

KRISTINE A. SASSER
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0357
BAR NO. 6618

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Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

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-10-26
OF A FIRM ENERGY SALES AGREEMENT)	
WITH AGPOWER JEROME, LLC FOR THE)	COMMENTS OF THE
SALE AND PURCHASE OF ELECTRIC)	COMMISSION STAFF
ENERGY.)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32116 on November 16, 2010, in Case No. IPC-E-10-26, submits the following comments.

BACKGROUND

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. AgPower selected a Scheduled Operation Date of January 1, 2012, for its Facility.

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.

STAFF ANALYSIS

Staff believes that the only issue of real significance in this case is whether AgPower is entitled to grandfathered rates. 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alleging that AgPower **was** entitled to a contract containing the higher avoided cost rates of Order No. 30744 (rates superseded on March 16, 2010, by Order No. 31025).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.

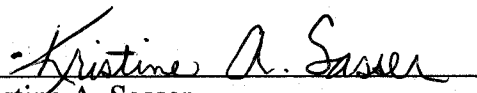
Subsequent to AgPower's complaint, the parties entered into negotiations to attempt to resolve their dispute over damage and security provisions. As evidenced by the submitted Agreement, the parties have resolved their dispute. The Agreement contains the most recent terms and conditions, including liquidated 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 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). In effect, the Agreement contains all of the terms, conditions and rates that Idaho Power maintained were appropriate in the beginning, before the dispute arose.

Idaho Power maintains that this Agreement is similarly situated to other power purchase agreements approved by this Commission that contain grandfathered avoided cost rates. Staff agrees. Consequently, Staff believes that the Agreement should be approved as submitted.

RECOMMENDATIONS

Staff recommends that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Idaho Power to AgPower for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 8TH day of December 2010.


Kristine A. Sasser
Deputy Attorney General

Technical Staff: Rick Sterling

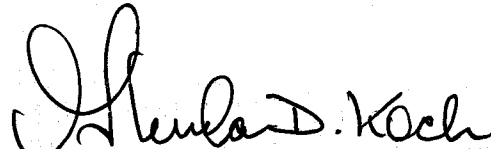
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 8TH DAY OF DECEMBER 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-10-26, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DONOVAN E WALKER
LISA D NORDSTROM
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: dwalker@idahopower.com
lnordstrom@idahopower.com

RANDY C ALLPHIN
ENERGY CONTRACT ADMINISTRATOR
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: rallphin@idahopower.com



SECRETARY

CERTIFICATE OF SERVICE