

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
PACIFICORP DBA ROCKY MOUNTAIN)	CASE NO. PAC-E-11-15
POWER FOR APPROVAL OF A REVISED)	
POWER PURCHASE AGREEMENT)	NOTICE OF APPLICATION
BETWEEN PACIFICORP AND LOWER)	
VALLEY ENERGY, INC.)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32269

On May 19, 2011, PacifiCorp dba Rocky Mountain Power filed a request with the Commission to amend the Power Purchase Agreement (PPA, Agreement) between PacifiCorp and Lower Valley Energy, Inc. (Lower Valley) dated May 6, 2011. On June 17, 2011, Rocky Mountain Power filed a supplement to its original request. The parties seek to amend the Agreement originally approved by the Commission on July 16, 2009. Order No. 30864. The Commission finds it appropriate to process Rocky Mountain Power's request by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Lower Valley owns, operates and maintains three run of the river hydroelectric generating facilities in Lincoln County, Wyoming – two are located on Swift Creek and one is located on the existing culinary water system for the town of Afton. The Swift Creek facilities were completed in 2009 and have maximum capacities of 940 kW (the “Upper Facility”) and 535 kW (the “Lower Facility”). The third facility – the “Culinary Facility” – is the subject of Rocky Mountain Power's request for an amendment. The project will be a “qualifying facility” (QF) under the applicable provisions of the federal PURPA.

A. The Agreement

YOU ARE FURTHER NOTIFIED that the Culinary Facility was completed in December 2010, and has a maximum capacity of 225 kW. Rocky Mountain Power represents that Lower Valley purchases firm point-to-point transmission from Bonneville Power Administration (BPA) in amounts sufficient to deliver output from all three facilities via a single scheduled delivery to Rocky Mountain Power at Goshen, Idaho.

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YOU ARE FURTHER NOTIFIED that Rocky Mountain Power requests Commission approval of amendments to the Agreement to: (1) add a provision for the purchase of net output from the new Culinary Facility; (2) extend the term of the Agreement from May 1, 2012 to September 1, 2014; (3) provide that the Culinary Facility receive the published avoided cost rates of Order No. 32234¹; and (4) provide that the “Upper Facility” and “Lower Facility” receive the published avoided cost rates of Order No. 32234 commencing on May 1, 2012, the expiration date of the existing Agreement.

YOU ARE FURTHER NOTIFIED that, although each facility is a separate qualifying facility (QF) pursuant to PURPA, Lower Valley intends to operate its Upper Facility, Lower Facility and Culinary Facility as a single generating facility under a single power purchase agreement. Rocky Mountain Power and Lower Valley represent that purchasing and selling power for all three facilities under a single PPA is the most efficient means of effectuating the sale and delivery of net output from these facilities for two reasons: (1) the use of one Agreement reduces costs in generating monthly statements and processing monthly payments for both Rocky Mountain Power and Lower Valley and (2) because Lower Valley delivers net output from the three facilities via a single point-to-point transmission reservation, the three projects arrive at Rocky Mountain Power’s system via a single schedule that is amenable to treatment by Rocky Mountain Power as a single resource. Supplement at 4.

YOU ARE FURTHER NOTIFIED that various requirements have been placed on Lower Valley in order for Rocky Mountain Power to accept energy deliveries from the Culinary Facility. Rocky Mountain Power states that it will monitor Lower Valley’s compliance with these requirements. *Id.* at 5. Lower Valley has selected seven days after Commission approval of the Agreement as its Commercial Operation Date for the Culinary Facility.

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 Rocky Mountain Power to the facilities for purchases of energy “are just and reasonable, in the public interest, and that the costs incurred by [Rocky Mountain Power] for purchases of capacity and energy from [Lower Valley] are legitimate expenses, all of which the Commission will allow [Rocky Mountain Power] to recover in rates in Idaho in the

¹ Order No. 32234 revised Rocky Mountain Power’s published avoided cost rates pursuant to a change in cost of capital triggered by the result of Rocky Mountain Power’s most recent general rate case, PAC-E-10-07.

event other jurisdictions deny recovery of their proportionate share of said expenses.” Agreement ¶ 2.1.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing for this Application 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 the 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 the Application shall be mailed to the Commission and Rocky Mountain 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

Daniel E. Solander
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, UT 84111
E-Mail: daniel.solander@pacificorp.com

Ted Weston
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, UT 84111
E-Mail: ted.weston@pacificorp.com

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 Rocky Mountain Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Rocky Mountain Power may file reply comments (if necessary) **no later than twenty-eight (28) 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 the Application on its merits and enter an 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 regarding the Application 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 twenty-one (21) days from the service date of this Order.

IT IS FURTHER ORDERED that Rocky Mountain Power may file reply comments no later than twenty-eight (28) days from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd
day of June 2011.



PAUL KJELLANDER, PRESIDENT

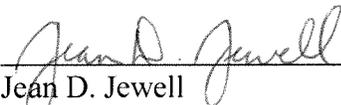


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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