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IDAHO PUBLIC
UTILITIES COMMISSION

August 15, 2004

Commission Secretary
Idaho Public Utility Commission
P. O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC E-04-08, and IPC E-04-10

Dear Commissioners:

I am the president of Shorock Hydro, Inc. that owns and operates two small hydroelectric Qualifying Facilities (QF) of 2.1 Mw and 975 Kw, near Twin Falls and Shoshone, Idaho, respectively. In addition, I am managing partner of a 1.5 Mw hydroelectric plant on the Milner-Gooding Canal that has operated since 1994. The Shorock plants were constructed in 1982 and 1981 respectively. I helped license, permit, design, construct, and currently operate and manage these plants. I have also worked on numerous other plants as a consulting engineer and project manager, and feel I understand the business.

I am the president of Water Power, LLC. We recently worked with the American Falls Reservoir District, Twin Falls Canal Company, North Side Canal Company, and Boise Project Board of Control trying to develop (13) small hydroelectric qualifying facilities, all on seasonal canals that operate typically from April through October. These plants represent some 15 Mw of capacity and 66,287 Mw hrs of production, all of which could be on line in 3 – 5 years.

At this time, the primary hindrance to the development of these potential power plants is the 90 percentile of the stipulated contract amount and revision of the seasonality months. The above facilities were available for development in 1995 when the Commission stopped QF development by the implementation of Order No. 25884 and No. 26576. In order to reinstate the PURPA Laws as intended, we need to leave the contract as it was written in 1995 regarding production, energy only, and with the same seasons for payment. A four month high season comprised of the months of June, July, August, and September is very important to the development of seasonal irrigation projects. These seasons also match IPC's high demand in the summer months.

The aforementioned plants could operate very effectively at an avoided cost rate of \$.06 seasonalized by the 1.2 factor currently being used. What the QF industry needs is the following:

- Long term, fixed rate, contracts for projects up to ten megawatts.
- Avoided cost rates determined over the term of the contract and equal to the life of Idaho Power's new resources.
- Standardized contract terms.
- Standardized interconnection terms and conditions.
- Avoided cost rates determined using Idaho Power's actual new plan additions for avoided cost rate calculations.
- A four month high season comprised of June, July, August, and September.
- The contracts should be for energy only, where you get paid for what you produce, with no 90% penalty.

It appears to me that deregulation will not happen and the regulated utilities fear of stranded costs due to QF facilities is unfounded.

QF facilities on seasonal canals are very environmentally benign and would greatly benefit the canal companies allowing them to better maintain and enhance their systems. An example of this is the Twin Falls Canal Company who owns QF facilities or receives income from existing QF's, they have made some excellent improvements to the irrigation systems and their stockholders have benefited greatly.

QF facilities are good for the local ratepayer as they can provide local economic stability with a fixed rate over a 20 year period.

The QF industry is very reliable and competitive contrary to rumor and innuendo. Our existing plants typically run the entire irrigation season at an exceptionally high plant factor. The canal companies demand that the plants be run very efficiently with no impact on their system.

The QF industry is very positive for Idaho and power consumers. We need a level playing field and the IPUC is in a position to help us achieve this goal while also benefiting all of Idaho.

If I can be of further service or if you wish to discuss my comments I can be reached at 208-736-8255.

Sincerely,

Water Power, LLC
John J. Straubhar, P.E.
John J. Straubhar, P.E.
President