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Idaho Falls Power signs deal to reduce wholesale power rates

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Bonneville Power Administration
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Idaho Falls, Ida. – The Bonneville Power Administration today announced that Idaho Falls Power is the first utility in the state to sign a load reduction agreement. Under the agreement, the municipal utility will reduce by 10 percent the amount of power it plans to purchase from BPA starting October 2001.

BPA's power business manager Rick Itami thanked the City for its effort, saying, "Idaho Falls has stepped up to the plate to do its share to help hold down rates." He added, "The City has shown its leadership in the utility community by the action it has taken. Idaho Falls is doing its part to help the region manage through the current power crisis brought on by high market prices."

Load reductions will enable BPA to reduce the amount of power it is obligated to purchase from the open electricity market. West Coast wholesale power prices have skyrocketed in recent months to ten times normal as a result of increased demand, power plant closures, and dry weather patterns that have impacted hydro generation.

At a contract signing ceremony Idaho Falls Mayor Linda Milam said, "We strongly believe all BPA customers must help, and this is why we are responding quickly to do our part. This commitment is necessary to keep BPA costs down and rate increases at manageable levels."

Idaho Falls Power had planned on buying approximately 70 megawatts from BPA beginning October 1 for the next ten years. Along with generation from the City's own hydroelectric facilities, this would have met most of Idaho Falls' electricity energy needs. The amount the City will purchase from BPA now will be reduced by 7 megawatts for one year. The Idaho Falls City Council has asked its retail customers to respond with individual reductions of 10 percent.

BPA expects that sufficient new generation will come on line within two years and that market prices will stabilize. On April 9, BPA announced that the region's Federal electricity system is headed for wholesale rate increase of 250 percent or more unless customers like Idaho Falls Power and large industries make commitments to reduce energy use.

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