

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A) **CASE NO. IPC-E-11-09**
DETERMINATION REGARDING THE)
FIRM ENERGY SALES AGREEMENT) **NOTICE OF APPLICATION**
WITH CLARK CANYON, LLC FOR THE)
SALE AND PURCHASE OF ELECTRIC) **NOTICE OF**
ENERGY.) **MODIFIED PROCEDURE**
)
) **ORDER NO. 32252**

On May 24, 2011, Idaho Power Company filed an Application with the Commission requesting acceptance or rejection of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Clark Canyon, LLC (Clark Canyon) dated May 20, 2011. The Application states that Clark Canyon would sell and Idaho Power would purchase electric energy generated by the Clark Canyon hydroelectric project (Facility) located near Dillon, Montana. Idaho Power requests that its Application be processed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Application states that Clark Canyon proposes to own, operate and maintain a 4.7 MW (maximum capacity, nameplate) hydroelectric generating facility. Application at 2. The Facility will be a QF under the applicable provisions of PURPA. 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”). Should the Facility exceed 10 aMW on a monthly basis, Idaho Power will accept the energy that does not exceed the maximum capacity amount, but will not purchase or pay for the inadvertent energy. Agreement ¶ 7.5.

A. The Agreement

YOU ARE FURTHER NOTIFIED that Clark Canyon selected November 1, 2012, as its Scheduled First Energy Date and March 31, 2013, as its Scheduled Operation Date. Application at 3. Idaho Power asserts that various requirements have been placed upon the Clark Canyon 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.

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YOU ARE FURTHER NOTIFIED that the Application maintains that all applicable interconnection charges and monthly operation or maintenance charges under Schedule 72 will be assessed to Clark Canyon. Idaho Power states that the Facility is currently in the generator interconnection process. “Upon resolution of any and all upgrades required to acquire transmission capacity for this Facility’s generation, and upon execution of the FESA and the GIA, this Facility may then be designated as a network resource.” *Id.* at 4.

YOU ARE FURTHER NOTIFIED that Clark Canyon and Idaho Power have agreed to liquidated damage and security provisions of \$45 per kW of nameplate capacity or the sum of three months’ estimated revenue. Agreement ¶¶ 5.3.2, 5.8.1.

YOU ARE FURTHER NOTIFIED that ownership of environmental attributes (i.e., Green Tags, Renewable Energy Credits) associated with this Facility are addressed in a separate agreement. Application at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power states that the Facility has also been made aware of and accepted the provisions in the 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 Application notes 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.” *Id.* at 5.

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 Clark Canyon for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. Agreement ¶ 21.1.

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-eight (28) 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
Lead Counsel
Idaho Power Company
1221 West Idaho Street
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Randy C. Allphin
Energy Contract Administrator
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Boise, ID 83707-0070
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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 and Clark Canyon may file reply comments (if necessary) **no later than 35 days** from the service date of this Order.

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 28 days from the service date of this Order.

IT IS FURTHER ORDERED that Idaho Power and Clark Canyon may file reply comments (if necessary) **no later than 35 days** from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of May 2011.



PAUL KJELLANDER, PRESIDENT

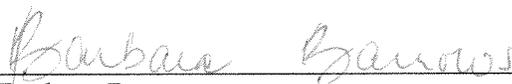


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Barbara Barrows
Assistant Commission Secretary

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