

PUBLIC POWER UTILITIES IN IDAHO

*Presented to Legislative Generation Sub-Committee
by
Idaho Energy Authority (IDEA)
and
Idaho Consumer Owned Utilities Association (ICUA)*



Outline

- An overview of current load and resource needs of Public Power in Idaho today.
- The initial steps Public Power in Idaho has taken in developing Integrated Resource Plan (IRP) for future load and resource needs.



Public Power Today

- ❑ Twenty-six municipally owned or cooperatively owned systems.
- ❑ Regulated by governing bodies.
- ❑ Subject to Idaho State law.
- ❑ May own and operate generation, distribution and transmission facilities.



Municipal Utilities

- ❑ Municipal utilities operate as a city department.
- ❑ Subject to the city council and mayor - ultimately the voters.
- ❑ Serve within city limits.
- ❑ Must comply with Idaho State law, e.g. purchasing, bonding and open meetings.
- ❑ May own and construct generation, distribution and transmission facilities.



Cooperative Utilities

- ❑ Cooperative utilities are not-for-profit corporations.
- ❑ Subject to an elected board of directors.
- ❑ No restrictions on service territory, except for prohibition of service to areas with existing electric providers.
- ❑ Must comply with Idaho State law.
- ❑ May own and construct generation, distribution and transmission facilities as well as other business, e.g. telephone and propane.

Twenty-six Separate Municipal or Cooperative Utilities in Idaho

□ Northern Idaho (7)

- Bonners Ferry
- Northern Lights
- Kootenai Electric
- City of Plummer
- Inland Power
- Clearwater Power
- Idaho County

□ Central Idaho (3)

- Salmon River
- Lost River
- City of Weiser

□ East Idaho (5)

- Vigilante Electric
- Fall River Electric
- Lower Valley Energy
- City of Idaho Falls
- City of Soda Springs

Twenty-six Separate Municipal or Cooperative Utilities in Idaho (cont.)

□ Burley Area (11)

- East End Mutual
- United Electric
- City of Rupert
- City of Burley
- City of Albion
- City of Declo
- South Side Electric

□ Burley Area (cont.)

- Farmers Electric
- City of Minidoka
- Raft River Electric
- Riverside Electric Lines



Twenty-six Separate Municipal or Cooperative Utilities in Idaho (cont.)

- Each of these utilities has its own distinct management.
- What they have in common is operation of an electric distribution system.
- Most Public Power Utilities purchase all of their power needs from the Bonneville Power Administration (BPA).
 - Some generate a portion of their own power
 - One utility is an all-requirement customer of Idaho Power Company



Idaho Energy Resources Authority (IERA)

- ❑ Created by Legislature in 2005.
- ❑ Empowered to finance generation and transmission facilities for Investor Owned Utility (IOU), municipal or cooperative utilities and to finance renewable energy projects.

Bonneville Power Administration

□ Current Role

- Provides and delivers wholesale power supply to its customers for all of their electrical needs at rates based on the costs of BPA's total system.
- Key phrases in this statement are “all of their electrical needs” and “at rates based on the costs of BPA's total system”.
- Primarily uses the transmission systems of IOUs in Idaho to deliver power.

Bonneville Power Administration (cont.)

- Future Role
 - Provide and deliver wholesale power supply:
 - up to its' existing generation capability, under rate schedules reflecting the cost of this capability (Tier 1)
 - provide additional wholesale power at market based rates (Tier 2)
 - Note the new key phrase is “up to its' existing generation capability’ and ‘additional wholesale power at market based rates”.
 - New load growth will be the responsibility of the individual municipalities and cooperatives.



Resource Plan for Public Power Utilities

- ❑ Public Power Utilities have never collectively conducted a resource plan.
- ❑ BPA in conjunction with the Northwest Power Planning Council have conducted regional planning.
- ❑ Planning process includes Idaho Public Power Utilities.
- ❑ In the past most Public Power Utilities would have said the Power Council's plan was their plan and left it at that, but some do their own individual plans.



