

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FIRM ENERGY)	
SALES AGREEMENT BETWEEN IDAHO)	CASE NO. IPC-E-09-24
POWER COMPANY AND CASSIA GULCH)	
WIND PARK, LLC AND TUANA SPRINGS)	
ENERGY, LLC FOR THE SALE AND)	ORDER NO. 32851
PURCHASE OF ELECTRIC ENERGY.)	
)	

On May 14, 2013, Idaho Power Company submitted for Commission approval an Application to include additional pricing information to the August 5, 2009, Firm Energy Sales Agreement (Agreement) between Idaho Power and Cassia Gulch Wind Park, LLC (Cassia Gulch) and Tuana Springs Energy, LLC (Tuana Springs). The original Agreement is for a 20-year term and was approved on October 5, 2009, in Order No. 30917. By this Order, we approve the inclusion of additional pricing information to the Agreement.

THE AGREEMENT

At the time the 2009 Agreement was entered into, Tuana Springs was proposing to design, construct, own, operate and maintain a new wind generating facility adjacent to and as an expansion of the existing Cassia Gulch facility. Cassia Gulch was operating under an April 7, 2006, Firm Energy Sales Agreement (Cassia Gulch agreement), which was for a 20-year term and contained rates in accordance with Order No. 29646. Under the terms of the new (2009) Agreement, the Cassia Gulch agreement was to remain in full force and effect until such time as the Tuana Springs expansion facility had achieved its operation date. Tuana Springs selected June 30, 2010, as its Scheduled Operation Date. Idaho Power represents that Tuana Springs achieved an operation date of May 14, 2010. At that point, the Cassia Gulch agreement was automatically terminated and replaced by the 2009 Agreement. The net energy from the Cassia Gulch facility and the Tuana Springs Expansion was combined into a single qualifying facility.

The purchase prices in the pricing schedule in the 2009 Agreement were a blending of the prices in the existing Cassia Gulch agreement and prices established by running the Aurora economic dispatch model. The pricing schedule contained in the 2009 Agreement extended until 2028 – only 18 years from both the anticipated and actual operation dates.

In April 2013, Cassia Gulch and Tuana Springs notified Idaho Power that the pricing schedule did not extend for the full term of the Agreement. On May 3, 2013, Idaho Power provided Cassia Gulch and Tuana Springs with a letter setting forth the pricing to be applied in 2029 and 2030. Idaho Power did not replicate the methodology they used to generate the prices for the first 18 years of the agreement. Instead, Idaho Power escalated the 2009 Agreement prices by approximately 2.3 percent annually. This escalation factor was chosen to replicate the escalation found in the standard published avoided cost rates set forth in Order No. 29646.

THE APPLICATION

Idaho Power stated in its Application that the Company attempted to notify the Commission of its additional pricing by letter. Commission Staff requested that Idaho Power file an application seeking Commission approval of the pricing and verifying that Cassia Gulch and Tuana Springs acquiesced in the pricing additions.

Staff verified that the prices provided by Idaho Power are based upon a 2.3 percent annual escalation factor. Staff also acknowledged that Idaho Power's choice for calculation of the additional pricing is reasonable. The Commission was notified by letter dated May 31, 2013, that Cassia Gulch and Tuana Springs agree, understand and accept the updated pricing. Consequently, Staff recommended approval of the inclusion of additional prices into the terms of the Agreement between Idaho Power and Cassia Gulch and Tuana Springs without further process.

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, and the issues raised in this matter 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 the 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 (QFs) and to implement FERC rules.

The Commission has reviewed the record in this case, including the original Agreement, the amendments, the additional pricing and the recommendations of Staff. Based on our review of the evidence presented and the acceptance by Cassia Gulch and Tuana Springs of

the additional pricing, we find that the pricing additions are fair, just and reasonable. Therefore, we approve the inclusion of additional pricing terms without further process.

ORDER

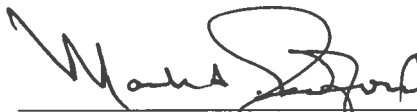
IT IS HEREBY ORDERED that the inclusion of additional pricing to the Firm Energy Sales Agreement between Idaho Power and Cassia Gulch Wind Park, LLC and Tuana Springs Energy, LLC is approved.

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 12th day of July 2013.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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