

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-04-24, Order No. 29670

December 30, 2004

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Commission approves cloud seeding account

Boise – The Idaho Public Utilities Commission approved Idaho Power Company’s application to include about \$950,000 in cloud seeding costs when the company files its power cost rate adjustment next spring.

“Idaho Power presented sufficient evidence to establish that the cloud seeding program was cost-effective during the last two winters,” the commission said.

Cloud seeding during the 2002-03 winter produced an estimated 110,00 acre-feet of increased run-off to feed Idaho Power’s hydroelectric generators and another 68,000 acre-fee in the winter of 2003-04. Without that additional runoff, Idaho Power would have had to spend between \$1.6 and \$1.8 million in additional generation during the 2002-03 winter and \$1.4 million last winter. The application approved by the commission today includes only the costs of this winter’s cloud seeding, estimated to be about \$950,000. The company saves money when it can use its own hydroelectric power rather than generating power from higher-cost resources like natural gas plants or buying it on the wholesale market.

The company had sought to include cloud seeding expenses in its rate case earlier this year, but the Idaho Public Utilities Commission said there was not enough data yet available to demonstrate the benefits of the program. The company’s recent cloud seeding efforts began in 2001 during the Western energy crisis caused by drought and record-high wholesale market prices.

Allowing costs of the program to be recovered from ratepayers does not have an immediate effect on rates. Ninety percent of the costs of the program will be included in the company’s power adjustment process next spring. At that time, Idaho Power will submit all its extraordinary power supply expenses to the commission. Of those expenses the commission deems necessary and prudent, 90 percent are allowed to be recovered from customers. The remaining 10 percent is borne by shareholders.

While the commission approved Idaho Power expenses for one winter’s cloud seeding, it urged the company to continue exploring demand-side management and energy efficiency programs. “Demand-side management programs to reduce customer energy use, thereby delaying the need to build energy production and transmission facilities, may be a better use of energy management funds provided by Idaho Power’s customers,” the commission said.

A full text of the commission’s order, along with other documents related to this case, are available on the commission’s Web site. Click on “File Room” and then on “Recent Orders and Notices,” and scroll down to Order No. 29670.

Interested parties may petition the commission for reconsideration by no later than Jan. 20. Petitions for reconsideration must set forth specifically why the petitioner contends the order is unreasonable, unlawful or erroneous. 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.