Resource Plan for Public Power Utilities (cont.)

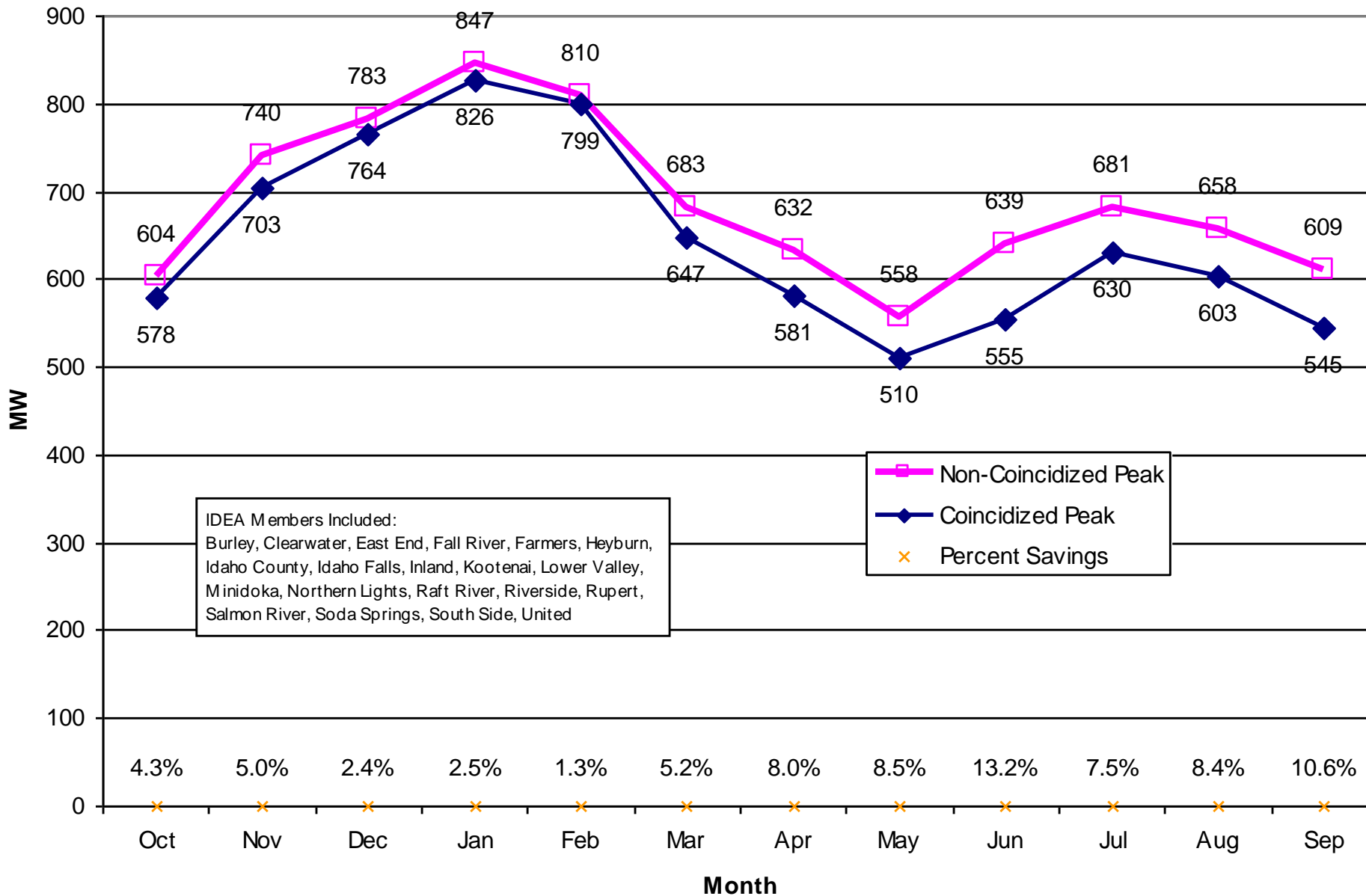
- The change at BPA will require Public Power Utilities to plan for their own load growth.
- BPA is one option to serve Public Power Utilities load growth but at market prices – not at its blended cost of providing bulk wholesale power.
- The question facing Public Power today is how will they manage Market Risk?

