



IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-03-05

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Commission sets comment deadline on Idaho Power request

BOISE – The public has until May 8 to comment on Idaho Power’s yearly power cost adjustment proposal (PCA), which, if enacted would result in a decrease of about 18.9 percent to residential customers effective May 16.

Under Idaho Power’s proposal, small-commercial customers would see a decrease of 11 percent; large commercial, 24.7 percent; industrial, 20.2 percent; and irrigation, 0.5 percent. The rate for irrigators and small general service customers drops only slightly. Recovery of irrigation expenses incurred during 2001-02 was spread over two years to soften the impact of the irrigation increase.

The PCA is a yearly adjustment to cover the costs of power supply expenses. During low water years, the PCA typically results in a one-year surcharge that is added to the base rate. During high-water years, the PCA typically results in a credit that is subtracted from the base rate. In 1996, 1997 and 1999, customers got credits. Customers have paid surcharges every year since 2000 to pay off above-normal expenses the company incurred buying power from the regional power market or from other sources to meet customer demand. The PCA account is audited by commission staff to ensure revenues from the surcharges are not spent on capital expenses, salaries or on anything else not attributable to power supply expenses.

In normal water years, Idaho Power’s system of hydroelectric dams generates about 55 percent of the power the company needs to serve its customers. The National Weather Service projects that inflow into the Brownlee Reservoir, Idaho Power’s primary water storage facility, will be only 3.37 million acre feet, better than last year’s 3.25 maf, but only about half the average inflow of 6.3 maf during normal water years.

The total PCA expense proposed by the company this year is \$81.3 million. About \$26.6 million of that is above-normal power supply expenses the company anticipates spending on the regional power market to meet customer demand over the next 12 months. The company also seeks to recover \$38.7 million to recover above-normal power supply costs incurred during the 2002-03 PCA year. Most of that, about \$28.2 million, is load reduction and settlement costs with Astaris, a Pocatello phosphorous plant that closed last year. Those are one-time costs that will not recur after this year’s PCA. The final \$16 million includes commission-authorized deferrals owed by three customer classes, including irrigators, held over from last year’s PCA.

To pay for the \$81.3 million in above-normal power supply expenses to meet customer load, Idaho Power is proposing a surcharge of about .6043 (six-tenths of one cent) to be added to residential customers' base rate of about 5.1 cents. However, the surcharge for the 2002-03 PCA year, which expires on May 15, was 1.93 cents added to the base rate of 5.1 cents. Since the proposed new surcharge is less than the surcharge that expires, the net effect would be an 18.9 percent reduction in residential bills from an overall rate of 7 cents per kWh to 5.73 cents.

Idaho Power's application is merely a proposal subject to public review and commission approval.

The commission has decided to process the case under modified procedure using written comments in lieu of public hearings. The commission will not hold hearings unless it receives written comments or protests stating why a modified procedure should not be used.

Those wishing to comment on Idaho Power's application can do so through May 8. Comments can be filed electronically by accessing the commission's Web site at www.puc.state.id.us. Click on the "Comments and Questions" icon, complete the comment form and include the case number, IPC-E-03-5. Comments can also be mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

Copies of Idaho Power's application, along with testimony and exhibits, are available on the commission's Web site. Click on "File Room," then on "Electric Cases." Scroll down to the Idaho Power cases and click on Case No. IPC-E-03-5.

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