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IDAHO PUBLIC  
UTILITIES COMMISSION

Scott Woodbury  
Idaho Public Utilities Commission (I.P.U.C.)  
P.O. Box 83720  
Boise, Idaho 83720

Nov. 29, 2003

Dear Mr. Woodbury,

I am advised that Idaho Power Company (I.P.C.) has filed for changes in the insurance coverage that is required for the independent hydro projects who sell power to I.P.C.

I.C.P. should be complemented for recognizing and initiating corrective action in regard to the current insurance problems. During the last three (3) years there has been significant changes both in the coverage offered and the charges made for the limited coverage, which is being offered. Some coverage is no longer available and others are priced beyond the point of practicality.

I have obtained the exhibit #3 from the I.P.C. application now pending before your Commission. This exhibit provides a summary of the changes petitioned by the Power Company. Please consider the following items, which I believe will clarify and/or strengthen the pending petition:

Item # 1- Commercial liability- no comment

# 2- All Risk Property- Your final order should more specifically define "80% of cost." Does this category include the "soft costs" such as Engineering, Federal Licensing, legal expense, contract negotiations, financing expense, Finders fees etc? Also does it include land purchases, long term land rental contracts and water rights?

# 3- Catastrophic Perils (Earthquake and Flood) limits- "80% of Equipment Cost" is this intended to be original cost, current replacement cost or current depreciated value?

# 4- Boiler machinery – Same questions as outlined in #3.

# 5- Loss of Income from Business Interruption.

a. "75% of estimated daily income" seems to me to be meaningless when it is combined with "20% of estimated annual income". For the Ravenscroft project 75% of the estimated daily income would be \$482.00 and 20% of the estimated average annual income would be \$46,955. I do not understand the need for the daily figure.

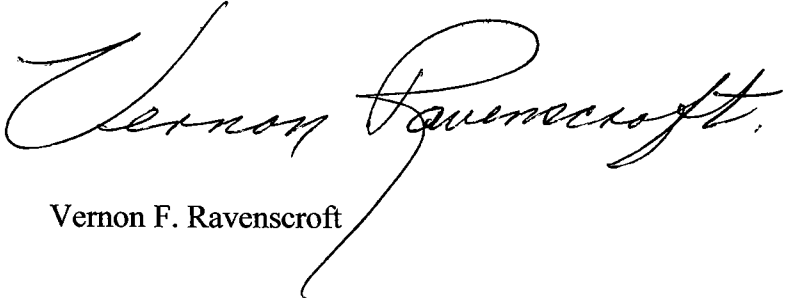
- b. There is an extreme difference when you compare the "business interruption" risk between the various independent projects now operating in our state. There are some who have only one generation unit served by only one penstock and one control valve. Any major break down can cause a total loss of income for several weeks or even months. In comparison The Ravenscroft Project will soon have four (4) generation units all under computer control and each with its own penstock and control valve. Our interruption loss risk is confined to the 20% of the time (Idaho Department of Water Resources flow duration data) when we have a flow that exceeds our plant capacity.

In the final order there should be some procedures and/or defined basis where by this requirement can be adjusted to reflect the differing degrees of risk from one project to the other.

Secondly on this same subject we have induction generators which can be quickly repaired in at least two shops in Twin Falls and vertical shaft turbines which can be quickly repaired at Yanke Machine shop in Boise. We do not have a significant Business Interruption risk.

- # 6- Other than the identification of low risk projects explained above, I agree with the generalized deductible language which reads "Consistent with current insurance industry utility practice for a similar property."

Sincerely,

A handwritten signature in cursive script that reads "Vernon F. Ravenscroft". The signature is written in black ink and is positioned above the printed name.

Vernon F. Ravenscroft