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IDAHO PUBLIC
UTILITIES COMMISSION

BARTON L. KLINE
Lead Counsel

May 29, 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-09-16
*IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR AN
ACCOUNTING ORDER TO ESTABLISH RATEMAKING TREATMENT OF
QUALIFYING REPORTING ENTITY CONTRACTS*

Dear Ms. Jewell:

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

Very truly yours,



Barton L. Kline

BLK:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

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 AN) CASE NO. IPC-E-09-16
ACCOUNTING ORDER TO ESTABLISH)
RATEMAKING TREATMENT OF) APPLICATION
QUALIFYING REPORTING ENTITY)
CONTRACTS.)
_____)

Idaho Power Company ("Idaho Power" or "Company") hereby requests an Order establishing the accounting and ratemaking treatment for revenues and expenses associated with the Company's providing Qualifying Reporting Entity service to renewable generation units located within the Idaho Power Balancing Authority area which are registered account holders in the Western Renewable Electricity Generation Information System ("WREGIS"). This Application is based on the following:

I. Background

1. The use of Green Tags or renewable energy credits ("RECs") to comply with Renewable Portfolio Standards ("RPSs") and other voluntary customer uses has

matured and expanded significantly in recent years. The Western Energy Coordinating Council ("WECC"), in collaboration with the Western Governors' Association, recognized the need to establish an independent REC inventory tracking system for renewable generation units within the WECC region. The tracking system is needed to ensure that (1) only one REC was created for each MWh generated from a qualifying renewable energy project, (2) each individual REC was only used for one purpose (prevent double counting), and (3) provide a system that allows both the generation units creating RECs and the end users of the RECs (state RPS compliance and private consumers) to communicate specific REC requirements. It is important to note that the WREGIS system does not track the financial value of the RECs but instead tracks the creation and disposition of the individual REC certificates. Participation in WREGIS is voluntary; however, many of the states in the WECC area are requiring the use of WREGIS to provide the RPS compliance documentation for their respective state RPS regimes. In addition, many voluntary contracts for the purchase and sale of RECs are requiring the use of WREGIS documentation.

2. The WREGIS process requires that a party, independent of the owner of the renewable generation unit, supply WREGIS with the actual monthly MWhs (one MWh equals one REC) that a renewable generation unit has delivered. WREGIS calls this independent party a Qualified Reporting Entity ("QRE"). Utilities that provide balancing authority services are already collecting, monitoring, and validating the MWh deliveries from all generation units within their system; thus, they are a perfect candidate to provide this MWh data to WREGIS as a QRE. Idaho Power has already been approved as a QRE by the WREGIS administrator. This approval as a QRE

enables Idaho Power to use the WREGIS system to track the RECs from both the Elkhorn wind farm and the Raft River Geothermal generation units.

3. Other renewable resource projects located in the area in which Idaho Power provides balancing authority services have requested that the Company provide QRE services for their projects. Idaho Power is willing to provide QRE services on a voluntary basis under the Agreement which is enclosed herewith as Attachment No. 1.

II. The Enclosed QRE Agreement Was Collaboratively Developed In Oregon

4. A number of issues associated with Oregon electric companies providing QRE services for certification of RECs by WREGIS were explored this year in an investigation conducted by the Oregon Public Utility Commission ("OPUC") in Docket No. UM 1394.

5. The investigation in UM 1394 considered, among other issues, the questions of: (1) does the OPUC have the legal authority to require electric companies to provide QRE services and (2) can the OPUC regulate the rates, terms, and conditions under which QRE services are provided? In the UM 1394 proceeding, Idaho Power and the other participating utilities agreed that they could and should provide QRE services and that they were willing to do so, voluntarily, so long as their costs to perform QRE services were fully compensated by the party requesting the QRE service. The utilities' willingness to provide QRE services notwithstanding, they maintained the legal position that providing QRE services is not one of the utility services subject to the OPUC's regulation. Staff and the non-utility participants argued that it was within the OPUC's general authority to compel the utilities to provide QRE services and regulate rate changes for QRE services. In the end, after multiple workshops and the filing of

several rounds of comments, the parties to the proceeding agreed that it was not necessary to litigate the jurisdiction issue because the utilities were all willing to voluntarily provide QRE services, under long-term contracts with rates, terms, and conditions that were acceptable to Staff and the other participants. Attachment No. 1, the Qualified Reporting Entity Agreement ("QRE Agreement"), is the product of that compromise which settled the dispute between the parties.

6. To memorialize this compromise, the Staff, and the utilities entered into a Memorandum of Understanding ("MOU"), which is enclosed as Attachment No. 2. In the MOU, the parties agree to hold the question of the OPUC's jurisdiction regarding QRE agreements in abeyance for the time being. In comments filed in the case, the OPUC Staff proposed, and the parties agreed, that the costs and revenues associated with QRE agreements will be treated as an "above the line" expense for ratemaking purposes. The pertinent portions of Staff's comments on this issue are enclosed as Attachment No. 3. As noted in the MOU, Attachment No. 2, the utilities did not concede that the OPUC has jurisdiction over the provision of QRE services. While Idaho Power does not believe that QRE services are a utility activity subject to regulation in Oregon (or Idaho), it is willing to accept the Oregon compromise that includes the use of the standard QRE Agreement and the agreement that costs and expenses related to QRE services will be included "above the line" for ratemaking purposes. The MOU and supporting Motion have been filed with the OPUC and the case is currently pending.

III. Basis for Providing QRE Services in Idaho

7. To avoid having to account for QRE services one way in Oregon and another way in Idaho, Idaho Power hereby requests that the Commission approve the

accounting and ratemaking treatment that is consistent with the compromise and agreement reached in Oregon.

