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IDAHO PUBLIC  
UTILITIES COMMISSION



December 23, 2003

Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

Attention: Jean D. Jewell  
Commission Secretary

Re: In The Matter of the Application of PacifiCorp dba Utah Power & Light  
Company for a Deferred Accounting Order  
Case No. PAC-E-03-05

First Revision of Sheet No. 93      Schedule 93      Power Cost/Tax Surcharge

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits an original and seven copies of an amended application for deferral and recovery of Income Tax Audit related payments, and its request for approval of its proposed Electric Service Schedule No. 93, Power Cost/Tax Surcharge. An electronic copy will also be provided.

The Company's proposal does not include the impact of changes in the level of the BPA credit that are expected to occur next year.

Also provided herewith is the press release regarding the Company's application that has been issued simultaneously with this filing pursuant to Utility Customer Information Rule No. 102.04.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

By E-mail (preferred):      [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By Fax:      (503) 813-6060

By regular mail:      Data Request Response Center  
PacifiCorp  
825 NE Multnomah St., Suite 800  
Portland, OR 97232



Idaho Public Utilities Commission  
Case No. PAC-E-03-05  
December 23, 2003  
Page 2

Informal questions should be directed to Bob Lively, Manager, Regulation, (801) 220-4052.

Sincerely,

*D. Douglas Larson /DL*

Doug Larson  
Vice President, Regulation  
Enclosures

John M. Eriksson  
STOEL RIVES LLP  
201 South Main Street, Suite 1100  
Salt Lake City, Utah 84111  
Telephone: (801) 578-6937  
Facsimile (801) 578-6999

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UTILITIES COMMISSION

James F. Fell  
STOEL RIVES LLP  
900 SW Fifth Ave., Suite 2600  
Portland, OR 97204-1268  
Telephone: (503) 294-9343  
Facsimile: (503) 220-2480

Attorneys for PacifiCorp

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION )  
OF PACIFICORP dba UTAH POWER & ) CASE NO. PAC-E-03-05  
LIGHT COMPANY FOR A DEFERRED )  
ACCOUNTING ORDER AND APPROVAL ) AMENDMENT TO APPLICATION  
OF A SURCHARGE ) OF PACIFICORP

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PacifiCorp respectfully submits this Amendment to its Application in this case.

**1. Excess Power Purchase Costs**

PacifiCorp amends its Application by removing from consideration its request for deferred accounting of the excess costs incurred for forward power purchases made for the summer of 2002.

**2. Additional and Amended Information Regarding the Income Tax Audit Payments.**

Like other taxpayers, PacifiCorp is subject to audits by the Internal Revenue Service regarding the Company's payment of income taxes in past years. In previous cases, the Commission has disallowed recovering from customers the cost of what has been referred to as a "tax cushion" to cover additional amounts that may have to be paid due to an IRS income tax audit. *E.g. In Re Utah Power & Light Co.*, Case No. U-1009-157, Order No. 20372, p. 25 (April

10, 1986) (“Our position on this issue has not changed. It is not proper for the Company to accrue for an expense, such as this, that may not occur.”) (Hereafter, the “1985 rate case”).

However, the Commission has allowed for recovery of tax payments actually made as a result of IRS audits of prior years’ income taxes. In its order on reconsideration in the Company’s 1985 rate case, the Commission decided that if the Company could show that it had actually paid an amount to the IRS as a result of an audit, it would be allowed to submit tariffs to recover that liability, assuming the audit assessment was not payable from a reserve already accumulated. (Order No. 20523, p. 10, May 29, 1986).

Shortly afterward, and following passage of the 1986 Tax Reform Act which reduced corporate income tax rates, the Commission allowed the Company to recover the Idaho jurisdictional portion of approximately \$25 million paid in 1987 following an IRS audit of 1983 and 1984 taxes. *In the Matter of the Investigation of the Effects of Revisions of the Federal Income Tax Code Upon the Cost of Service of Regulated Utilities*, Case No. U-1500-164, Order No. 21302 (July 1, 1987). In that case, the recovery was accomplished by deferring the rate reduction which would have otherwise been implemented to pass on to customers the savings resulting from the Tax Reform Act.

