(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY REGARDING ITS PROPOSED CANCELLATION OF FIRM ENERGY SALES AGREEMENTS. | ))))))) | CASE NO. IPC-E-98-10NOTICE OF APPLICATION NOTICE OF MODIFIED        PROCEDURE NOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on July 1, 1998, Idaho Power Company (Idaho Power; Company; IPCo) filed an Application with the Idaho Public Utilities Commission (Commission) in Case No. IPC-E-98-10 requesting Commission approval of the Company’s proposed cancellation of two Firm Energy Sales Agreements (Sales Agreements) between Lynn E. Stevenson and Arrowhead Trust (hereinafter collectively referred to as “Stevenson) and Idaho Power.  Reference Agreement to Cancel dated June 10, 1998.

In 1984, Lynn E. Stevenson and Idaho Power entered into two Firm Energy Sales Agreements for the purchase of electrical capacity and energy to be generated by two under 1 megawatt qualified small power hydro electric production facilities (QFs) in Gooding County, Idaho, known as Stevenson Site No. 1 and Stevenson Site No. 2.

As reflected in the Application, the Stevenson QFs did not generate electricity during most of 1992.  In July of 1993 a landslide occurred in the Snake River Canyon.  Water in the Snake River backed up against the landslide and the increased water level upstream of the landslide inundated the Stevenson QF projects.  As reported, it is not known at this time when, if ever, the Stevenson QF projects, as currently configured, will be capable of resuming operation.

In 1996 Idaho Power states that it served Stevenson with several notices of default, which defaults have not been cured.  Stevenson, Idaho Power represents, has disputed the occurrence of any defaults and has responded that if any defaults have occurred, they are excused by the “force majeure” provision of the underlying Sales Agreements.

Idaho Power and Stevenson have agreed that to avoid litigation of the issue of defaults and disputed claims  it would be preferable to cancel the Sales Agreements.  On June 10, 1998, the parties entered into an Agreement to Cancel the Firm Energy Sales Agreements thereby agreeing and acknowledging that cancellation is “a full and complete release and settlement of all claims for injury or damage, or underpayment or overpayment which any party may sustain as a result of the other party’s performance” of the Sales Agreements and the cancellation of same.  IPCo reserves the right to remove (at its expense) all interconnect facilities and Stevenson waives any claim for salvage value.  The effectiveness of the Cancellation Agreement is contingent on Commission approval.  The Cancellation Agreement recites an effective date of May 1, 1996.

The Sales Agreements for the Stevenson QF projects, Idaho Power states, provided for payments to Stevenson at the rate of approximately 62 mills per kWh.  The current purchase price of QF energy utilizing Idaho Power’s approved avoided cost for small under one megawatt QFs is approximately 30 mills/kWh.  Cancellation of the Sales Agreements, Idaho Power represents, would provide a significant purchase price reduction if the Stevenson QF projects are rebuilt in the future.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-98-10 and has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that the issues raised by the Company’s filing may be processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the deadline for filing written comments or protests with respect to Idaho Power’s Application and the use of Modified Procedure in Case No. IPC-E-98-10 is Friday, October 30, 1998.

YOU ARE FURTHER NOTIFIED that if no written protests or comments are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing.  If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-98-10 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYBARTON L. KLINE

IDAHO PUBLIC UTILITIES COMMISSIONAttorney for Idaho Power Company

PO BOX 837201221 WEST IDAHO STREET

BOISE, IDAHO  83720-0074PO BOX 70

BOISE, ID 83707

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

All comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that the Company’s Application in Case No. IPC-E-98-10 may be viewed during regular business hours at the offices of the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the general business office of Idaho Power Company, 1221 West Idaho Street, Boise, Idaho.

 DATED at Boise, Idaho this                  day of October 1998.

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

October 9, 1998