Idaho Power proposes that the following accounting be used to record expenses and revenues associated with providing voluntary QRE services:

a. The Company's Delivery Finance group will create a yearly QRE services work order that will have the following eight tasks:

- b. Set-up Expenses – Idaho
- c. Set-up Revenue – Idaho
- d. Monthly Reporting Expenses – Idaho
- e. Monthly Reporting Revenue – Idaho
- f. Set-up Expenses – Oregon
- g. Set-up Revenue – Oregon
- h. Monthly Reporting Expenses – Oregon
- i. Monthly Reporting Revenue – Oregon
- j. The account used to record the revenue will be 415020 REV FM

MJ&CW-QRE REPORTING.

- k. The account used to record the expenses will be 416020 EXP FM

MJ&CW-QRE REPORTING.

l. If Delivery Finance provides QRE service for one of the Company's generation resources, Delivery Finance will charge the Company's Power Supply group via an internal accounting entry that will debit the revenue account using a Power Supply cost center and will credit the revenue account using a Delivery cost center.

This is required by GAAP to prevent Idaho Power from recognizing revenue from itself for external financial reporting purposes.

m. Delivery Finance will directly bill all other project owner's, including Company affiliates, for QRE services.

n. One of the key elements of the QRE Agreement is the pricing mechanism that enables Idaho Power to charge the actual cost to perform QRE services. All time and expenses incurred in providing QRE service to any entity will be charged to the expense tasks on the work order. All revenue billed for providing the QRE service will be credited to the revenue tasks on the work order. Annually, Delivery Finance will analyze the expenses (including overheads and profit) charged to the work order to determine if the rates it charges for its services need to be adjusted.

IV. Conclusion

NOW, THEREFORE, Idaho Power respectfully requests that the Idaho Commission issue its Order approving the above-described accounting and ratemaking treatment for expenses and revenues associated with the Company's voluntarily providing Qualified Reporting Entity services.

Respectfully submitted this 29th day of May 2009.



BARTON L. KLINE
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-16

IDAHO POWER COMPANY

ATTACHMENT NO. 1

Contract No.

QUALIFIED REPORTING ENTITY AGREEMENT

Executed by Idaho Power Company

and

CUSTOMER NAME

(Providing for reporting of certain meter information by Idaho Power Company to the Western Renewable Energy Generation Information System)

Table of Contents

Section		Page
1.	Availability	2
2.	Term and Termination	2
3.	Incorporation of WREGIS Documents	2
4.	Definitions	3
5.	Exhibits	4
6.	Scope	4
7.	Fees	5
8.	Qualified Reporting Entity	6
9.	Measurement	6
10.	Reporting	7
11.	Indemnity, Hold Harmless and Waiver	8
12.	Disputes and Defaults	8
13.	Notice Regarding Confidentiality	9
14.	Standard Provisions	9
15.	Notices and Contact Information	10
16.	Signatures	11

Exhibit A Generation Unit Identification and associated Meter Point

This QUALIFIED REPORTING ENTITY AGREEMENT (Agreement) is executed by Idaho Power Company, (Company) and _____ ("Customer"). The Company and the Customer are sometimes referred to individually as "Party" and collectively as "Parties."

RECITALS

Western Renewable Electricity Generation Information System (WREGIS) provides an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC). Participation in WREGIS is voluntary.

The Company has voluntarily registered with WREGIS as a Qualified Reporting Entity (QRE) and has been approved as a QRE by the WREGIS Administrator.

The Company is uniquely suited to be a QRE for Renewable Generation Units within the Company's Balancing Authority and Control Area.

The Customer has voluntarily registered as an Account Holder in WREGIS and registered certain Generating Units with WREGIS.

The Customer wishes to select the Company to act as its QRE for the Customer's Generating Unit identified in Exhibit A of this Agreement.

NOW THEREFORE, in order to define the roles and responsibilities that arise to enable the Company to serve as the Customer's QRE, the Parties agree as follows:

1. AVAILABILITY

This Agreement shall only be available for a Customer's Generation Unit that is 1) a Renewable electrical generation resource, 2) located in the States of Idaho or Oregon, 3) registered with WREGIS, 4) within the Balancing Authority of the Company, 5) is prohibited from self-reporting because of WREGIS size limitations and 6) provides Revenue-Quality Meter Output to the Company as specified within this Agreement.

Each individual Generation Unit will require a separate Agreement.

2. TERM AND TERMINATION

This Agreement shall be effective upon execution by the Parties and shall continue in effect until ~~XXX, XX 20XX~~ or until such time as 1) Customer providing 60 days written notice to the Company, chooses to terminate or 2) this Agreement is terminated by either party upon Notice of Default and failure to cure as described in Section 12 of this Agreement.

The Company shall commence providing the QRE service as specified under this Agreement 1) after this Agreement has been executed by both Parties, 2) once the Customer is capable of providing the Company with Revenue-Quality Meter Output, 3) after the Customer has paid all applicable fees, and 4) after the first full Generation Month has occurred.

3. INCORPORATION OF WREGIS DOCUMENTS

Agreement No., Customer Name
Qualified Reporting Entity Agreement

There are three WREGIS documents that govern the relationship between the Customer and WREGIS, as well as the relationship between the Company and WREGIS. They are:

- (a) WREGIS Terms of Use Agreement (a.k.a. Account Holder Registration Agreement). The WREGIS Terms of Use Agreement (WREGIS TOU) incorporates by reference the WREGIS Operating Rules and WREGIS Interface Control Document.
- (b) WREGIS Operating Rules
- (c) WREGIS Interface Control Document

Prior to executing this Agreement Customer must become a WREGIS Account Holder by executing the WREGIS Terms of Use Agreement.

