

Exhibit ____ (GWE-16)

IDAHO PUBLIC UTILITIES COMMISSION**February 21, 2008****IPC-E-07-03, Order No. 30488****AVU-E-07-02, Order No. 30500****PAC-E-07-07, Order No. 30497****Contact: Gene Fadness 208.334.0339, 208.890.2712****Website: www.puc.idaho.gov****Three-year wind integration case resolved**

After nearly three years of deliberation between Idaho's regulated utilities, wind developers and state regulators, three major cases involving how much it costs to add wind to utilities' transmission grids have finally been resolved.

Three orders issued Tuesday by the Idaho Public Utilities Commission establish the amount of discounts utilities can assess against wind developers to account for the cost of integrating wind into their systems. The orders also remove a cap on the size of small-power projects that can qualify for a rate published by the commission. Also removed is a provision that allowed utilities to pay wind developers a market rate rather than the typically higher state rate when wind output from projects did not fall within forecasted ranges.

"The commission finds that the costs of wind integration are real, not illusory," the commission said. The commission said the integration charges "will provide long-term stability" for small-wind development and will "provide flexibility to protect customers from published rates that are too high."

Due to a rapid increase in the number of small-wind projects seeking access to its transmission grid, Idaho Power Co. in 2005 asked the commission to suspend small-power wind development to allow it time to study how much it costs to provide back-up generation when wind output is less than projected. The commission denied the suspension, but agreed to decrease the size of small-power projects – from 10 megawatts to 100 kilowatts – that could qualify for the published rates that utilities must pay generators of small renewable power projects.

Since then, Idaho Power Co., as well as Idaho's two other major electric utilities Avista Corporation and PacifiCorp, completed studies to determine wind integration costs. The utilities and most wind developers proposed a settlement that would bring the size limit of projects that qualify for the small-power rate back up to 10 MW. Further, wind developers proposed to provide more certainty to utilities by agreeing to participate in the cost of acquiring state-of-the-art wind forecasting services and, further, provide guarantees that their projects would be mechanically able to generate at full output during 85 percent of the hours during a month. In exchange for those agreements by wind developers, utilities agreed to support removal of the "90/110 performance band" which required that when output was less than 90 percent of projections or more than 110 percent of projections, utilities could pay developers the usually smaller market-based rate rather than the published rate.

The only issue the parties could not agree upon was the size of the discount or, in the case of Exergy Development Group of Idaho, whether there should be a discount at all. With the parties unable to agree on that issue, the matter was brought before the commission for a decision.

Idaho Power Co. had originally proposed that it be allowed to discount \$10.72 per megawatt-hour from the cost it paid small-wind developers. Later, it revised that discount to \$7.92.

The commission's order establishes a tiered-discount for Idaho Power and Avista that increases as more

wind is added, but caps the discount so that it can go no higher than \$6.50 per MWh. For the first 300 megawatts of wind on a utility's system, the discount is 7 percent. That increases to 8 percent when a utility has contracts for 301 to 500 MW of wind and to 9 percent for 501 MW or more.

For example, the discount applied to wind generators who sign a 20-year contract this year with Idaho Power Co. is \$5.49 per MWh. For contracts signed this year, Idaho Power is already at the 8 percent tier because it has more than 300 MW of wind contracted to go online. (Wind developers who contracted before the utility reached 300 MW will qualify for the 7 percent discount.) A wind developer who signs a contract this year would be paid \$63.17 per MWh, 8 percent less than the published rate of \$68.66 per MWh. (Those amounts vary during heavy-load hours and heavy-load seasons.) For a 20-year contract signed this year in Avista's territory, the rate without the discount is \$58.25 per MWh during lighter-use months and \$74.89 during heavier-use months. With the 7 percent discount factored in, Avista would pay wind developers \$54.17 per MWh during lighter-use months and \$69.65 per MWh during higher-use months.

The commission approved a flat discount rate of \$5.10 for PacifiCorp, which operates as Rocky Mountain Power in southeastern Idaho. Wind integration costs can be lower in areas where this is greater geographic diversity and larger control areas, as is the case with PacifiCorp, which operates in six states and is more dependent on thermal generation. Idaho Power and Avista are more dependent on hydroelectric generation.

One of the wind developers in the case, Exergy Development Group of Idaho, argued against an integration discount saying the science is in its "infancy," and that enough variables and uncertainties exist to make it impossible to determine a fair rate.

The commission said all the rates established for long-term firm contracts with small-power projects are based in part on forecasted values and estimates. To avoid integration costs that are inequitable, the commission is requiring all three utilities to participate in workshops that will continually update integration analysis and to regularly report to the commission. Idaho Power and Avista must report to the commission when its tiered discount percentage increases. Further, the commission noted, developers can petition the commission at any time if they believe wind integration costs are outdated or inaccurate.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site. Click on "File Room" and then on "Recent Orders and Notices," and select any of the three case numbers provided above.

Interested parties may petition the commission for reconsideration by no later than March 12. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.