Resource Plan for Public Power Utilities (cont.)

- In response to BPA's initiative IDEA has taken the first steps to develop a comprehensive Resource Plan for its Members.
- IDEA's research is based on a voluntary sharing of load data.
- IDEA has compiled the following load data on twenty-one of its Members.
- The first chart shows what IDEA's load would be if it were a single utility.
- The peak in winter is approximately 850 MW and the summer is approximately 700 MW.

IDEA Total Monthly Load Peaks

(Oct 2004 to Sep 2005 Data)





Resource Plan for Public Power Utilities (cont.)

- The picture is very different when IDEA Members operate as they do today, as twenty-one stand alone utilities.
- Operating independently, IDEA Members peak at almost 1,000 MW instead of the 850 MW as a single utility.
- IDEA Members range in size from less than one MW to in excess of 200 MW of load.



Resource Plan for Public Power Utilities (cont.)

- An alternate way to view IDEA's load is by IOU control areas.
- IOU operating load control areas are responsible for access to, maintenance and reliability of the transmission system.

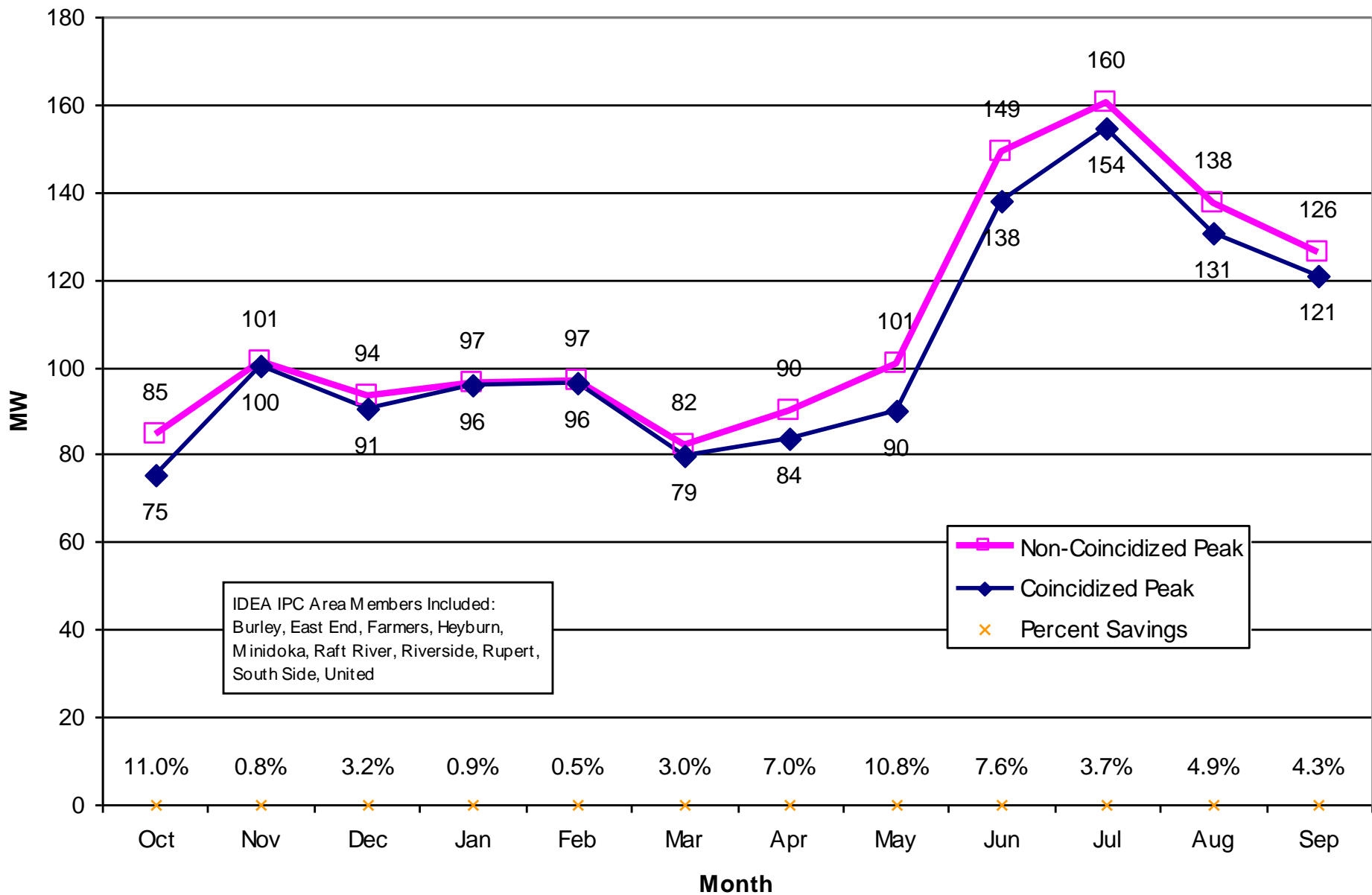


Resource Plan for Public Power Utilities (cont.)

- IDEA Members operate in several different load control areas:
 - Idaho Power Company – Southern Idaho
 - PacifiCorp (aka Rocky Mountain Power) – Eastern Idaho
 - Avista Utilities – Northern Idaho
- All IDEA Members are Transmission Dependent Utilities (TDU).
- IDEA peaks and loads look very different when viewed from the load control area perspective.

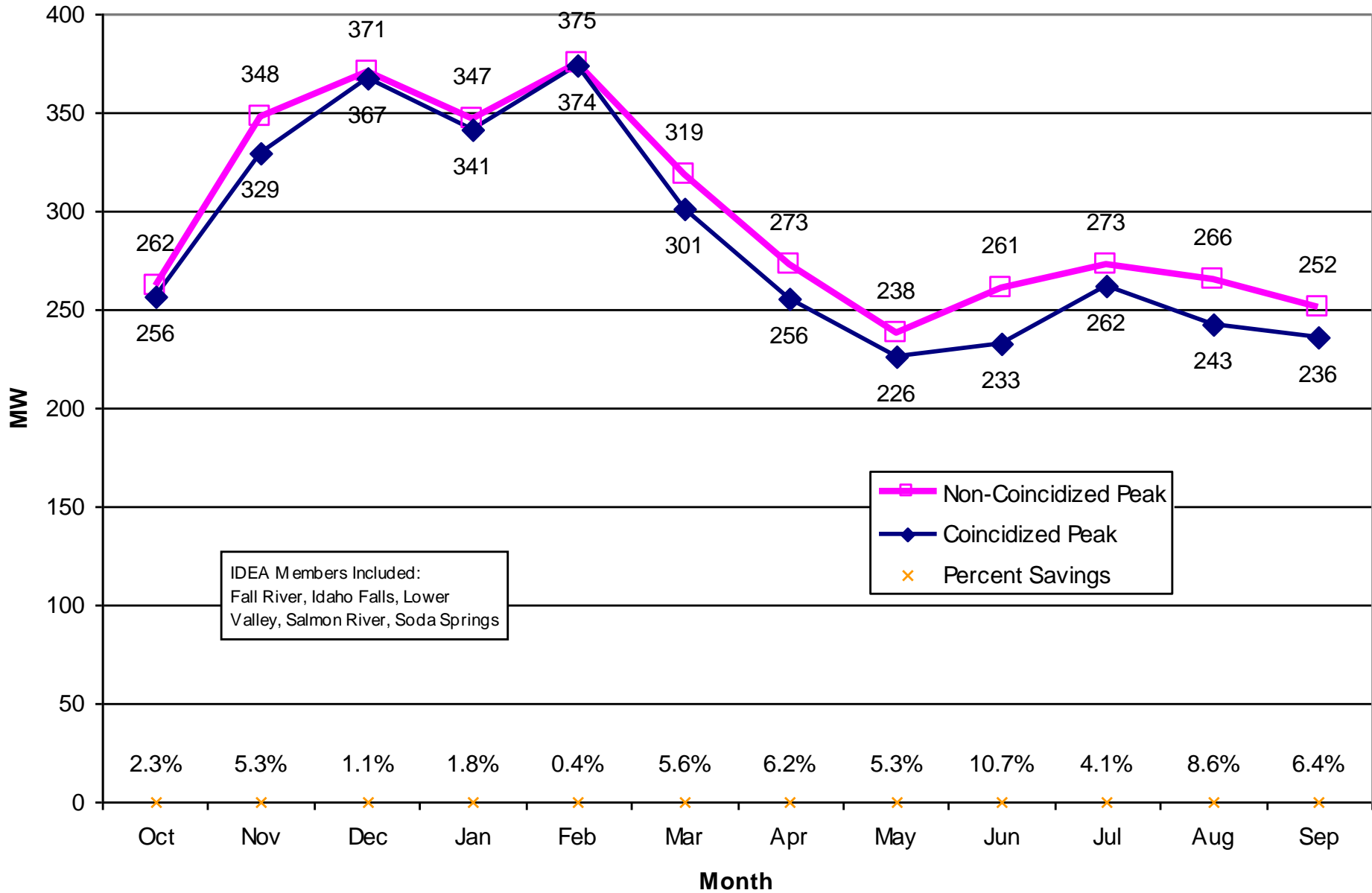
IDEA IPC Control Area Monthly Load Peaks