This QRE Agreement hereby incorporates by reference, in their entirety, the general form versions of the WREGIS TOU, Operating Rules, and Interface Control Document (each available at www.wregis.org or by contacting the WREGIS Administrator) and any subsequent revisions to or versions thereof. This QRE Agreement refers to these three WREGIS documents for definitional and other binding purposes.

4. DEFINITIONS

- (a) "Account Holder" is defined in section 2 of the WREGIS Operating Rules.
- (b) "Balancing Authority" is defined in attachment 1 of the WREGIS TOU.
- (c) "Certificate" is defined in section 2 of the WREGIS Operating Rules.
- (d) "Confidential Information" is defined in attachment 1 of the WREGIS TOU.
- (e) "Data" is defined in attachment 1 of the WREGIS TOU.
- (f) "Dispute Resolution" is defined as the process described in Section 24 of the WREGIS TOU document, unless such process conflicts with the Company's legal or regulatory obligations, which, in the event of conflict, will control.
- (g) "Generation Interconnection Process" is the Company's generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection in compliance with all applicable regulatory requirements, Prudent Electrical Practices and national safety standards.
- (h) "Generation Month" is the calendar month in which the Generation Unit delivered energy to the Company.
- (i) "Generating Unit" (GU) is defined in section 2 of the WREGIS Operating Rules.
- (j) "Metering and Telemetry Equipment" as defined in section 9 of this Agreement.
- (k) "Monthly QRE Fee" as defined in section 7 of this Agreement.

Agreement No., Customer Name
Qualified Reporting Entity Agreement

- (l) "Monthly Generation Extract File" means a Data file that contains generation Data from the Customer's Point of Metering and conforms to the characteristics and requirements set forth in the WREGIS Interface Control Document.
- (m) "Output" is defined in attachment 1 of the WREGIS TOU.
- (n) "Point of Interconnection" means the point on the Company's electrical system where the Customer physically delivers the Customer's Renewable Generating Unit's energy to the Company.
- (o) "Point of Metering" means the point at which the Customer's Renewable Generating Unit electric generation Revenue-Quality Meter Output is measured.
- (p) "Qualified Reporting Entity" (QRE) is defined in attachment 1 of the WREGIS TOU.
- (q) "Renewable" is defined in section 2 of the WREGIS Operating Rules.
- (r) "Revenue-Quality Meter Output" is defined in section 2 of the WREGIS Operating Rules.
- (s) "Station Service" is defined in section 2 of the WREGIS Operating Rules.
- (t) "WECC" is defined in section 2 of the WREGIS Operating Rules.
- (u) "Western Interconnection" is defined in Attachment 1 of the WREGIS TOU.
- (v) "Western Renewable Energy Generation Information System" (WREGIS) is defined in recital 1 of the WREGIS TOU.
- (w) "Working Day" means a day of the week other than Saturday, Sunday, or any NERC or Federal holiday.

5. EXHIBITS

There is one exhibit to this Agreement, which is hereby incorporated by reference as:

Exhibit A Generation Unit Identification and Associated Meter Point

6. SCOPE

The Parties acknowledge that the Company may serve as a QRE only for Generating Units requesting this service that meet the Availability criteria as specified in this Agreement and for which Revenue-Quality Meter Output is available for the Customer's Renewable energy Generation Unit.

The specific Point of Metering that the Company will use in its performance as the QRE for the Customer are set forth in Exhibit A. By signing this Agreement, the Customer certifies that the Point of Metering listed in Exhibit A measures generation data only from the Generating Unit identified in Exhibit A and it meets the Availability criteria of this Agreement.

The Customer shall notify the Company at least thirty (30) Working Days prior to any material changes being made to the Point of Metering set forth in Exhibit A. Such notice shall comply with the Notices and Contact Information procedures of section 12 of this Agreement. Following such notification, the Parties will determine whether such changes are mutually acceptable and can be added to Exhibit A.

7. FEES

(a) Meter and Telemetry Equipment fee

The Customer shall be responsible for all costs associated with the equipment, installation, communication lines, operations and maintenance of the Metering and Telemetry Equipment as required within this Agreement. The required equipment, cost and payment of these costs will be determined by the Company's routine Generation Interconnection Process.

(b) Initial QRE Agreement set up fee

The Customer shall be responsible for a onetime, non-refundable set up fee of \$205. This amount shall be payable to the Company within 15 days of the date this Agreement is executed. The Company will not begin any setup of the Customer's Generation Unit in the Company's WREGIS reporting system until such time as this payment has been received by the Company.

(c) Monthly QRE Fee

The Customer shall be responsible to pay a Monthly QRE Fee to the Company for this QRE service for each Generation Unit.

i. This fee shall be the sum of all costs that the Company incurs in processing, managing and administering this QRE Reporting function including but not limited to direct payroll, loadings, taxes, and overheads. The fee will also include a profit margin equal to the Company's Idaho Commission - authorized return on equity.

ii. Monthly QRE Fee through December 31 of the first calendar year of this Agreement shall be \$56.00

iii. This amount shall be payable to the Company by the last day of the Generation Month. On or before the 15th Working Day of the Generation Month, the Company shall submit to the Customer a billing for the fees due for that Generation Month. This billing shall be provided to the Customer in the manner selected by the Customer identified in section 14 of this Agreement. If the Customer elects to pay fees in advance (i.e. quarterly, annually, etc) the Company shall deduct the current fees from the Customers prepaid amounts and report the balance of the Customers prepayment on the monthly billing. The Customer and the Company may mutually agree to net this billing against other payments associated with the Generation Unit. (i.e. – energy payments under a purchase power agreement).

iv. Annual adjustment of the Monthly QRE Fee

In January of the second calendar year and for all subsequent calendar years, the Company shall update the Monthly QRE Fee calculation to reflect the most recent Company values.

