

PACIFICORP RATE INCREASE SETTLEMENT

On January 30, 2004, the Utah Public Service Commission approved a \$65 million increase for PacifiCorp. Customers will see the increase on bills after April 1, 2004.

PacifiCorp filed an application with the Public Service Commission on 15 May, 2003, for a \$125 million rate increase in the State of Utah. This increase represented a 12.5 percent increase, or \$8.47 a month, for the average residential customer. PacifiCorp cited an increase in energy demand driven by central air conditioning, rising costs for employee pensions, insurance and health care as the main reasons for the filing. The company was also trying to recover the costs for the new Gadsby Plant in West Valley City.

After lengthy negotiations with the Committee of Consumer Services, Division of Public Utilities and others, the parties agreed on a rate increase of \$65 million, or approximately 7 percent. The Committee retained several experts, who assisted staff with auditing the Company's books and records, evaluating power costs, and determining the appropriate mechanism to collect any change in rates.

A stipulation addressing how the rates would be paid by each customer group was presented to the Commission on January 15, 2004. In the last rate case, which was combined with the extraordinarily high power costs from the summer of 2001 and the power replacement costs for the Hunter Plant outage, the Committee and Division required PacifiCorp to agree that it would not raise rates until January 2004. Therefore, the rate increase will go into effect January 1, 2004, but not be collected until April 1, 2004, when the surcharge for the replacement power costs drops off customers' bills.