(Oct 2004 to Sep 2005 Data)



IDEA PacifiCorp Control Area Monthly Load Peaks

(Oct 2004 to Sep 2005 Data)

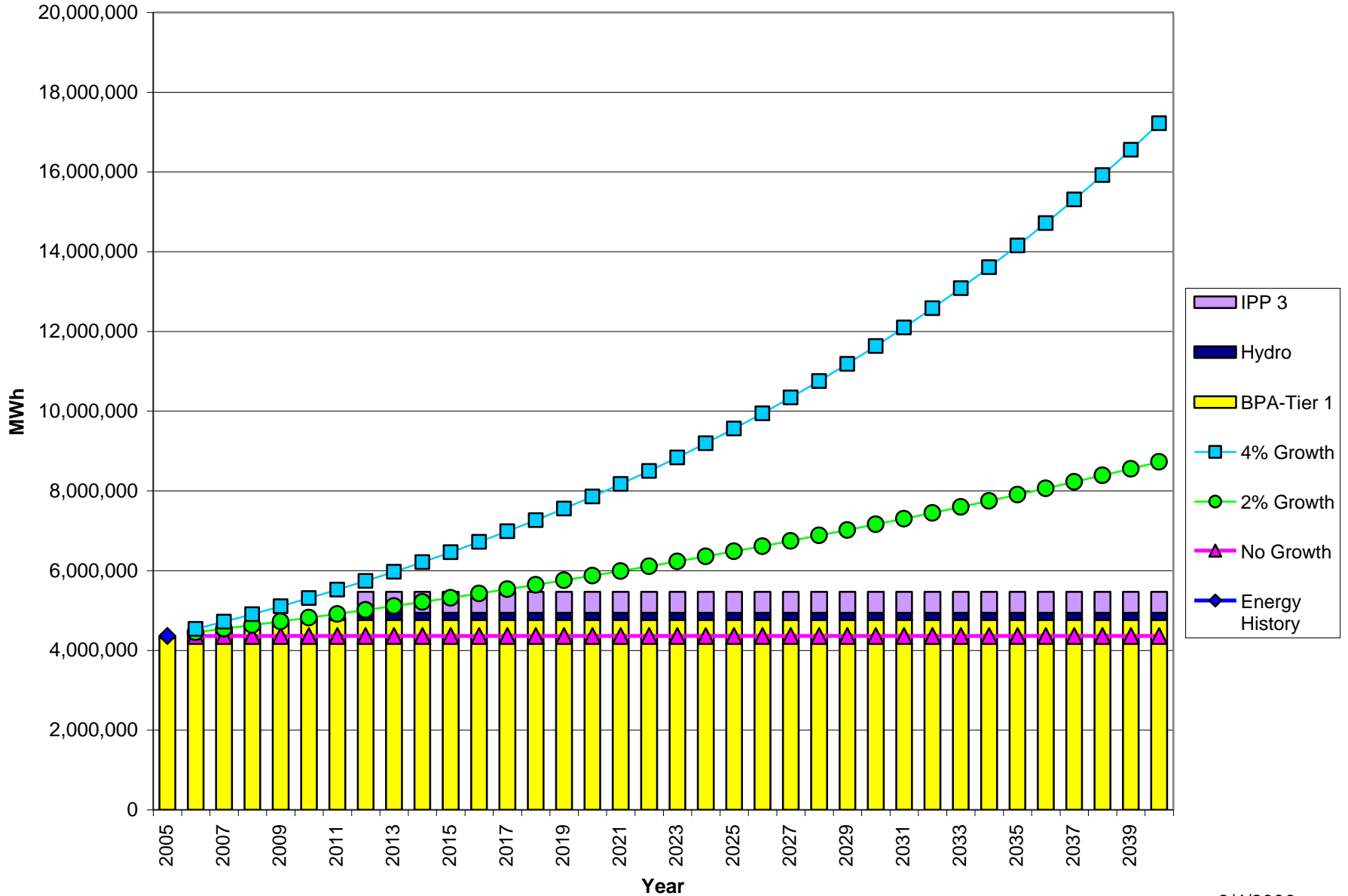




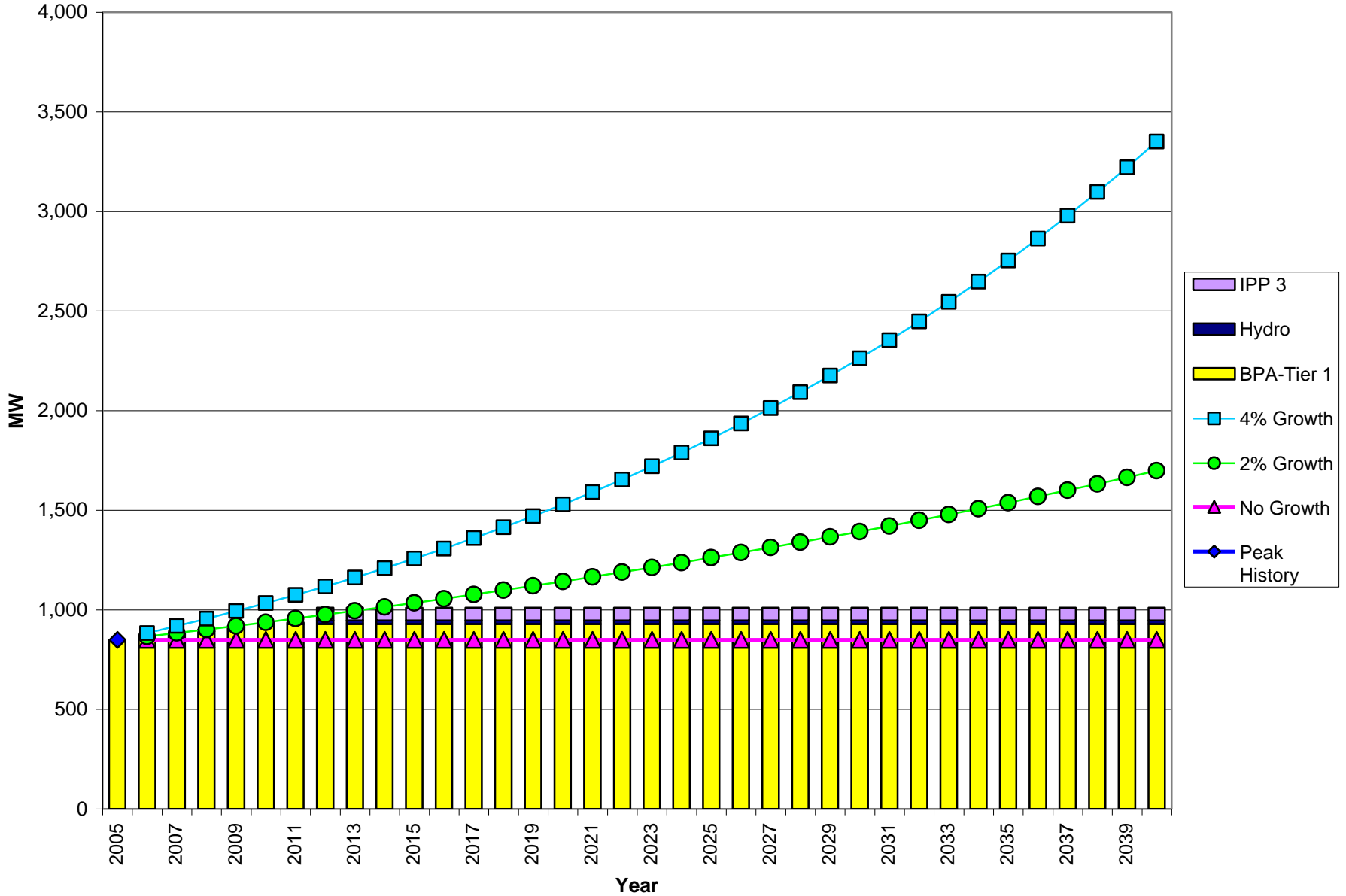
Resource Plan for Public Power Utilities (cont.)

- IDEA Members do not have the sophisticated econometric models to determine load forecasts of their customer loads.
- Instead historical data, anticipated needs and statistical methods have been used.

IDEA Total Energy Load & Resources



IDEA Total Peak Load & Resources





Resource Plan for Public Power Utilities (cont.)

- Even with modest growth there is a substantial need for new resources.
- With robust growth resource needs increase considerably.
- Put simply, Public Power Utilities in Idaho need more resources - both generation and transmission.

