

CECELIA A. GASSNER  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0314  
BAR NO. 6977

RECEIVED  
FILED  
2005 NOV 29 PM 1:14  
IDAHO PUBLIC  
UTILITIES COMMISSION

Street Address for Express Mail:  
472 W. WASHINGTON  
BOISE, IDAHO 83702-5983

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-05-29  
OF A FIRM ENERGY SALES AGREEMENT )  
FOR THE SALE AND PURCHASE OF )  
ELECTRIC ENERGY BETWEEN IDAHO )  
POWER COMPANY AND G2 ENERGY HIDDEN )  
HOLLOW LLC ) COMMENTS OF THE  
 ) COMMISSION STAFF  
 )  
 )  
 )**

**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Cecelia A. Gassner, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 29907 on November 8, 2005, submits the following comments.

**BACKGROUND**

On October 19, 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) for the sale and purchase of electric energy with G2 Energy Hidden Hollow, LLC, a Georgia limited liability company (G2). Under the Agreement, G2 will sell and Idaho Power will purchase electric energy generated by the Hidden

Hollow Landfill Gas Project, located at Ada County's Hidden Hollow Landfill near Boise (the Project). The nameplate rating of the Project is 3.2 MW. Under normal and/or average conditions, the Project's generation will not exceed 10 aMW on a monthly basis. The Agreement is for a 20-year term and contains the published non-levelized avoided cost rates set forth in Order No. 29646.

## **STAFF ANALYSIS**

As represented, G2 will be a qualified small power production facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA). G2 has selected March 1, 2006 as the scheduled Operation Date for this facility.

Staff has reviewed the Agreement and believes that it comports with the rates, terms and conditions of Commission Order No. 29632 (*U.S. Geothermal et al v. Idaho Power*) and avoided cost Order No. 29646. Because the Project will utilize landfill gas as its fuel source, the Commission's recent Order (Order No. 29839) temporarily restricting entitlement for wind projects to published avoided cost rates does not apply.

To Staff's knowledge, the Project will be the first electrical generation facility in the State to use landfill gas as its source. Staff is uncertain as to whether the fuel supply will diminish over time and whether the Project can continue to produce its rated output over the 20-year life of the Agreement. Staff is also uncertain as to whether the facility's equipment will endure over the full term of the Agreement. Nevertheless, because this is a non-levelized Agreement, there will be no overpayment liability and thus no risk to Idaho Power or its ratepayers if the Agreement is terminated early.

Section 24 of the Agreement provides that the Agreement will not become effective until the Commission has approved all the Agreement's terms and conditions and declared that all payments that Idaho Power makes to G2 for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. The proposed effective date of the Agreement is October 11, 2005.

**RECOMMENDATION**

Staff recommends approval of the Agreement with an effective date of October 11, 2005.

Respectfully submitted this *29* day of November 2005.

  
\_\_\_\_\_  
Cecelia A. Gassner  
Deputy Attorney General

Technical Staff: Rick Sterling

i:umisc:comments/ipce05.29cgrps

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29<sup>TH</sup> DAY OF NOVEMBER 2005, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-05-29, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE  
MONICA MOEN  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070

RANDY ALLPHIN  
CONTRACT ADMINISTRATOR  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070

  
\_\_\_\_\_  
SECRETARY