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**IDAHO PUBLIC UTILITIES COMMISSION**

**For Immediate Release**

**Case No. PAC-E-04-2**

**May 6, 2004**

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**Website: [www.puc.state.id.us](http://www.puc.state.id.us)**

**Utah Power proposes reduction in BPA credits**

Boise – Power rates for residential and small-farm customers of PacifiCorp, which does business as Utah Power in southeastern Idaho, would increase slightly if the Idaho Public Utilities Commission approves the utility's application to reduce the size of the credit customers get from the Bonneville Power Administration.

If the commission accepts Utah Power's proposal, residential customers would see a reduction in the credit from 2.5 cents per kWh to 2.33 cents. Small-farm customers would see their credit reduced from the current 4.24 cents per kWh to 3.93 cents.

The BPA markets electricity at cost from 31 federally owned dams as well as some non-federal dams in the Northwest. The 1980 Northwest Power Act required that residential and small-farm customers in the Northwest share in the benefits of the federal hydroelectric projects located in the region in the form of a credit to electric bills.

Utah Power claims that as of last September it had paid out \$5.7 million more in BPA credits than the company received from BPA.

After discussions with the Idaho Irrigation Pumpers Association and commission staff, PacifiCorp proposes to reduce that shortfall by one-third each year over a three-year period, resulting in a reduction of \$1.9 million each year. That would eliminate the current shortfall. To match the amount PacifiCorp credits its customers over the next three years with the amount it projects to receive from BPA, the company proposes to reduce the credit an additional \$597,000 during each of the three years. The total proposed annual reduction for the next three years would be about \$2.5 million.

The company maintains that by spreading the reduction over three years the impact on customers would be eased.

The company is asking the commission to make the proposed reduction effective June 8 and combine it with another rate adjustment it is seeking in a separate case. In that case, Utah Power is asking that the commission extend by 16 months a power cost surcharge that expires on June 8.

The net effect of extending the surcharge will decrease rates by an average 3.5 percent. If the commission declines to extend the surcharge, rates would decrease an average 5 percent.

Utah Power seeks the extension to recover about \$4.2 million. Most all of that amount is Idaho's portion of income tax payments the company made following an IRS audit of the company's 2002 and 2003 income tax statements. The remaining amount – about \$200,000 – is for a projected under collection of power surcharge costs through June of this year.

The commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues and that the matter be handled via a written comment period. Comments will be accepted through May 20. Those wishing to submit comments can do so via e-mail by accessing the commission's homepage at [www.puc.state.id.us](http://www.puc.state.id.us) and clicking on "Comments & Questions." Fill in the case number (IPC-E-02-04) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

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