The Company will notify the Customer in writing of any applicable changes to the Monthly QRE Fee by January 31st of each year, to become effective beginning with the March Generation Month of each calendar year.

v. Other cost adjustments

If WREGIS, WECC, or any other entity which has the ability and/or jurisdiction to modify the QRE reporting process requires a change in the QRE reporting process, the Company shall determine the cost of revising its internal process(es) and the costs shall be billed to and payment received from the Customer prior to the Company making the required changes.

- 1) If these changes require the Company to change the setup of the Customer's account either in the Company's or the WREGIS system, a onetime setup change fee will be charged to the Customer.
- 2) If these changes require additional monthly processing, the Monthly QRE Fee will be adjusted to reflect this change in process.

(d) Failure to pay fees

- i. A Customer's failure to pay the Meter and Telemetry Equipment fees, as specified in item 7a, or the Initial QRE Agreement set up fee as specified above in item 7b this Agreement shall result in automatic termination of this Agreement and will not be subject to the Default process identified in section 12 of this Agreement.
- ii. In the event the Customer fails to pay the Monthly QRE Fee as specified above in item 7c for any Generation Month, the Company will not report any data to WREGIS for that Generation Month at any time and no future Generation Month's Data will be supplied to WREGIS until all past due fees have been paid in full. Failure to pay the Monthly QRE Fee shall be an event of default.

8. QUALIFIED REPORTING ENTITY

The Company will serve as a Qualified Reporting Entity (QRE) to report the Customer's Renewable generation Data to WREGIS. In order for the Company to be able to perform this function, the Customer shall submit such Data to the Company by allowing the Company to collect such Data, at the Point of Metering set forth in Exhibit A, and in the manner set forth in sections 9, Measurement and 10, Reporting.

9. MEASUREMENT

- (a) Metering and Telemetry Equipment

- i. At the Customer's expense, the Company will design, supply, install, operate and maintain all Metering and Telemetry Equipment at the Generation Unit's Point of Interconnection to enable the project to provide Revenue-Quality Meter Output and meet the requirements of paragraph 9.3, Revenue Metering Standards of the WREGIS Operating Rules.
- ii. Upon receipt of a written request for a QRE Agreement from a potential Customer, the Company shall make an initial assessment of the existing metering and telemetry equipment to determine if it is able to provide Revenue-Quality Meter Output to the Company. If it is determined that any additions, changes or modifications to the metering or telemetry equipment is required, the Customer shall be required to contract with the Company through the Company's routine Generation Interconnection Process to install the required metering and telemetry equipment.

(b) Estimates

When Revenue-Quality Meter Output is not available due to meter or telemetry hardware failure or metered data that is determined to be invalid due to meter malfunction or calibration/configuration error, the Company at the Customer's expense within a reasonable time shall take the necessary action to repair the meter or telemetry equipment.

The Company will rely on readings from Company and Customer provided redundant meters to establish an estimate of the MWh output of the Customer's Generation Unit for just the period of time that is determined that the meter was not operating correctly. If redundant meters are not available, the Company shall use electrical industry standard practices to develop an estimate of the MWh output of the Customer's Generation Unit for just the period of time that it is determined that the meter was not operating correctly. This estimation process will only be used on a limited basis until such time as the repairs are completed and these Estimates will only be provided to WREGIS if WREGIS rules and guidelines allow use of these Estimates to be used in lieu of the actual Revenue-Quality Meter Output.

10. **REPORTING**

Beginning with the first full Generation Month in which Revenue-Quality Meter Output is available and after the Metering and Telemetry Equipment fee, Initial QRE Agreement set up fee and the Monthly QRE Fee has been paid by the Customer the Company shall begin Reporting as specified below:

(a) Monthly Generation Extract File

The Customer authorizes the Company to provide the Customer's Data directly to WREGIS in the form of the Monthly Generation Extract File

- i. Within the first 15 Working Days of the month following the Generation Month, the Company shall submit a Monthly

Generation Extract File to WREGIS on the Customer's behalf containing the Revenue-Quality Meter Output which will conform to the characteristics and Data requirements set forth in the WREGIS Interface Control Document.

- ii. As specified within the WREGIS Interface Control Document, WREGIS will notify the Customer via automated e-mail of the Data loaded into the Customer's account by the Company. The Customer shall then approve or dispute this data within 5 Working Days of the date the Company has submitted the Data to WREGIS. Failure of the Customer to approve or dispute this data within the 5 Working Days shall be deemed to be approval of the Data by the Customer.
- iii. If the Customer disputes the Data, the Customer shall 1) appropriately respond to the WREGIS notification and 2) notify the Company of this dispute within 5 Working Days from the date the Company submitted the Data to WREGIS. Notification of a dispute of the Data to the Company shall include but not be limited to detail of the Customer's dispute, the Customer's recommendation and evidence supporting the Customer's dispute.
- iv. Both parties shall in good faith work to resolve any dispute within 60 days from the date of notification of the dispute. At the end of 60 days the parties may mutually agree to continue their efforts to mutually resolve the dispute or if a mutual agreement is not reached, either party may request the dispute be resolved in the Dispute Resolution process as defined within this Agreement.