The audit payments which the Company seeks authority to defer in this case were not paid from a reserve already funded by Idaho ratepayers. In the Company’s 1985 rate case, the Commission ordered the elimination of the accrual that had existed by requiring the Company to eliminate the accrual through a rate base reduction to be amortized over five years. Specifically, the Company was ordered to reduce its test year tax expense allocated to Idaho by approximately \$266,000 and make a reduction to rate base. The impact of the adjustments was to reduce the Company’s overall revenue requirement by approximately \$713,000 annually. Order No. 20372,

pp. 24-25. Further, subsequent results of operations audits performed by the Commission Staff have consistently excluded the impact of tax accrual.

The income tax audit payments which the Company initially included in its application were made in July and September, 2002, during the fiscal year in which the Company filed its Application in this case. Based on further review, the Company has revised the calculation of PacifiCorp's responsibility for those amounts, and submits in Application Exhibit No. 2(Revised), the revised statement of the July and September, 2002 payments which the Company seeks authority to defer. Further, the Company amends its Application by including in the amount it seeks authority to defer, the Idaho-allocated share of an additional income tax audit payment made in October 2003 following an appeal related to the same 1994-1998 audit period described in the Application.

### **3. Request for Recovery**

PacifiCorp further amends its Application to include a request for approval of proposed Electric Service Schedule No. 93 (Proposed Schedule 93) to collect the income tax audit related payments described in this amended Application and to address the overcollection or undercollection of Power Costs currently being recovered under present Electric Service Schedule No. 93 (Present Schedule 93). The Company requests that Proposed Schedule 93 be effective immediately upon the expiration of Present Schedule 93. A copy of Proposed Schedule 93 is submitted herewith as Application Exhibit No. 3. A legislative version of Proposed Schedule 93, showing modifications to Present Schedule 93, is attached hereto as Application Exhibit No. 4.

PacifiCorp's amended Application requests inclusion in Proposed Schedule 93 any overcollection or undercollection of Power Costs currently being collected under Present

Schedule 93. Present Schedule 93 provides that, subject to Commission review and approval, the surcharge may continue at a revised rate to reflect any undercollection or overcollection of the authorized surcharge amount. Current projections of the Power Cost collection under the existing surcharge show an undercollection of approximately \$200,000 as of June 8, 2004 (See Application Exhibit No. 5). PacifiCorp's Proposed Schedule 93 therefore includes the projected undercollection of Power Costs in addition to the requested collection of income tax audit related payments. If approved by the Commission, the Power Cost undercollection of approximately \$200,000 will be revised based on current actual data prior to implementation of Proposed Schedule 93. This revision based on updated data will likely result in a modification of the Surcharge related to the undercollection of Power Costs. However, in the event that an overcollection of Power Costs is determined, based on updated data, the amount would offset the Company's requested recovery of income tax audit related payments. The Deferred Amounts collected through the Surcharge will not include a carrying charge. Allowing recovery over the proposed period will provide the Company recovery of the Deferred Amounts over a reasonable period.

Proposed Schedule 93 is designed to recover from tariff customers, on a uniform percentage basis of revenue from each rate schedule, the Deferred Amounts over a period of approximately 16 months. Proposed Schedule 93 would be applied to customers' bills for electric usage commencing June 8, 2004. Utilizing a test period for the twelve months ended March 31, 2003, Application Exhibit No. 6 shows the effects of Proposed Schedule 93 by rate schedule and a worksheet containing derivation of the cents per kilowatt-hour surcharges for each rate schedule. For residential customers, the implementation of Proposed Schedule 93 would result in a price reduction from current prices averaging 3.3 percent. Excluding special

contracts, commercial and industrial customers would see a price reduction averaging 3.5 percent. Irrigation customers would see a price reduction averaging 3.6 percent. The overall effect on Idaho tariffed customers would be a price reduction from current levels averaging 3.5 percent. If the current surcharge is allowed to expire as scheduled, June 8, 2004, a rate decrease of approximately 5 percent from current levels will result. (These price changes do not reflect any impact of reductions to the levels of BPA credits that are expected to occur next year.)

