
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. IPC-E-01-16

Order No. 29446

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Commission, customer groups, Idaho Power reach agreement

Boise – Various customer groups, Idaho Power Company and the Idaho Public Utilities Commission have reached a settlement regarding past trading activities involving Idaho Power and its former trading arm, IDACORP Energy, LP.

The settlement includes the payments of credits to Idaho Power customers that began in 2003 and will continue through 2005 totaling nearly \$10 million.

Most of the issues in the settlement had to do with Idaho Power and IDACORP Energy (IE) trading, hedging and risk management practices during the height of the Western energy crisis of 2000-01.

Neither Idaho Power nor IE has been found to be guilty of the same trading practices engaged in by Enron and other traders in California. However, the Federal Energy Regulatory Commission in May of 2003 found that IDACORP failed to get IE registered as a trader before engaging in power trades that should have been pre-approved by FERC. The federal agency ordered IE to transfer \$5.8 million in revenues it earned in wholesale trades to Idaho Power. That ensured ratepayers, not shareholders, of getting the benefits from the trades. At the same time, the Idaho Public Utilities Commission launched its own investigation to determine whether more revenues are due Idaho Power customers from IE, which used Idaho Power transmission and other system resource benefits in its trades. The conclusion of that investigation resulted in an additional \$4 million that will be credited Idaho Power customers. That results in the continuation of a \$167,000 per month credit from Idaho Power customers' electric bills through December of 2005.

The Western energy crisis of 2000-01 led to unprecedented increases in the annual power cost adjustment for Idaho Power customers over the following two years. "In light of the manipulative strategies used by Enron energy traders and others in California, we have heard from many Idaho Power ratepayers who were understandably concerned that these high rates were attributable to improper transactions between Idaho Power and its energy trading affiliate, IE," the commission said. "Although Idaho Power cannot be held responsible for high rates resulting from the Northwest's multi-year drought or wholesale energy price volatility, we believe this stipulation appropriately compensates ratepayers for benefits received by IE."

The stipulation is the result of 12 meetings including representatives from the following customer groups: AARP, Industrial Customers of Idaho Power, Micron Technology, Idaho Irrigation Pumpers Association, J.R. Simplot Company, Idaho Retailers Association and Advanced Energy Strategies, Inc.

The parties acknowledge there are several proceedings pending before FERC and in the courts in which certain California and Pacific Northwest groups allege that IE and Idaho Power, together with numerous other entities, engaged in wholesale market activities that increased the cost of wholesale energy in California and the Pacific Northwest and violated anti-trust laws. The parties agreed that if FERC or a court ultimately issues a final ruling that Idaho Power or IE should receive any payments or are directed to pay Idaho retail customers some amount, payment of those amounts to customers are not precluded or required by this settlement.

In June of 2002, IDACORP announced it was discontinuing IE's power trading business.

The order issued by the commission accepts the stipulation as fair, reasonable and in the public interest and directed all parties to comply with the agreement's terms. Interested parties may petition the commission for reconsideration by no later than April 5 to P.O. Box 83720, Boise, ID 83720-0074 or fax to (208) 334-3762.

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