(b) Adjustments

After the Company submits the Monthly Generation Extract File to WREGIS, and the Customer has approved the Data, the Parties acknowledge that any information contained in the Monthly Generation Extract File shall be final for purposes of WREGIS reporting, subject only to the adjustment procedures set forth in section 9.4 of the WREGIS Operating Rules.

11. INDEMNITY, HOLD HARMLESS AND WAIVER

(a) Acknowledgment

The Parties acknowledge that the Company is voluntarily agreeing to serve as a QRE.

(b) Customer Solely Responsible for Data Submitted to the Company

The Customer is solely responsible for the Data created and submitted to the Company, acting as a QRE, to forward to WREGIS.

Pursuant to this Agreement the Customer provides permission to the Company to gather Data from the Points of Metering listed in Exhibit A. All such Data is

considered Data which the Customer has created and submitted to the Company, notwithstanding the fact that the Company, rather than the Customer will gather it.

(c) **Indemnity and Hold Harmless**

The Customer shall indemnify and hold the Company, its officers, employees, agents, or representatives, harmless for any and all liability to third parties for damages associated with the Company's performance of the QRE function unless such damages result solely from the intentional or reckless misconduct of the Company. The indemnification contained in this subsection includes, but is not limited to, liability arising from: the Data contained in the Monthly Generation Extract File, or any other financial injury, or damage to persons or property.

(d) **Waiver of Causes of Action and Claims for Damages**

The Customer further agrees to waive any and all causes of action arising under or in respect to this Agreement, whether in contract, tort or any other legal or equitable theory (including strict liability) against the Company. In no event shall the Company be liable to the Customer its board of directors, employees, agents, or representatives for any demands, direct costs, lost or prospective profits or any other losses, liabilities or expenses, whether special, punitive, exemplary, consequential, incidental, or indirect in nature, that are in any way associated with the Company's performance of the QRE function or that arise under or in respect of this Agreement unless such demands, losses, liabilities or expenses result solely from the intentional or reckless misconduct of the Company. This includes, but is not limited to, damages based on Data contained in the Monthly Generation Extract File, or any other damages arising from financial injury or damage to persons or property.

12. Disputes and Defaults

Disputes – The parties shall mutually cooperate to resolve any disputes of this Agreement. Only after an unsuccessful reasonable attempt to mutually resolve a dispute shall a party or parties submit the dispute to the Dispute Resolution process as defined in section 4f of this Agreement.

Notice of Default - If either party fails to perform any of the terms or conditions of this Agreement (an "event of default"), the nondefaulting Party shall cause notice in writing to be given to the defaulting Party, specifying the manner in which such default occurred. If the defaulting party shall fail to cure such default within the sixty (60) days after service of such notice, or if the defaulting party reasonably demonstrates to the other party that the default can be cured within a commercially reasonable time but not within such sixty (60) day period and then fails to diligently pursue such cure, then, the nondefaulting Party may, at its option, terminate this Agreement.

13. NOTICE REGARDING CONFIDENTIALITY

By signing this Agreement, the Customer acknowledges that, pursuant to section 11 of the WREGIS TOU, any Data that the Company, acting as a QRE, provides to WREGIS shall reside in WREGIS and the Customer will have no control over such Data's use other than that provided for under the WREGIS TOU.

By signing this Agreement the Customer further acknowledges that, confidentiality of information shall be governed by section 13 of the WREGIS TOU.

14. STANDARD PROVISIONS

(a) Amendments

Except where this Agreement explicitly allows for one Party to unilaterally amend a provision or revise an exhibit, no amendment or exhibit revision to this Agreement shall be of any force or effect unless set forth in a written instrument signed by authorized representatives of each Party.

(b) Entire Agreement and Order of Precedence

This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the parties. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

(c) Information Exchange

To the extent not set forth in previous sections of this Agreement, the Parties shall provide each other with any information that is reasonably required to administer this Agreement.

(d) Assignment

This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without the other Party's written consent. Such consent shall not be unreasonably withheld.

(e) No Third-Party Beneficiaries

This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

(f) Waivers

No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or any other breach of this Agreement.

(g) Each Party Has Read Agreement

Each Party represents and warrants that it or its responsible agent has read this Agreement and understands its contents.

(h) Governing Law and Dispute Resolution

This Agreement shall be interpreted consistent with and governed by the laws of the State in which the Customer's Generation Unit is physically located.

The Parties shall identify issue(s) in dispute and make a good faith effort to negotiate a resolution of disputes before either Party may initiate litigation. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. During a contract dispute or contract issue between the Parties arising out of this Agreement, the Parties shall continue performance under this Agreement pending resolution of the dispute, unless to do so would be impossible or impracticable. Both Parties reserve the right to seek judicial resolution of any dispute arising under this Agreement.

14. NOTICES AND CONTACT INFORMATION

Any notice required under this Agreement shall be in writing and shall be delivered: (a) in person; or (b) with proof of receipt, by a nationally recognized delivery service or by United States Certified Mail; or (c) electronic mail (e-mail) followed by proof of receipt, by a nationally recognized delivery service or by United States Certified Mail

Notices are effective when received. Either party may change the name or address for receipt of notice by providing notice of such change. The parties shall deliver notices to the following person and address:

If to the Customer:

(Customer Name)
(Customer Address)
(Customer City, State, Zip)
Attention: (Customer Contact)
Title: (Customer Title)
Phone:
Fax:
E-Mail:

Invoicing method (select one):
E-Mail: U S Mail:

If to the Company:

Attention:
Phone:
Fax:
E-Mail:

If by First Class Mail:
Idaho Power Company
P O Box 70
Boise, ID 83707

If by Overnight Delivery Service:
Idaho Power Company
1221 W Idaho
Boise, ID 83702

13. SIGNATURES

Each Party represents that it has the authority to execute this Agreement and that it has been duly authorized to enter into this Agreement.

