

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-10-26
OF IDAHO POWER COMPANY FOR)	
APPROVAL OF A FIRM ENERGY SALES)	NOTICE OF APPLICATION
AGREEMENT WITH AGPOWER)	
JEROME, LLC FOR THE SALE AND)	NOTICE OF
PURCHASE OF ELECTRIC ENERGY)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32116

On October 20, 2010, Idaho Power Company filed an Application with the Commission requesting approval of a 20-year Firm Energy Sales Agreement (the "Agreement") between Idaho Power and AgPower Jerome, LLC (AgPower) dated October 13, 2010. The Application states that AgPower would sell and Idaho Power would purchase electric energy generated by the Double A Digester Project (the "Facility") located in Lincoln County, Idaho.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Agreement between Idaho Power and AgPower is for a term of 20 years. The maximum capacity of the Facility is expected to be 4.5 MW. Idaho Power warrants that the Agreement comports with the terms and conditions of the various Commission Orders applicable to PURPA agreements (Order Nos. 30415, 30488, 30738, and 30744). Application at 2.

YOU ARE FURTHER NOTIFIED that on April 9, 2010, AgPower filed a complaint against Idaho Power with the Commission alleging that AgPower was entitled to a contract containing the higher avoided cost rates of Order No. 30744 (rates superseded on March 16, 2010, by Order No. 31025). Idaho Power filed an answer on May 5, 2010, alleging that AgPower was not entitled to Order No. 30744 avoided cost rates because AgPower was disputing damage and security provisions that are part of Idaho Power's "standard" terms and conditions for PURPA agreements. Application at 6.

YOU ARE FURTHER NOTIFIED that the Agreement, as submitted, contains the most recent terms and conditions, including liquidated damages and security provisions. Idaho Power asserts that, but for the disagreement as to the damage and security provisions, the Agreement would have been signed by both parties prior to March 16, 2010. As such, Idaho

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Power submits that, although the Agreement is dated October 13, 2010, AgPower should be entitled to the avoided cost rates set out in Order No. 30744 ("grandfathered" rates).

YOU ARE FURTHER NOTIFIED that Idaho Power maintains that this Agreement is similarly situated to other power purchase agreements approved by this Commission that contain grandfathered avoided cost rates.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts that AgPower is current in all of its interconnection study payments. AgPower selected a Scheduled Operation Date of January 1, 2012, for its Facility.

YOU ARE FURTHER NOTIFIED that, by its own terms, the Agreement will not become effective until the Commission has approved all of the Agreement's terms and conditions and declares that all payments made by Idaho Power to AgPower for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes. Agreement ¶ 21.1.

YOU ARE FURTHER NOTIFIED that Idaho Power requests that its Application be processed by Modified Procedure pursuant to Commission Rules of Procedure 201-204. IDAPA 31.01.01.201-.204.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than December 8, 2010**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Donovan E. Walker
Lisa Nordstrom
Idaho Power Company
1221 West Idaho Street
PO Box 70
Boise, ID 83707-0070
E-Mail: dwalker@idahopower.com
lnordstrom@idahopower.com

Randy C. Allphin
Energy Contract Administrator
Idaho Power Company
1221 West Idaho Street
PO Box 70
Boise, ID 83707-0070
E-Mail: rallphin@idahopower.com

These 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.idaho.gov. 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 Idaho Power 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 has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set

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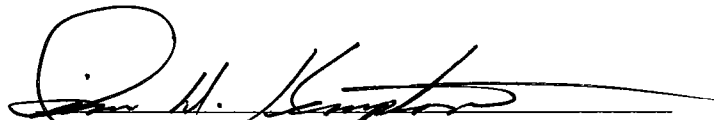
avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than December 8, 2010.

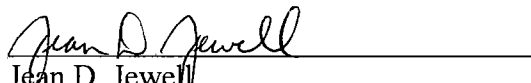
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th day of November 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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