

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A) **CASE NO. IPC-E-11-01**
DETERMINATION REGARDING A FIRM)
ENERGY SALES AGREEMENT WITH) **NOTICE OF APPLICATION**
WESTERN DESERT ENERGY, LLC FOR)
THE SALE AND PURCHASE OF) **NOTICE OF**
ELECTRIC ENERGY) **MODIFIED PROCEDURE**
)
) **ORDER NO. 32203**

On February 2, 2011, Idaho Power Company filed an Application requesting acceptance or rejection of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Western Desert Energy, LLC. The project (Facility) is located near Oreana, Idaho. The project will be a “qualifying facility” (QF) under the applicable provisions of the federal PURPA. Idaho Power requests that its Application be processed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that, on January 28, 2011, Idaho Power and Western Desert entered into an Agreement wherein Western Desert proposes to design, construct, install, own, operate, and maintain a 5 MW (maximum capacity) wind generating Facility. Under the terms of the Agreement, the Facility agrees 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 deliveries of less than 10 aMW. Application at 4. Under normal and/or average conditions, the Facility will not exceed 10 aMW on a monthly basis. Idaho Power warrants that the Agreement comports 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 Agreement

YOU ARE FURTHER NOTIFIED that the Facility has selected September 1, 2012, as its Scheduled First Energy Date and December 1, 2012, as its Scheduled Operation Date. Applications at 5. Idaho Power asserts that various requirements have been placed upon the 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

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term of the Agreement. Idaho Power asserts that the Facility has been advised that delays in the interconnection or transmission process do not constitute excusable delays and if the Facility fails to achieve its Scheduled Operation Date delay damages will be assessed. *Id.* at 6. 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, by its own terms, the Agreement 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 Facility 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 Application specifically notes 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. Application at 2. Idaho Power states that it is aware of and in compliance with its ongoing obligation under federal law, FERC regulations, and Idaho Public Utilities Commission Orders to enter into power purchase agreements with PURPA QFs. *Id.* at 3. However, Idaho Power asserts 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.* 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 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 April 7, 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 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 the 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 April 14, 2011**.

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 April 7, 2011.

IT IS FURTHER ORDERED that Idaho Power may file reply comments no later than April 14, 2011.

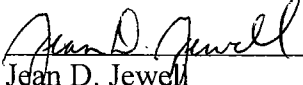
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th
day of March 2011.


J.M.D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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