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IDAHO PUBLIC UTILITIES COMMISSION

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February 10, 2010

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-10-03
IN THE MATTER OF THE DEVELOPMENT OF REQUEST FOR PROPOSAL (RFP) GUIDELINES FOR THE PROCUREMENT OF SUPPLY-SIDE RESOURCES BY IDAHO POWER COMPANY

Dear Ms. Jewell:

Enclosed for filing in accordance with Order No. 30999, please find an original and seven (7) copies of Idaho Power Company's proposed Outline of Competitive Acquisition Guidelines in the above matter.

Very truly yours,

Barton L. Kline

BLK:csb
Enclosures

OUTLINE OF COMPETITIVE ACQUISITION GUIDELINES

A. Introduction

The following is an outline of proposed guidelines for competitive procurement of generation resources. They are not mandatory. If Idaho Power Company ("Idaho Power" or "Company") chooses to acquire a generation resource without an RFP or undertake an RFP that does not fully comply with these guidelines, it may do so. However, in that case, when it comes time to include in rates the cost of any resources that were acquired in a manner that does not conform to these guidelines, Idaho Power will have the burden to prove that the resource acquisition process it used was fair, reasonable, and sufficient under the circumstances that existed at the time. Correspondingly, compliance with the following guidelines creates a presumption that the resource acquisition process was performed in a manner that was fair, reasonable, and sufficient.

B. Competitive Acquisition Guidelines

1. Guideline Applicability. These guidelines are only applicable to Major Generation Resource acquisitions. Major Generation Resources are classified as either renewable or non-renewable. Renewable generation resources include (but are not limited to) wind, solar, and hydro, with a duration of greater than 5 years and a reasonably estimated capacity that exceeds 100 average megawatts. Non-renewable generation resources are all other generation technologies with a duration greater than five (5) years and a nameplate capacity that exceeds 100 megawatts.

2. Alternative Resource Acquisition Process. Idaho Power may seek pre-approval by the Commission of an acquisition process for a Major Generation Resource that would not include an RFP or would include a modified RFP that did not include all of the steps described in the RFP guidelines set out herein. Such a pre-approval order could address situations such as:

(a) Acquisition of a Major Generation Resource in an emergency or when there is a time-limited resource opportunity of unique value to customers.

(b) An accepted IRP provides for an alternative acquisition method for a Major Generation Resource.

(c) A recent RFP issued for the same type and size of resource, produced no qualified proposals.

If the Commission approves an alternative resource acquisition process, Idaho Power will be entitled to the same presumption, as described in A above, that the resource acquisition process it used was fair, reasonable, and sufficient.

3. Company Ownership Options and Affiliate Bidding in RFPs. Idaho Power may include a self-build resource project as a bid in an RFP and may allow its affiliates to submit RFP bids. If an RFP includes a Company self-build bid or a bid from a Company affiliate, Idaho Power must take reasonable precautions to ensure that the self-build bid and affiliate bids are evaluated in an impartial manner. The precautions the Company will take to obtain an impartial evaluation will be addressed in the draft RFP review process described in Section 4. Idaho Power may also consider bids under which a bidder proposes to build a resource and subsequently transfer ownership of the resource to the Company. If the Company intends to exclude such build-and-transfer bids, then it must explicitly disclose that exclusion as a part of the RFP workshop and comment process described in Section 4.

4. RFP Design. Idaho Power will prepare an initial draft RFP and post it on a designated website. It will provide notice of the availability of the initial draft RFP and instructions as to where potential bidders and others can obtain a copy of the draft RFP. Notice will be provided by e-mail and, upon request, by first class mail, sent to all parties in the Company's most recent general rate case, RFP, and IRP dockets, and to any other person that has notified the Company of its interest in receiving notices of RFPs. The electronic notice will contain a link to the location of the draft RFP on the Company's designated website. The draft RFP will set forth any minimum bidder requirements for credit and capability and describe the proposed bid evaluation process and scoring criteria. Idaho Power may set a minimum resource size, and PURPA qualifying facilities larger than 10 megawatts will be allowed to participate. The draft RFP will also include standard form contracts.

Within thirty (30) days of the date of the transmittal of the notice of the availability of the initial draft RFP, Idaho Power will conduct a bidder and stakeholder workshop on the design of the draft RFP. The Company will send notice of the workshop to the same parties that received notice of the initial draft RFP. Additional workshops may be scheduled by the participants. Not later than thirty (30) days after the date of the last workshop, Idaho Power will prepare a final draft RFP document and submit it to all of the participants in the workshop(s). Workshop participants will then have fourteen (14) days to submit written comments to Idaho Power on the final draft RFP. Following receipt of the final comments, Idaho Power will submit the final RFP to participants. The time periods set out in this section may be extended by Idaho Power.

