

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. IPC-E-10-22
OF IDAHO POWER COMPANY FOR)
APPROVAL OF A FIRM ENERGY SALES) NOTICE OF APPLICATION
AGREEMENT WITH YELLOWSTONE)
POWER, INC. FOR THE SALE AND) NOTICE OF
PURCHASE OF ELECTRIC ENERGY.) MODIFIED PROCEDURE
)
) ORDER NO. 32065

On August 13, 2010, Idaho Power Company (Idaho Power) filed an Application with the Commission requesting approval of a 15-year Firm Energy Sales Agreement (the "Agreement") between Idaho Power and Yellowstone Power, Inc. (Yellowstone Power) dated July 28, 2010 (the "Project").

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Application states that the Project is a biomass-fueled, combined heat and power project to be co-located in Emmett, Idaho, with the recently commissioned Emerald Forest Sawmill. Power will be generated using steam created from the controlled burning of the woody biomass fuel. Waste heat from the Project will be utilized to operate the dry kilns associated with the Sawmill. Application at 2. Idaho Power warrants that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements (Order Nos. 30415, 30488, 30738, and 30744). Application at 2.

A. The Agreement

YOU ARE FURTHER NOTIFIED that the Agreement is for a term of 15 years and contains the non-levelized published avoided cost rates established by the Commission in Order No. 30744 for energy deliveries of less than 10 average megawatts ("aMW"). Although the nameplate rating of the generator will be 11.7 MW, under normal/average conditions the Project will not exceed 10 aMW on a monthly basis.

YOU ARE FURTHER NOTIFIED that, because the Agreement is dated July 28, 2010, Order No. 31025 (effective March 16, 2010) would require that the rates paid to Yellowstone Power under the Agreement be the rates set out in Order No. 31025 rather than the higher rates approved by the Commission in Order No. 30744. However, the Application states

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that with respect to the power purchase agreement criteria, Yellowstone Power and Idaho Power have resolved and agreed to all material outstanding contract issues prior to March 16, 2010. Application at 7. The Application further asserts that Yellowstone Power represents that “if [it] had been made aware of any risk of the March 16, 2010, price change occurring, a written Firm Energy Sales Agreement would have been requested as all terms and conditions had already been agreed to. . . .” *Id.* Therefore, Idaho Power determined that Yellowstone Power meets the criteria to be “grandfathered” and receive the avoided cost rate established by Order No. 30744. Application at 5.

YOU ARE FURTHER NOTIFIED that Yellowstone Power selected a Scheduled Operation Date of December 31, 2011, for the Project. Idaho Power asserts that Yellowstone Power is current in all of its interconnection study payments and, so long as it continues to provide requested information in a timely manner and pay invoices on time, it appears that the interconnection can be completed by the Scheduled Operation Date.

YOU ARE FURTHER NOTIFIED that the Agreement will not become effective until the Commission has approved all of the Agreement’s terms and conditions and declares that all payments made by Idaho Power to Yellowstone Power for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. Agreement ¶ 21.1.

YOU ARE FURTHER NOTIFIED that Idaho Power requests that its Application be processed by Modified Procedure pursuant to Commission Rules of Procedure 201-204. IDAPA 31.01.01.201-.204.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than October 1, 2010**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written

comments. Written comments concerning this Application shall be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

Donovan E, Walker, Senior Counsel
Lisa Nordstrom, Lead Counsel
Idaho Power Company
1221 West Idaho Street
PO Box 70
Boise, ID 83707-0070
E-Mail: dwalker@idahopower.com
lnordstrom@idahopower.com

Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
1221 West Idaho Street
PO Box 70
Boise, ID 83707-0070
E-Mail: rallphin@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction 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 and to implement FERC rules.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than October 1, 2010.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2nd day of September 2010.



JIM D. KEMPTON, PRESIDENT

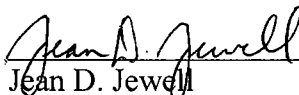


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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