

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR A)	CASE NO. IPC-E-11-26
DETERMINATION REGARDING ITS)	
FIRM ENERGY SALES AGREEMENT)	NOTICE OF APPLICATION
WITH HIGH MESA ENERGY, LLC)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32414

On November 22, 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 High Mesa Energy, LLC (High Mesa) dated November 16, 2011. The Application states that High Mesa would sell and Idaho Power would purchase electric energy generated by the High Mesa wind project (Facility) located near Bliss, Idaho. Idaho Power requests that its Application be processed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Application states that High Mesa proposes to own, operate and maintain a 40 MW (maximum capacity, nameplate) generating facility. Application at 2. The Facility will be a QF under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA).

A. The Agreement

YOU ARE FURTHER NOTIFIED that the Agreement is for a term of 20 years and contains avoided cost rates calculated through the use of the Integrated Resource Plan (IRP) methodology. Idaho Power notes that the energy price identified by the IRP methodology for this Facility is equivalent to a 20-year levelized price of \$56.43 per MWh.¹ Application at 4.

YOU ARE FURTHER NOTIFIED that the Agreement includes “split ownership” of the Renewable Energy Certificates (RECs) generated over the 20-year term of the Agreement. *Id.* at 3.

¹ The actual energy pricing stream varies throughout the term of the contract based upon the time of year and time of day during which the energy is delivered to Idaho Power.

YOU ARE FURTHER NOTIFIED that High Mesa selected November 1, 2012, as its Scheduled First Energy Date and December 28, 2012, as its Scheduled Operation Date. *Id.* at 2. 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 term of the Agreement.

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 High Mesa. 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 5. High Mesa and Idaho Power have agreed to liquidated damage and security provisions. Agreement ¶¶ 5.3, 5.8.1.

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." Application at 6.

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 High Mesa 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

NOTICE OF APPLICATION

NOTICE OF MODIFIED PROCEDURE

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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 January 26, 2012**. 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
Idaho Power Company
1221 West Idaho Street
PO Box 70
Boise, ID 83707-0070
E-Mail: dwalker@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 Idaho Power and High Mesa may file reply comments (if necessary) **no later than February 2, 2012**.

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 January 26, 2012.

IT IS FURTHER ORDERED that Idaho Power and High Mesa may file reply comments (if necessary) no later than February 2, 2012.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th
day of December 2011.



PAUL KJELLANDER, PRESIDENT

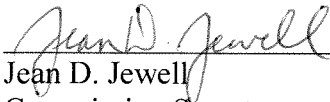


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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