5. Commission Review of RFPs. Within fourteen (14) days of the distribution date of the final RFP, any potential bidder or any party that participated in the workshops to design the RFP may file a written request with the Commission (copy to Idaho Power) asking that the Commission review and approve the final RFP prior to its issuance and/or that the Commission appoint an independent evaluator ("IE") to participate in and evaluate the bidding process. A party requesting that the Commission review and approve the RFP and/or appoint an IE, is hereinafter referred to as a Requesting Party. In its request, a Requesting Party will specifically identify those portions of the RFP that it seeks to have modified and explain why it believes the modifications are needed. At the time it makes its request, a Requesting Party will post

a deposit with the Company in the amount of Twenty-five Thousand Dollars (\$25,000.00). If more than one Party is a Requesting Party, a single deposit will be prorated among the Requesting Parties.

The Commission will use its reasonable best efforts to complete the requested review of the RFP within sixty (60) days. The Commission will decide the procedure it will use to process the request (e.g., written comments or oral argument). If the Commission concurs that the RFP is materially deficient in the areas identified by the Requesting Party, and must be changed, the Commission will issue its order modifying the terms of the RFP and ordering Idaho Power to return the Twenty-five Thousand Dollar (\$25,000.00) deposit to the Requesting Party(ies).

If the Commission does not agree that the changes to the RFP identified by the Requesting Party(ies) are sufficiently material to justify a change to the RFP document, the Commission may direct the Company to apply all or a portion of the Twenty-five Thousand Dollar (\$25,000.00) deposit as a credit to revenues in a subsequent Idaho Power revenue requirement proceeding.

If the Commission agrees that appointment of an IE is appropriate, the Requesting Party(ies) will pay the costs of the IE unless the Commission finds that a different cost-sharing arrangement is appropriate. The IE will be selected by the Commission and will report to the Commission Staff.

6. Bid Scoring and Evaluation Criteria. Scores assigned to a Company self-build resource or a bid from a Company affiliate must be determined using the same bid scoring and evaluation criteria that will be used to score all other bids. The bidding criteria will require that each generation resource include an estimate of transmission interconnection and system upgrade costs as well as all other information the Company deems necessary to allow it to efficiently score the bids. Unless otherwise stated in the Company's RFP, the transmission interconnection cost estimate must be obtained through the Company's Generation Interconnection procedures as approved by the FERC and through a Designated Network Resource request ("DNR") made by Idaho Power on the Company's OASIS. Bidders will advance any study costs Idaho Power incurs to obtain the DNR. If during the course of the RFP process, Idaho Power concludes that bidders should be allowed to update their bids, all bids, including the Company's self-build and affiliate bids may be updated.

In assessing non-price scores, the same resource characteristics contained in the Company's accepted IRP action plan (e.g., dispatch flexibility, resource term, portfolio diversity, etc.) will be assessed as well as conformance to the standard form contracts included in the RFP. Idaho Power may identify other pertinent non-price attributes such as environmental issues, bidder experience, credit and financing capability, and community acceptance to be scored in the evaluation. The RFP will include an explanation of how the Company intends to assess and quantify non-price attributes.

Unless another methodology is specified in the RFP, price scores will be based on the results of modeling the net present value of the revenue requirements of each of the proposed bids.

7. Confidential Treatment of Bid and Score Information. Bidding information, including the Company's cost support for its self-build resource, as well as detailed bid scoring and evaluation results will be confidential information and only made available under protective orders and confidentiality agreements that limit use of the bidding information to Certificate of Public Convenience and Necessity ("CPCN") or power purchase agreement approval proceedings before the Commission.

8. Commission Staff Participation. The Commission Staff is authorized and encouraged to actively consult and participate in all aspects of the competitive acquisition process. This includes, but is not limited to, development of the initial and final RFP documents and all bid evaluations.

9. Compliance with Resource Acquisition Guidelines. If the Company complies with the RFP guidelines or receives a Commission order in accordance with Section 2, such compliance will create a presumption that the resource acquisition process was conducted fairly and reasonably and parties are precluded from raising questions regarding the fairness, reasonableness, or sufficiency of the resource acquisition process in any subsequent CPCN, or power purchase agreement approval proceeding or subsequent revenue requirement recovery proceeding. This does not mean that the Commission is restricted in its ability to assess the prudence of the cost of resources acquired through the resource acquisition process, but it would preclude parties from raising the fairness, reasonableness, or adequacy of the resource acquisition process as a grounds for rejecting a CPCN or a power purchase agreement application or for disallowing costs of a resource acquired through the resource acquisition process in a subsequent revenue requirement proceeding.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 10th day of February 2010 I served a true and correct copy of IDAHO POWER COMPANY'S PROPOSED OUTLINE OF COMPETITIVE ACQUISITION GUIDELINES upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Scott D. Woodbury
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 scott.woodbury@puc.idaho.gov



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