What are the Public Power Utilities doing to prepare to meet load needs in the future?

- Some IDEA Members are acquiring a portion of a new coal-fired electric plant being developed in Utah.
 - Even those utilities are facing difficulties in the lack of transmission access.
- Others Members are jointly exploring developing other resources.



What are the Public Power Utilities doing to prepare to meet load needs in the future?

- ❑ Some may rely on market purchases.
- ❑ Some will subscribe to BPA's tier two offering.
- ❑ Bottom line -- every Public Power Utility must do something, there is simply not enough resources in Idaho to meet our future needs.
- ❑ Public Power is working closely with the IERA to facilitate transmission system expansion to allow the import of new resources.



Public Power Utilities Renewable and Conservation Efforts

- ❑ Public Power Utilities in Idaho have participated through BPA in robust acquisition of renewable resources.
- ❑ Public Power Utilities plan to continue to do so, either collectively through IDEA and ICUA or individually.
- ❑ Most Public Power Utilities have net metering options.
- ❑ IDEA collectively implements an aggressive conservation program for many of its Members based on an incentive rate from BPA.



Summary

- ❑ Idaho Public Power Utilities must now act to meet their own resource needs.
- ❑ The IERA is working to facilitate expansion of the transmission system.
- ❑ Consistent state policies needed so that utilities can plan and acquire resources compatible with the state policy.
- ❑ Public power will need some legislative changes to allow its members to better plan, coordinate, operate and finance new resources.