

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR A)	CASE NO. IPC-E-10-56
DETERMINATION REGARDING A FIRM)	
ENERGY SALES AGREEMENT BETWEEN)	
IDAHO POWER AND MURPHY FLAT MESA,)	
LLC)	
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IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR A)	CASE NO. IPC-E-10-57
DETERMINATION REGARDING A FIRM)	
ENERGY SALES AGREEMENT BETWEEN)	
IDAHO POWER AND MURPHY FLAT)	
ENERGY, LLC)	
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IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR A)	CASE NO. IPC-E-10-58
DETERMINATION REGARDING A FIRM)	
ENERGY SALES AGREEMENT BETWEEN)	NOTICE OF APPLICATIONS
IDAHO POWER AND MURPHY FLAT WIND,)	
LLC)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32189

On December 16, 2010, Idaho Power Company filed Applications requesting acceptance or rejection of three 20-year Firm Energy Sales Agreements (Agreements) between Idaho Power and Murphy Flat Mesa, LLC; Murphy Flat Energy, LLC; and Murphy Flat Wind, LLC. All three projects (Facilities) are located near Murphy, Idaho. The projects will be “qualifying facilities” (QFs) under the applicable provisions of the federal PURPA. Idaho Power requests that its Applications be processed by Modified Procedure.

NOTICE OF APPLICATIONS

YOU ARE HEREBY NOTIFIED that, on December 15, 2010, Idaho Power and each of the three wind projects entered into their respective Agreements. Brian Jackson, Manager of American Wind Group, LLC signed each Agreement as the authorized manager of each QF Facility. Applications at 2. Under the terms of the Agreements, the wind projects each agree to sell electric energy to Idaho Power for a 20-year term using the current non-levelized published avoided cost rates as currently established by the Commission in Order No. 31025 for energy

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deliveries of less than 10 aMW. Applications at 4. The nameplate rating of each Facility is 25 MW. Under normal and/or average conditions, each Facility will not exceed 10 aMW on a monthly basis. Idaho Power warrants that the Agreements comport with the terms and conditions of the various Commission Orders applicable to PURPA agreements for wind resources. Order Nos. 30415, 30488, 30738 and 31025.

A. The Agreements

YOU ARE FURTHER NOTIFIED that each Facility has selected December 31, 2011, as its Scheduled First Energy Date and December 31, 2012, as its Scheduled Operation Date. Applications at 5. Idaho Power asserts that various requirements have been placed upon the Facilities in order for Idaho Power to accept the Facilities' energy deliveries. Idaho Power states that it will monitor the Facilities' compliance with initial and ongoing requirements through the term of the Agreements. Idaho Power asserts that it has advised each Facility of the Facility's responsibility to work with Idaho Power's delivery business unit to ensure that sufficient time and resources will be available for delivery to construct the interconnection facilities, and transmission upgrades if required, in time to allow each Facility to achieve its December 31, 2012, Scheduled Operation Date.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts that each Facility has been advised that delays in the interconnection or transmission process do not constitute excusable delays and if a Facility fails to achieve its Scheduled Operation Date delay damages will be assessed. *Id.* at 7. The Applications further maintain that each Facility has acknowledged and accepted the risk inherent in proceeding with its Agreement without knowledge of the requirements of interconnection and possible transmission upgrades. *Id.* The parties have each agreed to liquidated damage and security provisions of \$45 per kW of nameplate capacity. Agreement, ¶¶ 5.3.2, 5.8.1.

YOU ARE FURTHER NOTIFIED that Idaho Power states that each Facility has also been made aware of and accepted the provisions in each Agreement and Idaho Power's approved Schedule 72 regarding non-compensated curtailment or disconnection of its Facility should certain operating conditions develop on Idaho Power's system. The Applications note that the parties' intent and understanding is that "non-compensated curtailment would be exercised when the generation being provided by the Facility in certain operating conditions exceeds or approaches the minimum load levels of [Idaho Power's] system such that it may have a

detrimental effect upon [Idaho Power's] ability to manage its thermal, hydro, and other resources in order to meet its obligation to reliably serve loads on its system." Applications at 7-8.

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

YOU ARE FURTHER NOTIFIED that Idaho Power's Applications specifically note the Joint Petition it filed with the Commission on November 5, 2010, requesting an immediate reduction in the published avoided cost rate eligibility cap from 10 aMW to 100 kW. Applications at 2. Idaho Power states that it is aware of and in compliance with its ongoing obligation under federal law, FERC regulations, and Commission Orders to enter into power purchase agreements with PURPA QFs. *Id.* at 3. However, Idaho Power asserts in each of its Applications that the Commission has specifically directed the utility "to assist the Commission in its gatekeeper role of assuring that utility customers are not being asked to pay more than the Company's avoided cost for [its] QF contracts." *Id.* at 3-4. Idaho Power further states that "the continuing and unchecked requirement for the Company to acquire additional intermittent and other QF generation regardless of its need for additional energy or capacity on its system not only circumvents the Integrated Resource Planning process and creates system reliability and operational issues, but it also increases the price its customers must pay for their energy needs." *Id.* at 4.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing for these three Applications 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 these Applications or any individual Application may file a written comment in support or opposition with the Commission **no later than March 17, 2011**. 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 any of these Applications 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

Comments should contain the case captions and case numbers 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 numbers as they appear 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 Idaho Power may file reply comments (if necessary) **no later than March 24, 2011**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider each Application on its merits and enter Orders 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 three Applications have been filed with the Commission and are available for public inspection during regular business hours at the

Commission offices. The Applications 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 these cases 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 regarding these Applications will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

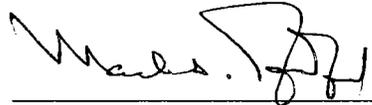
IT IS HEREBY ORDERED that these cases be processed under Modified Procedure. Interested persons and the parties may file written comments no later than March 17, 2011.

IT IS FURTHER ORDERED that Idaho Power may file reply comments no later than March 24, 2011.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th
day of February 2011.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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