



IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-03-8, Order No. 29286

For Immediate Release / July 9, 2003

Contact: Gene Fadness (208) 334-0339

Commission OKs Idaho Power-PPL Montana contract

BOISE – The Idaho Public Utilities Commission has approved a purchase agreement allowing Idaho Power Co. to purchase power from PPL Montana during the peak consumption months of June, July and August. The energy from PPL Montana will replace what would have been provided by the proposed Garnet project near Middleton. The Garnet project was never built due to lack of financing.

Idaho Power will buy 83 megawatts per hour in June and July and 26 MWh during August. (One megawatt, or one million watts, is enough electricity to provide power for 750 homes.) The company proposes to pay \$44.50 per MWh (4.45 cents per kWh), which, the commission said, is a competitive rate compared to other options for providing the needed power.

Commission staff recommended the company seriously investigate a variety of conservation programs to potentially reduce summertime peak loads. “Traditional demand-side management, voluntary curtailment programs, interruptible rates and time-of-use rates are just some of the possible mechanisms that might be employed to reduce or eliminate the company’s need to acquire additional supply-side resources in the future,” commission staff said. Those conservation steps could also reduce the company’s need to operate its Mountain Home plant, which has operation costs that far exceed the cost of the PPL contract, staff said.

In June 2000, Idaho Power’s Integrated Resource Plan indicated that, beginning in 2004, it would not have enough capacity to serve customer load. The company proposed a 250 MW natural gas plant. Garnet Energy LLC, a division of IDACORP, was the successful bidder on a proposal to build the project near Middleton. However, in July 2002, Garnet notified Idaho Power that it had not been able to secure the financing to build the project. The commission, in subsequent orders, asked the company to file a report outlining its strategy to acquire power that would otherwise been provided through the Garnet project.

Contracting with PPL Montana is advantageous, Idaho Power officials said, because existing limits on the west side of Idaho Power’s system made power purchases on the east side of the company’s system more preferable.

After the Montana Legislature de-regulated its retail electric industry, the state’s major utility, Montana Power, sold its generating plants to Pennsylvania Power & Light. PPL Montana operates 11 hydroelectric plants in Montana with a generating

capacity of 474 MW as well as 500 MW of coal-fired generating capacity.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.state.id.us. Click on "File Room" and then on "Recent Orders and Notices," and scroll down to Order No. 29286.

Interested parties may petition the commission for reconsideration by no later than July 29. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful, erroneous or not in conformity with the law. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

END