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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
IDAHO POWER COMPANY FOR APPROVAL ) CASE NO. IPC-E-05-23  
OF A FIRM ENERGY SALES AGREEMENT )  
FOR THE SALE AND PURCHASE OF )  
ELECTRIC ENERGY BETWEEN IDAHO )  
POWER COMPANY AND TWIN FALLS )  
ENERGY COMPANY, INC. ) COMMENTS OF THE  
 ) COMMISSION STAFF  
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**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and submits the following comments in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment/Protest Deadline issued on August 3, 2005.

**BACKGROUND**

On July 6, 2005, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a 20-year Firm Energy Sales Agreement (Agreement) between Idaho Power and Twin Falls Energy Company, Inc. (Twin Falls) dated June 27, 2005. Under the Agreement, Twin Falls will sell and Idaho Power will purchase electric energy generated by the Low Line Midway Hydroelectric Project, located approximately one mile downstream from the point of the Low Line Canal origin, in an

area more particularly described as the NW 1/4, of the NW 1/4 of Section 11, Township 11 S, Range 10 E, Boise Meridian, Twin Falls County, Idaho. The nameplate rating of the hydro project is 2.5 MW.

### STAFF ANALYSIS

The Twin Falls Project will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). Twin Falls has selected March 10, 2007 as the first energy date and April 1, 2007 as the scheduled operation date.

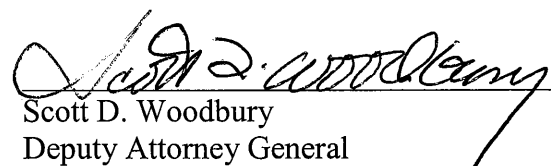
Based on its review, Staff believes that the Agreement between Twin Falls and Idaho Power comports with the terms and conditions of Commission Order No. 29632 (*U.S. Geothermal et al v. Idaho Power*) and avoided cost Order No. 29646. Twin Falls has elected to receive the levelized published avoided cost rates set forth in Order No. 29646. This Agreement is the first one in several years containing levelized rates. The Company represents, and Staff's review confirms, that the Agreement contains the various security requirements required by the Commission for levelized agreements.

As reflected in Section 24 of the Agreement, the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declares that all payments that Idaho Power makes to Twin Falls for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is June 27, 2005.

### RECOMMENDATION

Staff recommends approval of the Agreement with an effective date of June 27, 2005.

Respectfully submitted this 26<sup>th</sup> day of August 2005.

  
Scott D. Woodbury  
Deputy Attorney General

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 26<sup>TH</sup> DAY OF AUGUST 2005, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-05-23, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY