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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR AN ORDER )  
APPROVING TERMINATION OF )  
DELIVERIES OF ENERGY FROM THE )  
WEST BOISE WASTE PROJECT AND )  
THE ASSOCIATED FIRM ENERGY SALES )  
AGREEMENT BETWEEN IDAHO POWER )  
AND THE CITY OF BOISE )  
\_\_\_\_\_ )

CASE NO. IPC-E-04-28  
  
APPLICATION

COMES NOW Idaho Power Company ("Idaho Power" or the "Company") and, pursuant to Rule of Procedure 52, hereby requests that the Idaho Public Utilities Commission ("IPUC" or the "Commission") issue an Order approving termination of deliveries of energy from the City of Boise's West Boise Waste Cogeneration Project ("Project") and termination of the associated non-levelized Firm Energy Sales Agreement dated November 8, 1991 ("Agreement") which is scheduled to expire in November 2006.

This Application is based on the following:

## I.

In correspondence dated October 25, 2004, attached hereto as Exhibit 1, the City of Boise (the "City") requests termination of the Firm Energy Sales Agreement dated November 8, 1991 between the City and Idaho Power. Termination would be effective as of October 25, 2004. As noted by the City, the Project has been experiencing significant problems with the generation equipment associated with the Project due to the inherent corrosive nature of the digester methane gas that fuels the equipment. Over the past twelve years, the equipment has been routinely rebuilt and repaired in an effort to prolong the life of the Project. At this time, however, the equipment is beyond repair. While the City intends to install gas-conditioning devices and new generation equipment in the future, the gas-conditioning equipment will not be available and in place before expiration of the term of the existing Agreement in November 2006.

## II.

Idaho Power has reviewed the Agreement between the Company and the City that was approved by the Commission in Order No. 23986. Article VII of the Agreement specifies that non-levelized energy payments are to be made to the Project for the term of the Agreement for the energy delivered to Idaho Power. Because the energy payments are non-levelized, no overpayments to the City from Idaho Power have accumulated. Thus, no overpayments from the Project are due should the Commission approve early termination of the Agreement. Furthermore, no other specific liquidated damages or early termination penalties are specified in the Agreement.

### III.

For the remaining term of the Agreement, the non-levelized energy rates set out in the Agreement range from approximately 49 Mills/kWh to 81 Mills/kWh for an average of 68.20 Mills/kWh. On October 28, 2004, the forecasted Mid C Market values for the same timeframe ranged between 30 Mills/kWh and 68 Mills/kWh for an average of 57.90 Mills/kWh. The cumulative difference between the Agreement's actual energy payment and the equivalent forecasted Mid C Market energy purchases over the same time period results in the Agreement's energy payments being approximately \$35,000 greater than similar energy purchases based upon the forecasted Mid C Market energy prices.

### IV.

Should the Commission approve this Application, Idaho Power would remove the interconnection equipment at this Project as requested by the City and in accordance with terms of the Agreement.

### V.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following.

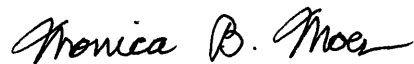
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NOW, THEREFORE, based on the foregoing, Idaho Power hereby requests that, pursuant to IPUC Rule of Procedure 201, the Commission process this

case on modified procedure and issue its Order approving the termination of the Firm Energy Sales Agreement for the West Boise Waste Project between Idaho Power and the City of Boise.

Respectfully submitted this 22nd day of November 2004.



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MONICA B. MOEN  
Attorney for Idaho Power Company

**CERTIFICATE OF MAILING**

I HEREBY CERTIFY that on this 7<sup>th</sup> day of November 2004, I mailed a copy of the above and foregoing APPLICATION to the following-named individual by first-class U.S. mail at the address set out below:

City of Boise  
Attn: William F Johnson  
P. O. Box 500  
Boise, ID 83701-0500

*Monica B. Moen*

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MONICA B. MOEN  
Attorney for Idaho Power Company

# **EXHIBIT 1**

PUBLIC WORKS DEPARTMENT  
CITY HALL



DAVID H. BIETER  
MAYOR

COUNCIL MEMBERS

M. JEROME MAPP  
COUNCIL PRESIDENT  
MARYANNE JORDAN  
COUNCIL PRO-TEM

VERNON L. BISTERFELDT  
ELAINE CLEGG  
DAVID EBERLE  
ALAN W. SHEALY

October 25, 2004

Randy Allphin  
Contract Administrator  
Idaho Power Company  
P.O. Box 70  
Boise, ID 83707

RE: West Boise WWTF Cogeneration Contract (IPCO Project #41455091)  
Request for Contract Termination

Dear Mr. Allphin:

This letter is to advise Idaho Power Company (IPCO) that after thirteen years of burning raw digester methane gas as a fuel supply, the City of Boise's West Boise WWTF generating facilities have become badly worn and are no longer capable of producing power. The City has determined it is impractical to repair, replace, or upgrade this generating equipment until gas conditioning equipment can be installed to remove impurities from the digester methane gas supply. Gas conditioning provisions will not be available for at least two years, at which time the current sales agreement will have expired. Therefore, the City of Boise is requesting immediate termination of the current Firm Energy Sales Agreement entered into November 25, 1991.

Since there is no foreseeable further need for IPCO to maintain its existing associated switching and transformer equipment on site, the City of Boise is requesting this equipment be decommissioned and preferably removed. We understand there will be no need by IPCO to assess further maintenance or repair charges associated with this equipment.

The City is expressing its appreciation for the cooperation of IPCO in closing this current contract. We remain very interested in considering future cogeneration partnering opportunities with IPCO for the beneficial use of conditioned digester methane gas produced at our treatment facilities. If you have questions or will require further information, please contact Bill Johnson at 388-4767.

Sincerely,

William F. Johnson, P.E.  
Environmental Engineer

cc: Mr. Charles R. Mickelson, Public Works Director, City of Boise Public Works  
Mr. John Tensen, City Engineer, City of Boise Public Works  
Mr. Richard Dees, Operation Manager, City of Boise Public Works

WFJ/ab  
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