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IDAHO PUBLIC UTILITIES COMMISSION

JULIA A. HILTON
Corporate Counsel
jhilton@idahopower.com

May 14, 2013

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. *IPC-E-09-24*
Cassia Gulch Wind Park, LLC, and Tuana Springs Energy, LLC – Application

Dear Ms. Jewell:

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

Very truly yours,

Julia A. Hilton

JAH:csb
Enclosures

JULIA A. HILTON (ISB No. 7740)
DONOVAN E. WALKER (ISB No. 5921)
Idaho Power Company
1221 West Idaho Street (83702)
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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. *IPC-E-09-24*
INCLUSION OF OMITTED PRICING)
INFORMATION IN THE FIRM ENERGY) APPLICATION
SALES AGREEMENT AMONG IDAHO)
POWER COMPANY AND CASSIA GULCH)
WIND PARK, LLC, AND TUANA SPRINGS)
ENERGY, LLC.)
_____)

In accordance with *Idaho Code* § 61-503 and RP 052 and RP 201, Idaho Power Company ("Idaho Power" or "Company") hereby respectfully applies to the Idaho Public Utilities Commission ("Commission") for an order including additional pricing information in the Firm Energy Sales Agreement ("Agreement") among Idaho Power and Cassia Gulch Wind Park, LLC ("Cassia Gulch") and Tuana Springs Energy, LLC ("Tuana Springs") (Cassia Gulch and Tuana Springs shall be collectively referred to as "Tuana") whereby Tuana sells and Idaho Power purchases electric energy generated by the Tuana project. Idaho Power initially sought to provide this information to the

Commission via a letter. However, Commission Staff requested that the Company submit this information via an application.

In support of this Application, Idaho Power represents as follows:

I. INTRODUCTION

1. On August 11, 2009, in Case No. IPC-E-09-24, Idaho Power filed an application with the Commission for approval of the Agreement. The Commission approved the Agreement on October 5, 2009 in Order No. 30917.

2. The terms of the Agreement state that the Agreement will be in effect for 20 years, beginning upon the project's actual Operation Date. See page 11 of the Agreement in Case No. IPC-E-09-24. Due to delays, the Operation Date did not occur, and therefore the term of the Agreement did not begin, until 12 months after the anticipated Operation Date. The Agreement contains pricing information for the 20 years following the scheduled Operation Date. However, because the Operation Date was delayed, the 20-year pricing schedule within the Agreement does not extend through the full term of the Agreement.

3. In April 2013, Tuana notified Idaho Power that the 20-year pricing schedule did not extend for the full term of the Agreement. The pricing contained in the Agreement is a blend of prices. Prior to entering into this Agreement, Idaho Power and Cassia Gulch Wind Park, LLC, were parties to a Public Utility Regulatory Policies Act of 1978 contract ("Previous Agreement") containing standard published avoided cost rates in accordance with Order No. 29646. This current Agreement contains prices based upon the standard published avoided cost rates from the Previous Agreement as well as negotiated rates due to the increased size of the Tuana project.

4. On May 3, 2013, Idaho Power provided Tuana with a letter setting forth the pricing to be applied to the last 12 months of the term of the Agreement, which spans over the years 2029 and 2030. Attachment 1. In order to determine the appropriate rates that are in line with the pricing within the Agreement, Idaho Power analyzed the components that went into the negotiated rate with Tuana. Idaho Power identified an escalation value of approximately 2.3 percent for the portion of the rate based upon the standard published avoided cost rates set forth in Order No. 29646. Idaho Power was unable to identify a similar escalation value to the other portion of the rate. With that in mind, Idaho Power determined it was fair and equitable to apply a 2.3 percent escalation to the energy prices as set forth the last year in the Agreement to arrive at appropriate pricing for the remaining portion of the Agreement. As described in the Company's May 3, 2013 letter, Idaho Power's proposed pricing for the final 12 months of the Agreement is as follows:

Heavy Load Purchase Price

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
Year	Mills/kWh	Mills/kWh	Mills/kWh
2029	78.49	128.14	106.79
2030	80.30	131.10	109.25

Light Load Purchase Price

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
Year	Mills/kWh	Mills/kWh	Mills/kWh
2029	73.01	119.21	99.34
2030	74.70	121.96	101.63

All Hours Energy Price

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
Year	Mills/kWh	Mills/kWh	Mills/kWh
2029	76.05	124.17	103.47
2030	77.81	127.03	105.86

5. Idaho Power requests that the Commission approve the inclusion of these additional prices into the terms of the Agreement in order to clarify the rates in effect for the final 12 months of the Agreement.

II. MODIFIED PROCEDURE

6. Idaho Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.* The Company stands ready to present the testimony in support of this Application in a technical hearing if the Commission determines such a hearing is required.

