

IDAHO PUBLIC UTILITIES COMMISSION

Dirk Kempthorne, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, President
Marsha H. Smith, Commissioner
Dennis S. Hansen, Commissioner

February 5, 2004

Israel Ray
Atlanta Power Company
11140 Chicken Dinner Road
Caldwell, ID 83607

Re: Assistance to High Energy Cost Rural Communities

Dear Mr. Ray:

Staff is aware that Atlanta Power Customers are interested in system upgrades without corresponding increases in their power rates. To that end, Staff wishes to inform you of a U.S. Department of Agriculture (USDA), Rural Utilities Service (RUS) competitive grant program (\$75,000 minimum) for energy facilities serving rural communities with extremely high energy costs. Although Staff does not apply for grant funding in the course of its duties, we did indicate at the Atlanta Power public workshop that grant money may be available to make system improvements and funding provided by the USDA is one such program. The following briefly describes the criteria and process to apply for a grant under this RUS program. It is Staff's understanding that Atlanta Power President Israel Ray is interested in pursuing this funding to improve electrical service to the community.

Applicants are advised to obtain additional funding application information from the USDA at its web site: <http://www.usda.gov/rus/electric/hecgp2004/index.htm>. Applications for this funding must be postmarked or delivered to RUS or <http://www.Grants.gov> by **Friday, March 5, 2004**. According to the USDA, to be eligible to receive a grant under this program:

- you must be an eligible applicant;
- the grant project must serve an eligible extremely high energy cost community;
- the proposed project must improve energy generation, transmission, or distribution facilities serving an eligible community, and
- the administrative costs of the project must not exceed 4 percent of grant funds.

The application guide for the program defines "eligible applicants" as including an individual or group of individuals, a sole proprietorship, an agency of a State or local government, and legally-organized for-profit or nonprofit organizations such as, but not limited to, a corporation, association, or cooperative. The Notice of Funding Availability for the program also defines "eligible communities" as being those whose average home energy costs in the area to be served exceed 275 percent of the national average under one or more RUS high energy cost benchmarks shown in the Notice. One of the benchmarks shown is average per unit cost of electricity of \$0.229 per kilowatt

Located at 472 West Washington Street, Boise, Idaho 83702
Telephone: (208) 334-0300 Facsimile: (208) 334-3762

Israel Ray
February 5, 2004
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hour. In reviewing the Company's annual report to the Idaho Public Utilities Commission for 2002, it appears that the residential per unit cost of electricity for Atlanta Power is \$0.352 (residential metered sales of \$44,014 divided by 125,162 residential kilowatt hour sold). Based on this benchmark, Atlanta *may* be an eligible community as defined by the program.

If you are interested in a more detailed overview of the program and links to other relevant information such as the application guide and Federal Register Notice of Funding Availability, please access the USDA web site. Please contact Mr. Ray if you are interested in assisting him in preparing an application.

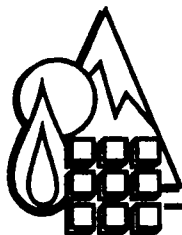
Sincerely,



Randy Lobb
Administrator, Utilities Division

cc: Atlanta Power Customers
Senator Kennedy

urnisc/Grant Program letter Feb 2004



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February 5, 2004

Atlanta Power Customers

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Atlanta Power Customers
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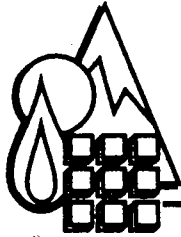
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Randy Lobb
Administrator, Utilities Division

cc: Israel Ray
Senator Kennedy

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Paul Kjellander, President
Marsha H. Smith, Commissioner
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February 5, 2004

Senator Kennedy
(Hand Delivered)

Re: Assistance to High Energy Cost Rural Communities

Dear Senator Kennedy:

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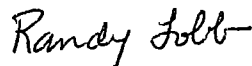
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