CUSTOMER NAME

Idaho Power Company

By: _____
Name: _____
(Print/Type)
Title: _____
Date: _____

By: _____
Name: _____
(Print/Type)
Title: _____
Date: _____

EXHIBIT A

GENERATION UNIT IDENTIFICATION AND ASSOCIATED METER POINT

WREGIS Generation Unit Identification	Meter Number	Meter Point Name	Meter Multiplier	Company Unique Meter Point Identification (i.e. – MV 90 header number)

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-09-16

IDAHO POWER COMPANY

ATTACHMENT NO. 2

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding and Agreement ("MOU") is made and entered into this 5th day of May, 2009, by and among the Public Utility Commission of Oregon Staff ("Staff"); PacifiCorp, dba Pacific Power ("PacifiCorp"); Portland General Electric Company ("PGE"); and Idaho Power Company ("Idaho Power"). PacifiCorp, PGE and Idaho Power are hereafter sometimes collectively referred to as the investor-owned-utilities "IOUs." Staff, PacifiCorp, PGE and Idaho Power are sometimes referred to herein collectively as the "Parties" or singularly as "Party."

Recitals

WHEREAS, the IOUs are electric utilities operating in the state of Oregon and are subject to the supervision and regulation of the Public Utility Commission of Oregon ("Commission"); and

WHEREAS, on September 30, 2008, the Commission granted Staff's request to open an investigation under Docket No. UM 1394 into electric companies providing qualified reporting entity ("QRE") service for certification of renewable energy certificates by the Western Renewable Energy Information System ("WREGIS"); and

WHEREAS, the Citizens' Utility Board of Oregon ("CUB"); the Industrial Customers of Northwest Utilities ("ICNU"); Exergy Development Group of Idaho ("Exergy"); Renewable Northwest Project; Iberdrola Renewables, Community Renewable Energy Association ("CREA"); the Oregon Department of Energy ("ODOE") and the Bonneville Power Administration ("BPA") and the IOUs have all been granted intervention in UM 1394 (CUB, ICNU, Exergy, Renewable Northwest Project, Iberdrola Renewables, CREA, ODOE and BPA are hereafter sometimes referred to collectively as the "Stakeholders"); and

WHEREAS, the IOUs filed initial comments in UM 1394 on November 6, 2008, and the Parties and Stakeholders thereafter filed opening comments in UM 1394 on December 12, 2008; and

WHEREAS, the Parties held a series of workshops to discuss issues surrounding UM 1394 on November 12, 2008, January 9, 2009, and February 23, 2009; and

WHEREAS, based upon the outcome of those workshops, the Parties have reached an understanding and agreement with respect to the provision of QRE service within their respective Oregon allocated service territories; and

WHEREAS, the IOUs intend to further explore the option of providing QRE service outside their respective allocated service territories for generators for which they act as the Balancing Authority; and

WHEREAS, to accomplish the objectives stated above, the Parties desire to enter into this MOU regarding QRE service by the IOUs and the suspension of UM 1394;

NOW, THEREFORE, in consideration of the mutual promises expressed herein and other good and valuable consideration, the receipt and sufficiency of which are hereby accepted, the Parties agree as follows:

Terms

1. QRE Service. The IOUs agree to voluntarily offer QRE service pursuant to the independently developed terms and conditions of their respective form QRE services agreements attached hereto as Exhibit "A." However, nothing in this Agreement shall prevent an IOU and QRE customer from mutually agreeing to alter any portion their service agreement.

2. Suspension of UM 1394. The Parties shall request and recommend that the Commission suspend UM 1394.

The ODOE is adopting a process to allow retroactive creation of RECs from generation beginning in 2007. If any Stakeholder or Party requests, the Parties agree to reconvene another workshop at a mutually agreeable time and place after the ODOE adopts a process that allows for the retroactive creation of RECs to assess the provision of QRE services for the creation of retroactive RECs by the IOUs.

The Parties agree to reconvene another workshop among the Stakeholders and the Parties at a mutually agreeable time and place on or about March 15, 2011, in order to assess the provision of QRE services by the IOUs under the form QRE service agreements. Based on the results of that workshop, Staff shall make an assessment and recommendation as to whether to initiate further proceedings under UM 1394, including but not limited to: (1) further briefing by Staff, the IOUs, and the Stakeholders on the issue of Commission authority and jurisdiction to require the IOUs to provide QRE service; (2) further discussions on providing QRE service outside the IOUs' respective allocated service territories for which they act as the Balancing Authority; (3) further discussions on pricing and price changes; (4) further workshops; or (5) holding a potential hearing.

Nothing in this agreement precludes the Commission from reopening UM 1394 or any other investigation, and by signing this agreement, Staff does not waive its right to request the Commission to reopen UM 1394 or any other investigation for cause. The Parties further agree that this MOU in no way precludes the Stakeholders from pursuing any available remedies.

3. Commission Jurisdiction. The Parties acknowledge that a dispute exists as to whether the Commission has jurisdiction or authority to require the IOUs to provide QRE service. Notwithstanding anything contained herein to the contrary, the IOUs do not consent to the assertion of Commission jurisdiction or authority with respect to the provision of QRE service by the IOUs and reserve any and all rights to challenge the Commission's jurisdiction regarding the same.