III. COMMUNICATIONS AND SERVICE OF PLEADINGS

7. Communications and service of pleadings with reference to this Application should be sent to the following:

Julia A. Hilton
Regulatory Dockets
Idaho Power Company
P.O. Box 70
Boise, ID 83707
jhilton@idahopower.com
dockets@idahopower.com

Randy Allphin
Energy Contracts Leader
Idaho Power Company
P.O. Box 70
Boise, ID 83707
rallphin@idahopower.com

IV. REQUEST FOR RELIEF

8. As described in greater detail above, Idaho Power respectfully requests that the Commission issue an order approving the inclusion of the above-described pricing terms for the last year of the Agreement and finding it reasonable to allow these payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

DATED at Boise, Idaho, this 14th day of May 2013.

A handwritten signature in black ink, appearing to read "Julia A. Hilton", written over a horizontal line.

JULIA A. HILTON
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 14th day of May 2013 I served a true and correct copy of the foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

- Hand Delivered
- U.S. Mail
- Overnight Mail
- FAX
- Email kris.sasser@puc.idaho.gov

Cassia Gulch Wind Park, LLC, and Tuana Springs Energy, LLC

Richard Free
Director, Utility & Regulatory Process Support
Bennett Creek Windfarm, LLC
c/o Exelon Wind, LLC
4601 Westown Parkway, Suite 300
West Des Moines, Iowa 50266

- Hand Delivered
- U.S. Mail
- Overnight Mail
- FAX
- Email Richard.Free@exeloncorp.com


Christa Beary, Legal Assistant

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E- 09-24

IDAHO POWER COMPANY

ATTACHMENT 1



May 3, 2013

Cassia Gulch Wind Park, LLC and Tuana Springs Energy, LLC
c/o Exelon Wind, LLC
Attn: Richard Free, Director, Utility and Regulatory Process Support
4601 Westown Parkway, Suite 300
West Des Moines, IA 50266

Sent Via: Email (Richard.Free@exeloncorp.com), Certified Mail

Subject: Tuana Springs Expansion - Project Number – 31315150

Dear Richard,

Recently you contacted Idaho Power regarding your discovery that the pricing schedules contained in Article VII of the Firm Energy Sales Agreement (Agreement) between Cassia Gulch Wind Park, LLC-Tuana Springs Energy, LLC and Idaho Power Company dated August 5, 2009 did not extend through the full 20 year term of the Agreement.

As you are aware, this project was an expansion of the existing Cassia Gulch Wind Park and the energy prices contained within this new Agreement for the larger, expanded project was a blending of the published avoided cost energy prices contained within the original Cassia Gulch Wind Park Agreement and the negotiated avoided cost prices that were applicable at the time of the expansion of this project. The original Cassia Gulch Wind Park Pricing schedule contained avoided cost values directly from IPUC order 29646, and the pricing schedule associated with the expansion was a negotiated pricing schedule applicable to projects over the published rate eligibility cap. The IPUC approved this new Agreement and the new pricing schedule in IPUC order 30917 on October 5, 2009.

The Agreement does contain a 20 year pricing schedule through the calendar year of 2028. However due to the actual Operation Date being May 14, 2010, the full 20 year term of the Agreement will extend to May, 2030, which unfortunately is beyond the pricing schedule contained within the approved Agreement.

In order to extend the pricing schedule to include prices for the years 2029 and 2030 we have reviewed the Agreement and various information used in the negotiations of the Agreement. A key component of the price negotiations for the new Agreement was to maintain the energy values within the original Cassia Gulch Wind Park Agreement and to add the negotiated value of the expansion, as this new larger project now exceeded the 10 average MW eligibility cap. Thus, a blending of these two energy values was used. In reviewing the original pricing within the Cassia Gulch Wind Park Agreement that was in accordance with IPUC Order 29646, we have calculated the annual energy price escalation within that pricing schedule to be approximately 2.3 % per year. As the negotiated energy values of

the expansion took into account Idaho Power energy needs and forecasted energy prices, there is no consistent escalation pattern within that serious of values. Thus, we have applied a 2.3% escalation to the 2028 energy prices within the approved pricing schedule and calculated the 2029 and 2030 energy prices for this Agreement to be the following:

Article VII: PURCHASE PRICE AND METHOD OF PAYMENT

7.1 Heavy Load Purchase Price:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2029	78.49	128.14	106.79
2030	80.30	131.10	109.25

7.2 Light Load Purchase Price:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2029	73.01	119.21	99.34
2030	74.70	121.96	101.63

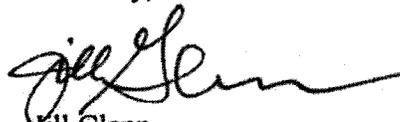
7.3 All Hours Energy Price:

	Season 1 - (73.50 %)	Season 2 - (120.00 %)	Season 3 - (100.00 %)
<u>Year</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>	<u>Mills/kWh</u>
2029	76.05	124.17	103.47
2030	77.81	127.03	105.86

Idaho Power will file this information with the IPUC and ask that it be included with the original agreement. However, if the IPUC determines that additional information or specific IPUC approval of this information is required such prices shall not be effective until such Commission approval is obtained.

If you have any questions please do not hesitate to contact me.

Sincerely,



Jill Glenn
 Energy Contract Coordinator, Sr.
 Idaho Power Company|Power Supply
 208-388-2265
Jglenn@idahopower.com

cc: Donovan Walker (IPC)
 Randy Allphin (IPC)