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1330 Barney Dairy Road
Rexburg, Idaho 83440
6 May 2002

PAC-E-02-01

Marsha Smith, Chairman
Idaho Public Utilities Commission
Boise, Idaho

Dear Madam Chairman:

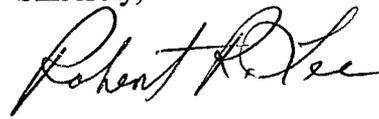
As a former State Senator from Rexburg, Idaho, I was directly involved in the Scottish Power negotiations that led to the P.U.C. order freezing power rates until January 1, 2002.

It was clearly understood that power rates were to be frozen until January 1, 2002 and that any extraordinary costs from interest rate hikes, the merger, inflation, market purchases, maintenance breakdowns or other factures were to be absorbed entirely by Scottish Power. During negotiations these costs were never discussed with me as being deferred costs to be assessed against ratepayers, plus interest, after the price freeze.

Assessing deferred charges plus interest to the ratepayers clearly cancels any benefit from a rate freeze. There is no net economic benefit to ratepayers from such a program. I find it hard to believe that the P.U.C. is now considering passing the rate freeze costs on to the ratepayers rather than requiring Scottish Power to absorb them.

In addition, the P.U.C. should refrain from using the BPA Exchange Credit as an offset to these deferred costs. The BPA Exchange Credit was a hard fought gain and should be used for the benefit of ratepayers not Scottish Power.

Sincerely,



Robert R. Lee

Cc: Senator Robert Geddes
Representative Del Raybould
Senator Brent Hill
Corey Taule, Post Register
Rich Ballou, Standard Journal
Golden Linfoord
Richard Smith

*cc: JL
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DES
MFuss
AH
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