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IDAHO PUBLIC  
UTILITIES COMMISSION  
*R. Sanders*

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR A	)	CASE NO. IPC-E-90-8
CERTIFICATE OF PUBLIC CONVENIENCE	)	
AND NECESSITY FOR THE RATE BASING	)	COMMENTS OF AFTON
OF THE MILNER HYDROELECTRIC	)	ENERGY, INC.
PROJECT, OR IN THE ALTERNATIVE, A	)	
DETERMINATION OF EXEMPT STATUS FOR	)	
THE MILNER HYDROELECTRIC PROJECT.	)	

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COMES NOW, Afton Energy, Inc. ("Afton") through its attorneys Orndorff & Peterson, and offers the following statements of position with respect to the above case.

1. Afton has excess capacity and energy available to sell Idaho Power Company ("Idaho Power") from an existing plant at avoided costs yet to be determined based on a twenty year contract which will provide ratepayers significant security guaranteeing performance.

2. Idaho Power proposes that the costs of building the Milner project should be paid by ratepayers by including the Milner project in the ratebase. Afton assumes that Idaho Power's charges will be front end loaded with depreciation charges and return on

equity in addition to the normal cost of capital and operating expenses.

3. The Public Utility Regulatory Policies Act of 1978 ("PURPA") and Idaho's implementation of PURPA specifically grant to PURPA qualified facilities an avoided cost based on Idaho Power's avoided, incremental plant. Given a qualified facility receives a level payment over its contract life verses Idaho Power's front end loaded costs, qualified facilities offer the least cost alternative for new generation.

4. Given the foregoing, Afton Energy's position is that it wants a level playing field on which it has the same ability to provide Idaho Power's ratepayers capacity and energy measured against a twenty year contract, cash escrow guaranteeing performance, and other provisions applying to qualified facilities. To the extent that Idaho Power asserts that the Milner project has unique project values that justify higher prices than available from qualified facilities and such unique attributes benefit Idaho Power's shareholders, Idaho Power's shareholders should pay for such unique benefits and not ratepayers through higher energy costs. Idaho Power's shareholders will own the Milner project and the costs in excess of competitive generation alternatives should be fully allocated to Idaho Power's shareholders.

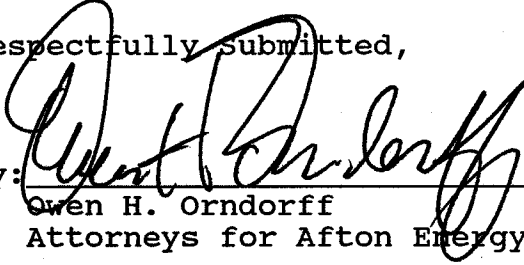
5. Idaho Power's ratepayers should pay for least cost electrical generation and not generation resources which have an inflated price with significant front end costs. Any other public policy of acquiring generation resources other than a least cost

methodology can only result in unnecessary increases in ratepayer costs and damage to the Idaho economy.

6. With respect to Idaho Power's Request for "Exempt Status," Afton is unaware of any state statute which allows an "Electrical Corporation" to voluntarily opt out from regulation. Idaho Power may want to explore the possibility of the Milner project becoming a qualified facility under PURPA as a means to avoid state regulation.

DATED this 31st day of August, 1990.

Respectfully submitted,

By:   
Owen H. Orndorff  
Attorneys for Afton Energy, Inc.

CERTIFICATE OF MAILING

I hereby certify that on this 29th day of August, 1990, I have served a true and correct copy of the within and foregoing COMMENTS OF AFTON ENERGY, INC., postage prepaid and addressed as follows:

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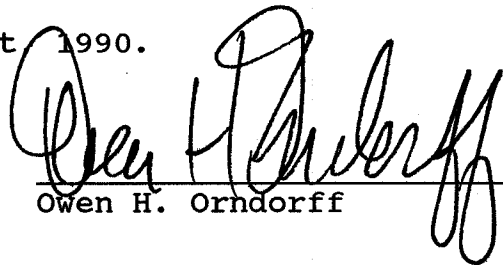
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DATED this 31 day of August 1990.

  
Owen H. Orndorff