4. Provision of QRE Service. The parties acknowledge that the IOUs have voluntarily agreed to provide QRE service pursuant to the terms and conditions of their respective form QRE service agreements. The IOUs cannot leave the business of being a QRE before the first two-year review proceeding/meeting without notifying the Commission.

5. Third Party QRE Service Providers. The parties acknowledge and agree that other individuals and/or entities currently provide QRE service to generators and that other entities may provide such service in the future. As a result, the parties agree that if an IOU agrees

to provide QRE service, this does not create an exclusive service provider obligation on an IOU or require an IOU to provide this service as a provider of last resort.

6. Good Faith Covenant to Cooperate. It is the parties' intent to work together in good faith to fulfill their respective obligations under this MOU. Each party specifically acknowledges and agrees that it shall cooperate with the other party to effectuate the purposes of this MOU.

7. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the state of Oregon. The parties further agree that the proper venue and jurisdiction for any disputes surrounding this MOU shall be the Commission.

8. No Joint Venture. This MOU shall not be deemed to create a partnership, joint venture, or agency relation among or between the parties.

9. Authorization. Each individual executing this MOU represents and warrants that he or she has been duly authorized by appropriate action of the governing body of the party for which he or she signs to execute and deliver this MOU in the capacity and for the entity set forth where he or she signs and that as a result of his or her signature, this MOU shall be binding upon the party for which he or she signs.

10. Entire Agreement. This MOU sets forth the entire understanding among the parties and fully supersedes any and all prior understandings, oral or written, between the parties pertaining to the subject of this MOU. This MOU may only be amended or modified in writing.

11. Parties' Positions. The parties agree that the agreements reached in this MOU shall not be cited or used as indicative of a party's position on the issues resolved or as any other type of precedent or evidence in any other case or proceeding. In particular, this MOU does not constitute an agreement by any party to the theories used by any party in deciding to enter this MOU.

12. Facts and Legal Positions. The parties have entered in to this MOU to resolve disputed issues and no party admits or denies any fact or legal position at issue.

13. Adoption by Commission. The parties recommend that the Commission adopt this MOU in its entirety. The parties have negotiated this MOU as an integrated document. Accordingly, if the Commission in any order rejects all, or any part of this MOU, or adds to or changes any of its terms, each party reserves the right to withdraw from the MOU upon written notice to the Commission and the parties within fifteen (15) days of receiving notice of any such action by the Commission. In the event of such withdrawal, the party will not be bound by any provision of this MOU, and no such term may cited or used against any party in connection with any case or proceeding, or otherwise.

14. Counterparts. This MOU may be executed in counterparts and each signed counterpart will constitute an original document.

IN WITNESS WHEREOF, this MOU shall be dated and effective on date and year first above written.

PUBLIC UTILITY COMMISSION OF OREGON STAFF

By: Michael J. [Signature]

Its: Attorney

PACIFICORP

By: [Signature]

Its: Attorney

IDAHO POWER COMPANY

By: _____

Its: _____

PORTLAND GENERAL ELECTRIC COMPANY

By: _____

Its: _____

IN WITNESS WHEREOF, this MOU shall be dated and effective on date and year first above written.

PUBLIC UTILITY COMMISSION OF OREGON STAFF

By: _____

Its: _____

PACIFICORP

By: _____

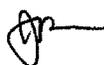
Its: _____

IDAHO POWER COMPANY

By: _____

Its: _____

PORTLAND GENERAL ELECTRIC COMPANY

By: Bill Anderson 

Its: VICE PRESIDENT

IN WITNESS WHEREOF, this MOU shall be dated and effective on date and year first above written.

PUBLIC UTILITY COMMISSION OF OREGON STAFF

By: _____

Its: _____

PACIFICORP

By: _____

Its: _____

IDAHO POWER COMPANY

By: Lisa Richner

Its: Attorney

PORTLAND GENERAL ELECTRIC COMPANY

By: _____

Its: _____

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-16

IDAHO POWER COMPANY

ATTACHMENT NO. 3

accounting and transferring RECs. In September 2008, ODOE officially adopted WREGIS as the accepted REC-implementing system for the RPS law. See OAR 330-160-0020. Again, simply stated, a QRE serves to upload generating data from generators to WREGIS. WREGIS in turn issues RECs based upon this data. Utilities may use the WREGIS-issued RECs, subject to various legal constraints, to comply with Oregon's RPS law.

Thus, in a very real sense, in order for the RPS law to work effectively and efficiently, it is imperative that the WREGIS requirements, including the use of QREs, are also effectively and efficiently implemented. Provision of QRE service to Third Party Generators by public utilities will benefit Oregon ratepayers by enlarging the pool of qualifying electricity and unbundled RECs eligible to meet the Oregon RPS and by facilitating REC trading in the West. Even if utilities don't purchase the RECs from an individual Third Party Generator, the availability of more Oregon RPS-eligible RECs in the market helps keep down the cost of eligible renewable resources. Utilities are best-situated to serve as QREs.

As stated in their November comments, the utilities act as the balancing authority for their respective balancing authority areas. WREGIS states that the balancing authority should be the QRE if the generating unit reports to a balancing authority and the data can be reported on a generating unit basis. For other generators, WREGIS requires the QRE applicant to demonstrate its independence from the generator or the purchaser of the RECs.¹¹

It is the utilities' unique position as regulated monopoly providers of electricity-related services that enables them to provide QRE service at a clear advantage to any other potential provider, particularly where the utility owns the meter, reads the meter, collects and reconciles the metering data, and may also serve as the balancing authority.

