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IDAHO PUBLIC UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY
PACIFICORP DBA UTAH POWER & LIGHT)
COMPANY OF ITS 2003 ELECTRIC)
INTEGRATED RESOURCE PLAN (IRP))

CASE NO. PAC-E-03-02
COMMENTS OF THE J. R. SIMPLOT
COMPANY

COMES NOW, the J. R. Simplot Company (“Simplot”) and pursuant to that Notice of Filing issued by the Secretary of the Idaho Public Utilities Commission (“Commission”) on February 12, 2003, and provides its comments on the IRP filing by PacifiCorp (Utah Power & Light) referenced the above.

Simplot asks the Commission to consider the filed IRP of PacifiCorp as having been developed against the backdrop of a western regulated electric industry where there are more constants than variables. Many of the changes and variables of this industry are being proposed by the investor owned utilities themselves, such as PacifiCorp. The degree of public involvement from industrial endusers and customer interest groups in the IRP has perhaps, not been as comprehensive as necessary or possible.

As an industrial enduser, we agree that a diverse portfolio of resource options follows the prudent path suggested by the many types of endusers which are distinguished by volume and consumption patterns. PacifiCorp has been supportive of cost effective demand side management programs and of industrial enduser dollars flowing to industrial energy conservation projects. That past and continued position is appreciated.

The lack of a legitimate discussion of PURPA/Avoided Cost projects (the energy from which is priced, based on a surrogate avoided resource) is distressing and leaves the report incomplete. PacifiCorp has not been a supporter of the development of these projects, nor their inclusion into their generation portfolios. They continue, however, to develop regulated projects whose energy price costs seem to exceed that of published avoided cost rates in the states where they operate.

Throughout the Northwest, industrial endusers are telling electric utilities and state agencies that they would like to see the next generation of large power plants built with coal as the fuel. Very few knowledgeable energy experts, if any, would disagree that natural gas is a just-in-time commodity. In fact, it appears as deliverability decreases and with only modest gains in drilling, the industry could be .8 bcf/d to 2 bcf/d short over the next twelve months. Continued use of natural gas across the United States to generate electricity at the approximate rate of 40 mmmcf/d per 230 megawatts exacerbates the supply/demand picture forcing gas prices to rise and stay high significantly into the future. There is in fact, a question as to whether the United States and Canadian oil and gas industry have the infrastructure to meet demand even with the higher prices. Demand destruction will inevitably occur limiting recovery and growth of the economy.

PacifiCorp's acquisition of renewable resources, especially wind, which are advertised as exceeding the amount ultimately requested or mandated by state and federal agencies seems to be designed to curry favor with specific individuals and agencies rather than meet the test of economic reality and the best interests of all rate payers.

Historically PacifiCorp has added generation with high cost (at the time) fuel contracts such as Hermiston in the rate base while shepherding low cost projects like Klamath Falls into its unregulated merchant side. The West Valley project in Utah is an example of a perception issue relating to the separation of the regulated and unregulated side of their business. The acquisition of western coal facilities in the mid 1990's was done at a time when it appeared that PacifiCorp's mission was to become the preeminent electric supplier/utility in the western United States. Comments and logical thoughts that these facilities would ultimately require financially significant environmental upgrades were apparently given short shrift.

It still remains unclear in the IRP whether the underlying demand forecast assumes the effects of PacifiCorp's projected costs for hydro relicensing (and the attendant loss of hydro capability) and emission improvements on PacifiCorp's existing coal facilities. PacifiCorp has stated that these costs will be in the billions. While Appendix K provides a brief sketch of PacifiCorp's load forecasting approach it fails to provide key assumptions that admittedly impact the load forecast. Examples would include changes in the price of electricity, price and availability of competing fuels and changes in the composition of economic activity. With the load forecast being the fundamental foundation of any IRP, there should be a more detailed explanation of the key assumptions used in the analysis (including whether the costs mentioned above are reflected in the load forecast).

It would also make the IRP more useful to customers to know whether the hydro and coal plant emission costs are included in the rate projections (page 116) and if not, what those rate projections would be if they were included.

In summary, we encourage the Commission to further publicly discuss this IRP and the ramifications and signals of simply accepting it. Future base load capacity should be coal, with a

thorough discussion of appropriate generating resources for peaking capacity including an Idaho Power Company-type risk advisory program for market access and relevant specific rate designs. There is a great deal of valid analysis in the IRP but the questions must be asked, are assumptions valid and are the conclusions fair to all concerned, shareholders, employees, and rate payers, and will the results be good public policy for the future, short term and long term.

DATED this 26th day of March 2003.

J. R. SIMPLOT COMPANY

By 
David Hawk
Director, Energy Natural Resources

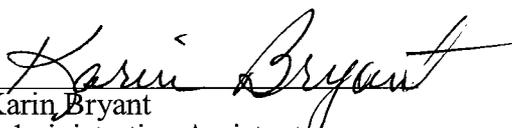
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 26th day of March, 2003, a true and correct copy of the within and foregoing COMMENTS OF THE J. R. SIMPLOT COMPANY, in Case No. PAC-E-03-02, was served on the following by the method indicated:

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