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3 H

## Jean Jewell

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**From:** Ed Howell  
**Sent:** Monday, December 05, 2005 6:17 PM  
**To:** Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark  
**Subject:** Comment acknowledgement

WWW Form Submission:

Monday, December 05, 2005  
6:16:36 PM

Case: PAC-E-05-11  
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Comment description: It is very interesting in this day of expectations of increasing demand for electric power and knowing that two of the resources that can supply this power, coal and natural gas, especially natural gas, are going to climb in price, that PacifiCorp is offering to sell power to Nu-West for 3.8 cents/kWh on the high end. This is an extremely low price, especially compared to irrigation, residential and small commercial. While it is true that this electricity costs less to deliver because it probably has a single point, is that worth 3 cents/kWh/

I think having a utility offer this kind of rate to large industrial customers such as this gives utilities no room whatsoever to oppose PURPA power on a cost basis. It is very unlikely that PacifiCorp would make more money selling this power to Nu-West than to other rate payers. I know everyone has complained about the rates paid by irrigation pumpers. I think you will find that this rate offered to Nu-Cor is far less than what Bell Rapids was paying when it used power costs as a reason to abandon farming.

Perhaps if Nu-West cannot compete using rates that are justifiable on a cost basis, that is residential and small commercial rate minus the cost savings to a large customer, that perhaps this form of phosphate mining cannot be justified.

We need incentives for companies to improve energy use and develop new technologies to increase electric energy productivity. Keeping rates artificially low - meaning lower than the cost savings vs other customer class rates would justify - is not a good signal to the phosphate industry. We already made this mistake with the aluminum industry. It relied on low cost power and died when there was a crunch on electricity supplies. It did not innovate around this potential disadvantage.

It would be very reasonable for the price of electricity to Nu-West to be the cost to other customer classes minus the cost savings associated with single point large-scale delivery. Make that the price and see what happens.

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