

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-10-44**
APPROVAL OF A FIRM ENERGY SALES)
AGREEMENT WITH HIDDEN HOLLOW) **NOTICE OF APPLICATION**
ENERGY 2, LLC FOR THE SALE AND)
PURCHASE OF ELECTRIC ENERGY.) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 32156**

On December 10, 2010, Idaho Power Company filed an Application with the Commission requesting approval of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Hidden Hollow Energy 2, LLC (Hidden Hollow) dated December 8, 2010. The Application states that Hidden Hollow would sell and Idaho Power would purchase electric energy generated by the Hidden Hollow Landfill Gas Project (Facility) located near Boise, Idaho. Idaho Power requests that its Application be processed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Application states that Hidden Hollow proposes to design, construct, install, own, operate and maintain a 3.2 MW landfill gas generating facility to be located at Ada County's Hidden Hollow Landfill (Landfill). Application at 2. An existing 3.2 MW landfill gas-powered generating unit owned by G2 Energy Hidden Hollow, LLC (G2) is already operating at the Landfill. Order No. 29928. Hidden Hollow is proposed by a separate affiliate company utilizing the same landfill gas reserves as its fuel source.

A. The Agreement

YOU ARE FURTHER NOTIFIED that, because this Facility utilizes the same landfill gas fuel source as the previously approved G2 project, Idaho Power has negotiated provisions for the Hidden Hollow project intended to preserve the value of the G2 contract while still enabling additional generation to be developed at this location. The Hidden Hollow Agreement provides that the first 1100 scfm of fuel is dedicated to the generation units under the

G2 contract.¹ The Hidden Hollow Agreement also allows Idaho Power to audit the fuel distribution to the various generation units. By these terms, the parties' intent is to preserve the value of the lower rates applicable to power provided under the G2 contract and prevent the Hidden Hollow Facility from providing power at a higher cost before G2's nameplate capacity is reached.

YOU ARE FURTHER NOTIFIED that Idaho Power warrants that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements (Order Nos. 30415 and 31025). The Agreement is for a term of 20 years and contains the current non-levelized published avoided cost rates established by the Commission in Order No. 31025 for energy deliveries of less than 10 average megawatts ("aMW"). The Application states that, should the Commission approve the Agreement, Idaho Power intends the effective date of the Agreement to be December 8, 2010 – the date the parties entered into the Agreement.

YOU ARE FURTHER NOTIFIED that Hidden Hollow selected February 28, 2012, as its Scheduled First Energy Date and its Scheduled Operation Date. Agreement, Appendix B. Idaho Power asserts that various requirements have been placed upon the Hidden Hollow Facility in order for Idaho Power to accept the Facility's energy deliveries. Idaho Power states that it will monitor the Facility's compliance with initial and ongoing requirements through the term of the Agreement. The Application maintains that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Hidden Hollow. Idaho Power states that the Facility is currently in good standing with the generator interconnection process. Hidden Hollow and Idaho Power have agreed to liquidated damages and security provisions of \$45 per kW of nameplate capacity. Agreement, ¶¶ 5.3.2, 5.8.1.

YOU ARE FURTHER NOTIFIED that, by its own terms, 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 Hidden Hollow for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. Agreement ¶ 21.1.

¹ The 1100 scfm is an engineering calculated value of the quantity of the average fuel quality required to operate the first generation units at their nameplate capacity.

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 twenty-one (21) days** from the service date of this Order. 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
Lisa D. Nordstrom
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 and Agreement have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and Agreement are 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 21 days from the service date of this Order.

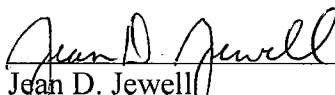
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th
day of January 2011.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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