

October 21, 2005

VIA EMAIL AND US MAIL

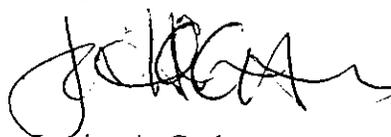
Filing Center
Oregon Public Utility Commission
550 Capitol Street NE #215
PO Box 2148
Salem, OR 97308-2148

Re: UM 1129 - Idaho Power's Comments on Staff's Consolidated Issues List

Dear Sir or Madam:

Enclosed for filing is the original Idaho Power Company's Comments of Staff's Consolidated Issues List. Please contact me with any questions.

Very truly yours,



Jessica A. Gorham

Enclosure

cc: UM 1129 Service List

**CERTIFICATE OF SERVICE
UM 1129**

I hereby certify that a true and correct copy of **IDAHO POWER'S COMMENTS ON STAFF'S CONSOLIDATED ISSUES LIST** was served via U.S. Mail on the following parties on October 21, 2005:

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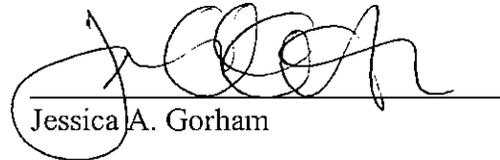
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Jessica A. Gorham

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**
3 **UM 1129**

4 In the Matter of

5 PUBLIC UTILITY COMMISSION OF
6 OREGON

7 Staff's Investigation Relating to Electric
8 Utility Purchases From Qualifying Facilities

IDAHO POWER COMPANY'S
COMMENTS ON STAFF'S
CONSOLIDATED ISSUES LIST

9 In accordance with Judge Kirkpatrick's October 4, 2005 Prehearing Conference
10 Memorandum, Idaho Power Company ("Idaho Power") hereby submits its comments on Staff's
11 proposed Consolidated Issues List, dated October 11, 2005.

12 **Phase I Issues List**

13 Idaho Power believes that Issue No. 10 beginning on page 4 of Staff's Consolidated Issue
14 List should be deleted as an issue for consideration in Phase I of this proceeding. With that one
15 deletion, Idaho Power believes that Staff's October 11, 2005 Consolidated Issues List for Phase I
16 is sufficient to complete this proceeding.

17 Issue No. 10 is a summary of the proposal made by the Fair Rate Coalition ("FRC") at
18 the last workshop to address issues FRC believes are unique to small qualified facilities ("QFs").
19 Idaho Power has several objections to including Issue No. 10 in this phase of the proceeding.
20 First, FRC raised a number of these same concerns in Phase 1 of the case, and Order No. 05-584
21 simply did not adopt the positions advocated by FRC. Allowing FRC to raise these same
22 concerns again-- in a phase of the proceeding with a limited scope—i.e., "do the filings properly
23 implement Order No. 05-5847"—is both inappropriate and unfair. In addition, several sub-
24 issues identified in Issue No. 10 are already covered in other issues (i.e., dispute resolutions [e ii]
25 and default issues [c and e i]).
26

1 Issue No. 10 also raises some issues for the first time. For example, the proposal in
2 subsection (b) that small QFs should be allowed to be paid a floating price based on the then-
3 highest of all approved options is brand new.

4 Finally, FRC’s request for a simplified contract for small QFs ignores the fact that the
5 approved standard contract does not present a barrier to small QFs successfully financing and
6 operating new projects. In Idaho Power’s case, numerous small QFs in Idaho have signed
7 contracts substantially similar in complexity to Idaho Power’s standard Oregon contract and have
8 been successful in obtaining financing and operating their small projects for many years.¹

9 **Phase II Issues List**

10 PacifiCorp proposed that the following issue be addressed in Phase II: “Impact of
11 imputed and/or direct debt incurred by Company and ratepayers from new QF contracts as a
12 result of new accounting rules – Emerging Issues Task Force (“EITF”) 01-08 and Financial
13 Interpretation No. 26 (“Fin 46”) and how it should be treated in avoided cost adjustments.”

14 Staff deleted this issue from its Consolidated Issues List. Idaho Power believes this issue
15 should be included for consideration by the Commission. In light of recent increased QF activity
16 in both Oregon and Idaho, Idaho Power believes that the impact on the utility debt levels caused
17 by significant additions of QF development should be considered by the Commission in this
18 proceeding, particularly in determining appropriate avoided cost rates for new, large QF projects.

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26 ¹ Idaho Power has signed contracts with 11 QF projects 200 kW and smaller, 23 QFs smaller than 500 kW, and 34 QFs smaller than 1 MW.

1 **Conclusion**

2 For the reasons stated, Idaho Power respectfully requests that Issue No. 10 be removed
3 and PacifiCorp's issue regarding accounting treatment of debt from new QF contracts should be
4 added to the list of issues to be considered in the balance of this proceeding.

5 DATED this 21st day of October, 2005.

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