6. To memorialize the agreed upon delay in the start date and the above-described pricing and operating charges to the ESA, Idaho Power and Hoku have

entered into a letter agreement dated May 27, 2009, a copy of which is enclosed as Attachment No. 1 to this Motion.

7. Because Idaho Power and Hoku only reached agreement on the terms and conditions described in the letter agreement on May 27, 2009, the parties have not had time to draft a formal amendment to the ESA. As noted in the last paragraph of the letter agreement, it is Idaho Power and Hoku's intent to draft a formal amendment to the ESA that will incorporate the provisions of the letter agreement. The parties will file the amendment to the ESA with the Commission as soon as possible.

8. Based on the foregoing, Idaho Power respectfully requests that the Commission issue an interim Order approving a delay in the start date of the ESA until December 1, 2009. As soon as the revised ESA has been completed and executed by Idaho Power and Hoku, the Company will file the revised ESA for the Commission's final review and approval.

DATED this 28th day of May 2009.



BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 28th day of May 2009 I served a true and correct copy of the MOTION TO DELAY START DATE upon the following named parties by the method indicated below, and addressed to the following:

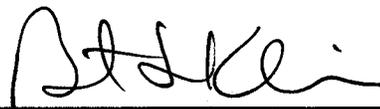
Commission Staff

Neil Price
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email Neil.Price@puc.idaho.gov

Scott Paul
Chief Operating Officer & General
Counsel
Hoku Materials, Inc.
One Hoku Way
Pocatello, Idaho 83204

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email spaul@hokusci.com



Barton L. Kline

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-08-21

IDAHO POWER COMPANY

ATTACHMENT NO. 1



JOHN R. GALE
Vice President
Regulatory Affairs

May 27, 2009

Scott B. Paul
Chief Operating Officer & General Counsel
Hoku Materials, Inc.
One Hoku Way
Pocatello, Idaho 83204

Re: Postponement of Start Date for Electric Service Agreement

Dear Scott:

Thank you for your letter of April 28, 2009, which provides updated load information and requests certain rate mitigation under the Electric Service Agreement ("ESA") between Hoku Materials ("Hoku") and Idaho Power Company ("Idaho Power"). At a minimum, Idaho Power will consider your April 28, 2009, letter and updated load information as notification under section 5.7 of the ESA and will mitigate energy charges according to Section 5.7 and Section 2.12. This action can be taken under the current ESA provisions and does not require Idaho Public Utilities Commission ("IPUC") approval. Idaho Power's acceptance of the new load schedule will provide substantially reduced energy charges during 2009 to reflect Hoku's substantially reduced energy consumption compared to the originally contracted amounts.

Besides the contractual ability to mitigate energy charges under the ESA, your letter also requests material changes to the ESA. Hoku requests Schedule 19T rate treatment through 2009, a waiver of Minimum Energy requirements, and a waiver (or restructuring) of the Contract Demand. We have thought this request through from multiple perspectives – approved contract provisions, cost impacts to Hoku, rate impacts to customers, and our system energy balance during the contract term. Contract changes will require IPUC approval and, in light of the current ESA schedule, should be brought to the Commission's attention prior to June 1.

Informal communications since April 28 have tried to advance a solution that balances Hoku's need for flexibility, the integrity of the original contract terms, and impacts to our Company and customers. Since we have a recently IPUC-approved ESA in place, Idaho Power's first preference is to work within the provisions of the ESA to the fullest extent possible. The original term was intended to provide a four-year bridge for a new large load to migrate from a

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Boise, ID 83702

Scott B. Paul
May 27, 2009
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hybrid marginal cost rate structure to embedded cost prices. For a number of reasons, Idaho Power was reluctant to provide the degree of mitigation requested by Hoku.

Subsequently, you stated that 2009 operating flexibility was of utmost importance to Hoku and countered that Hoku would be amenable to live by the original terms of the ESA for the full four years if the start date for the contract could begin on December 1, 2009, instead of June 1, 2009. You have asked for tariff service through November 30, 2009. You indicated that you are willing to commit to taking no more than 5 MW of power through July 2009, 10 MW during August 2009, and 25 MW through November 2009. You also indicated a willingness to coordinate with Idaho Power for the timing of any material equipment testing that would occur from June through August 2009.

After much consideration, Idaho Power is willing to accept Hoku's counter proposal subject to Hoku's acceptance of the following additional provisions: (1) Hoku agrees to the operating commitments stated in the previous paragraph, (2) Hoku agrees to reducing the Contract Demand levels during the summer of 2012 to 43 MW from June 16 through August 15 and 67 MW from August 16 through September 15 (similar to Contract Demand Schedule for the summers of 2010 and 2011), and (3) Hoku agrees to the application of Schedule 91, Energy Efficiency Rider, to its First Block charges beginning December 1, 2011.

If you are in agreement, please indicate by signing below. Upon your signature, Idaho Power will make an immediate application to the Idaho Public Utilities Commission requesting a delay in the start date of the ESA and notifying the Commission of a revised ESA to be filed subsequently that incorporates the provisions of this letter agreement.

Cordially,


John R. Gale

JRG:csb

REVIEWED AND ACCEPTED BY:
HOKU MATERIALS, INC.

BY: 
TITLE: CEO
DATE: 5/27/2009