Further, utilities have the unique ability to provide QRE service for Third Party Generators because retail customers already are paying (in rates) for the personnel, hardware and software the utilities are using today to provide QRE services for their owned and contracted generators where they receive the RECs.

Thus, while it is not necessary to reach this determination in this docket, staff's counsel advises for the reasons discussed above, a strong argument may be made that the Commission has authority to require a utility to provide QRE service under the circumstances assumed in Issue 1(a).

Regardless of the answer to Issue 1(a), because the utilities are willing to provide QRE service, the next question becomes should the Commission allow (or require) QRE service costs and associated revenues to be recovered in rates — "above the line." Staff understands that PacifiCorp and PGE favor this approach, and Idaho Power, while not necessarily refusing to include the service above the line in rates, prefers to keep the service out of rates — providing it "below the line."

¹¹ See issue 12 for more detailed information.

Even if the Commission is not authorized to regulate the QRE service as a fully regulated (i.e., tariffed) service, staff's counsel advises that there is no legal problem with including QRE service above the line in rates. The facilities the utilities would use to provide QRE service were, in whole or for the most part, paid for by ratepayers. The Commission has previously held that an otherwise "unregulated" utility service may be considered regulated to some degree if it is provided in whole or in part by means of facilities paid for by ratepayers. The most notable example of this is the yellow pages imputation order. See Commission Order No. 88-488 at 5-6. (Commission finds that, while yellow page advertising was not a necessary part of Pacific Northwest Bell's utility service, the value of the yellow page advertising "is linked inextricably with the publication and distribution of the (regulated) white pages by, or on behalf of, the local exchange company. The profits from the yellow pages are extremely useful...in supporting costs of communications service and making it more affordable.") There have been other examples of an arguably unregulated service, whose value is derived from regulated plant or services, being allowed in rates even though it was not tariffed as a fully regulated service. See Commission Order No. 05-230. (PGE agrees to share royalties with ratepayers from an otherwise unregulated business that was initially paid for by ratepayers.)

Staff also recommends the utilities provide QRE service as an above-the-line service for the following reasons:

It would be impossible to ensure that utility personnel, hardware, software, and other costs necessary for providing QRE service and included in retail rates would not be used to provide QRE service for Third Party Generators, and vice versa. In other words, there will necessarily be an intermingling of costs incurred by the utility to provide QRE service for owned, contracted (where the utility receives RECs) and Third Party generators. See PacifiCorp's response to Staff Data Request No. 6, attached. Further, in a general rate case, costs are on a forecasted basis for the test year. The utilities state that it is difficult to predict how many Third Party Generators may request QRE service in the future. It also will be difficult to predict how many utility-owned and contracted generators will require QRE service in the future. Forecasting costs due to Third Party Generators, versus utility-owned and utility-contracted generators, is prone to inaccuracy.

As an above-the-line service, ratepayers would provide a backstop to cover the utility's prudently incurred costs in providing QRE service for Third Party Generators. Staff recommends a separate utility subaccount be established to track revenues from generators purchasing QRE service. Revenues would offset costs in rates through a rider. To the extent the revenues exceed forecasts used to design service rates, ratepayers would receive the benefit. If QRE service ever became a profitable endeavor for the utilities, ratepayers would appropriately share in the benefits given their investment in the infrastructure used to provide the service.

If QRE service is allowed as an above-the line service, staff's counsel advises that the Commission has general authority to review proposed costs to ensure rates are fair and reasonable. See Order No. 88-488 at 10. ("The final rate-making treatment to be accorded the transactions described in this order and the amount of the revenues which will be imputed to PNB from them, will be reserved until a general rate proceeding of PNB.") Toward that end, the utilities have offered to informally submit to the Commission for its (staff's) review the pro forma QRE contract between the utility and the generator.

b. The generator is located in Oregon and the public utility serves as its Balancing Authority, but the generator is not located in the public utility's allocated Oregon service territory?

Like the response to Issue 1(a), because the utilities are generally willing to provide QRE service, the question of the Commission's legal authority to *require* a utility to provide QRE service is essentially moot. Nonetheless, staff's counsel advises that the strength of the argument set forth in Issue 1(a) for the proposition that the Commission has such authority weakens the further the assumed facts stray from the utility's business of providing electric service in its allocated service territory. But, so long as the generator is located in Oregon and the generator is willing to pay for whatever is reasonably necessary to record and transmit its generation data to the utility serving as the QRE, then the basic reasoning delineated in Issue 1(a) is still valid under the facts assumed in Issue 1(b).

c. The generator is located in the public utility's allocated service territory or control area, or both, but is not interconnected to the public utility's distribution or transmission system?

Staff's response to Issue 1(c) is generally the same as its response to Issue 1(b).

Issue 2: To the extent the Commission has authority to require the public utilities to provide QRE service, should the service be provided through a Commission-approved rate schedule?

Staff assumes in responding to this issue that the phrase "through a Commission-approved rate schedule" refers to a service that is contained in a tariff approved by the Commission pursuant to ORS 757.205. Staff's counsel advises that ORS 757.205 is generally applicable only to services over which the Commission has full regulatory powers. As explored in Issue 1(a), strong arguments can be made both for, and against, the Commission's regulatory authority to require a utility to provide QRE service.

But, as discussed in Issue 1(a), PGE, PacifiCorp and staff favor allowing a utility to provide QRE service above the line in rates. Under this scenario, the utility would not file with the Commission a schedule or tariff for the service pursuant to ORS 757.205 under the premise that the Commission does not necessarily have full regulatory authority over the service. However, the Commission would still retain authority to