

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR APPROVAL)	CASE NO. IPC-E-04-7
OF AN AGREEMENT FOR SALE AND)	
PURCHASE OF ELECTRIC ENERGY)	NOTICE OF APPLICATION
BETWEEN IDAHO POWER COMPANY AND)	
THE J.R. SIMPLOT COMPANY)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	NOTICE OF COMMENT/
)	PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on March 5, 2004, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a Firm Energy Sales Agreement (Agreement) between Idaho Power and J.R. Simplot Company (Simplot) dated February 19, 2004.

Simplot currently owns, operates and maintains a 15.9 MW cogeneration facility (Project) at its industrial site near Pocatello, Idaho. The Project is a qualified cogeneration facility under the applicable provisions of the Public Utilities Regulatory Policy Act of 1978 (PURPA).

As reflected in the Company's Application, the Simplot Project is currently interconnected to Idaho Power and is selling energy to Idaho Power as a Qualifying Facility (QF) in accordance with a Firm Energy Sales Agreement dated January 24, 1991 (Order No. 23552) and as subsequently amended on November 30, 1993 (Order No. 25353) and February 23, 2001 (Order No. 28730), and by two letter agreements signed by the Parties that extended the term of the 1991 Agreement to February 29, 2004. Although copies of the letter extensions were forwarded to the Commission, the Company admits that it did not make a separate filing requesting approval. The Company in this filing requests approval of purchases made under the two letter extensions. The rate paid for energy during the months of January and February 2004 was the same rate specified in the 1991 Agreement for December 2003 (0.04201¢ per KWh) and is less than the current published avoided cost rates for those same months.

Under the terms of the submitted Agreement, Simplot has elected to contract with Idaho Power for a 10-year term. The Agreement contains non-levelized published avoided cost rates as currently established by the Commission for energy deliveries less than 10 MW (Order No. 29391) and a negotiated price for energy over 10 MW.

The submitted Agreement, the Company states, is similar in many respects to recent QF contracts between Idaho Power and Tiber Montana LLC (IPC-E-03-1), United Materials of Great Falls, Inc. (IPC-E-04-1) and Renewable Energy of Idaho, Inc. (IPC-E-04-5).

As reflected in the Agreement, the Company has defined energy delivered to Idaho Power exceeding 10,000 KW in a single hour as "Optional Energy." Optional energy is identified through hourly metering. Because Simplot has made no firm commitments as to the delivery of this optional energy, the energy delivered to Idaho Power is considered to be non-firm energy. As non-firm energy, Idaho Power and Simplot have agreed the value of this energy to be the variable current market-based price as defined in Agreement ¶ 1.11.

As incentive for Simplot to deliver energy to the Company during times when it is of greater value to Idaho Power, the Company has refined the seasonalization of rates to coincide to the months in which Idaho Power has identified actual energy needs and periods of higher demands. Reference Agreement Section 6.2.

As reflected in Agreement Section 8, Idaho Power notes that it has filed a Petition with the Commission in Case No. IPC-E-04-2 seeking a Commission ruling determining whether the "environmental attributes" associated with QF projects are owned by the project or the utility at the time a utility purchases electricity from a QF project. The Commission's final Order pursuant to contract term will be included and become an integral part of the Simplot Agreement.

Agreement Section 24 provides that the Agreement will not become effective until the Commission has approved without change all the Agreement terms and conditions and declared that all payments that Idaho Power makes for purchases of energy to Simplot will be allowed as prudently incurred expenses for ratemaking purposes. Should the Commission approve the Agreement, Idaho Power intends to consider the effective date of the Simplot Agreement to be March 1, 2004. As reflected in the Company's Application, the Agreement

contains non-levelized published avoided cost rates in conformity with applicable Commission Orders.

Idaho Power requests that the Commission issue an Order approving the Firm Energy Sales Agreement between Idaho Power and Simplot without change or condition. The Company further requests a Commission finding that all payments for purchases of energy under the Agreement and the January and February 2004 extensions of the 1991 Agreement will be allowed as prudently incurred expenses for ratemaking purposes.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-04-7. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in **Case No. IPC-E-04-7 is Friday, April 16, 2004**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the issue on its merits and enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-04-7 should be mailed to the Commission and the Company at the addresses reflected below.

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

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Street Address for Express Mail:

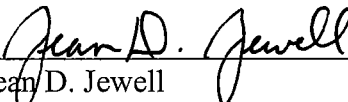
1221 W IDAHO STREET
BOISE, ID 83702

All 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.state.id.us. 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 Applicant at the e-mail addresses listed above.

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 in Case No. IPC-E-04-7 may be viewed www.puc.state.id.us by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the general business office of Idaho Power Company 1221 West Idaho Street, Boise, Idaho.

DATED at Boise, Idaho this 23rd day of March 2004.



Jean D. Jewell
Commission Secretary

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