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IDAHO PUBLIC
UTILITIES COMMISSION

IPC-E-93-01

November 1, 2012

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Birch Creek Trout Hydro Project #31214058

Dear Ms. Jewell:

Enclosed please find a copy of a letter from Idaho Power Company ("Idaho Power") to Birch Creek Trout Hydro, a Public Utility Regulatory Policies Act of 1978 ("PURPA") Qualifying Facility, regarding the administration of compliance with the insurance provisions of Birch Creek Trout Hydro's contract.

The PURPA Power Sales Agreement ("Agreement") between Clifton E. Jensen ("Seller") and Idaho Power dated July 1, 1983, for the Birch Creek Hydro project, approved by Idaho Public Utilities Commission ("Commission") Order No. 15746, requires the Seller to continuously carry Valued Loss of Income ("VLI") Insurance in amounts equal to the Accumulated Capacity Overpayments.

Because this Agreement contains levelized rates, the VLI insurance requirement is intended to provide security to Idaho Power customers for initial overpayments, and subsequent underpayments associated with the levelized rate in the event the project permanently or partially curtails its output prior to the end of the full term of the Agreement.

The Seller requested that Idaho Power consider accepting a Certificate of Deposit ("CD") payable to Idaho Power in lieu of providing VLI insurance. Idaho Power agreed to consider its request as long as the CD provided liquid security available to Idaho Power that meets or exceeds the value of the VLI insurance.

The Seller has subsequently provided this CD in a form acceptable to Idaho Power. Idaho Power also advised the Seller that an informational copy would be filed with the Commission and both Idaho Power and the Seller would be required to abide

Jean D. Jewell, Secretary
November 1, 2012
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by any additional information requests, processes, or rulings the Commission may have on this matter.

Thank you. Please contact me should you have any comments, questions, or concerns.

Sincerely,



Donovan E. Walker

DEW:evp
Enclosures

cc: Kristine Sasser, Commission – w/encl. (via e-mail)
Rick Sterling, Commission – w/encl. (via e-mail)
Randy Alphin, Idaho Power – w/encl. (via e-mail)



October 25, 2012

Birch Creek Trout
Attn: Cliff Jensen
P.O. Box 201
Hagerman, ID 83332

Re: Birch Creek Trout Hydro Project
Project Number: 31214058

VALUED LOSS OF INCOME SECURITY

Dear Mr. Jensen,

As we have discussed over the last few months, Paragraph 13.2 of the Power Sales Agreement between Clifton E Jensen ("Seller") and Idaho Power Company, dated July 1, 1983 and amended on December 22, 1992 ("Agreement") requires the Seller to continuously carry Valued Loss of Income ("VLI") Insurance in amounts equal to the Accumulated Capacity Overpayments that would be owed Idaho Power pursuant to paragraph 20.2.

You have requested that Idaho Power consider accepting a Certificate of Deposit ("CD") in lieu of a providing this VLI insurance. Idaho Power has agreed to consider this request provided that the CD is acceptable to Idaho Power and provides liquid security available to Idaho Power that meets or exceeds the value of the VLI insurance. In addition Idaho has advised that any deviation from the specific requirement of the Seller providing VLI insurance will require notification to be filed with the Idaho Public Utilities Commission (IPUC) and that both parties would abide with any information requests, requirements, rulings and/or objections received from the IPUC.

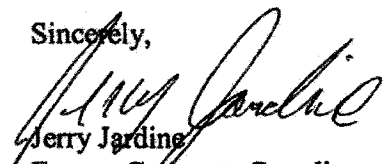
Idaho Power has received your receipt for a 5 year CD (that is payable to Idaho Power) that you purchased in the amount of \$11,400 in lieu of providing the VLI insurance. The actual requirement in the Agreement specifies that the amount of the VLI insurance be recalculated annually. Thus the actual required amount escalates slightly from this amount of \$11,400 on November 1, 2012, November 1, 2013 and then reduces to \$0 on November 1, 2014.

Idaho Power has reviewed the provided CD and the Agreement requirements and has determined that this liquid security provided by the project is acceptable in lieu of the project providing VLI insurance.

As stated earlier in this letter, Idaho Power must file a copy of this letter with the IPUC and only after the IPUC agrees with this arrangement (CD in lieu of VLI insurance) shall Idaho Power determine that the project is in compliance with the requirement to provide VLI insurance. Idaho Power will notify you of information, requests or comments received from the IPUC as we receive them.

If you have questions, please do not hesitate to contact me.

Sincerely,



Jerry Jardine
Energy Contracts Coordinator
Idaho Power Company

CC: Email copy to Randy Allphin at rallphin@idahopower.com
Email copy to Donovan Walker at dwalker@idahopower.com