WHEREFORE, PacifiCorp requests that the Commission issue an Order

- 1) Approving the deferred accounting treatment requested herein,
- 2) Approving the Proposed Schedule 93 described herein, and
- 3) Granting such further relief as the Commission deems necessary and proper.

DATED this 22<sup>nd</sup> day of December, 2003.

Respectfully submitted,



John M. Eriksson  
Stoel Rives LLP

Attorneys for PacifiCorp

**CERTIFICATE OF SERVICE**

I hereby certify that on this 22<sup>nd</sup> day of December, 2003, I caused to be served, via U.S. Mail, postage prepaid, a true and correct copy of the foregoing **Amendment to Application of PacifiCorp** to the following:

Scott Woodbury  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, Idaho 83720-0074

Eric Olsen  
Racine, Olson, Nye, Cooper & Budge  
P.O. Box 1391  
Pocatello, ID 83204

A handwritten signature in black ink, appearing to read "Mark Tucker", is written over a horizontal line.

Mark Tucker  
Regulatory Operations Coordinator, PacifiCorp

Case No. PAC-E-03-05  
Application Exhibit No. 2 Revised

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

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Revised Statement of July and September 2002 Payments

December 2003

Application Exhibit No. 2 (Revised)

**PacifiCorp  
2002 Federal and State Tax Audit Payments**

	<b>Total Co. Amount <u>(000)</u></b>	<b>Idaho Alloc. <u>Factor</u></b>	<b>Idaho Amount <u>(000)</u></b>	<b>Revenue Requirement <u>(000)</u></b>
<b>Federal Audit Payments:</b>				
July 2002 (1994-98 tax years)	\$ 37,276	4.83%	\$ 1,799	\$ 2,899
Oct 2003 (1994-98 tax years)	\$ 13,093	4.83%	\$ 632	\$ 1,018
<b>State Audit Payments:</b>				
Sep-Nov 2002 (1994-98 tax years)	\$ 3,618	4.83%	\$ 175	\$ 281
<b>Total Audit Payments:</b>	<b>\$ <u>53,987</u></b>		<b>\$ <u>2,605</u></b>	<b>\$ <u>4,198</u></b>

Case No. PAC-E-03-05  
Application Exhibit No. 3

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

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Proposed Schedule 93

December 2003



I.P.U.C. No. 28

First Revised Sheet No. 93  
Canceling Original Sheet No. 93

**UTAH POWER & LIGHT COMPANY**  
**ELECTRIC SERVICE SCHEDULE NO. 93**

**STATE OF IDAHO**

**POWER COST / TAX SURCHARGE**

(C)

**AVAILABILITY:** At any point on the Company's interconnected system.

**APPLICATION:** This Schedule shall be applicable to all retail tariff Customers taking service under the terms contained in this Tariff.

**MONTHLY BILL:** In addition to the Monthly Charges contained in the Customer's applicable schedule, all monthly bills shall have applied an amount equal to the product of all metered kilowatt-hours multiplied by the following cents per kilowatt-hour.

(D)

(D)

Schedule 1	0.2569 ¢
Schedule 6	0.1635 ¢
Schedule 6A	0.1867 ¢
Schedule 7	0.7912 ¢
Schedule 7A	0.8219 ¢
Schedule 8	0.1681 ¢
Schedule 9	0.1232 ¢
Schedule 10	0.1888 ¢
Schedule 11	0.8810 ¢
Schedule 12 – Street Lighting	0.3862 ¢
Schedule 12 – Traffic Signal	0.3002 ¢
Schedule 19	0.2169 ¢
Schedule 23	0.2644 ¢
Schedule 23A	0.2721 ¢
Schedule 35	0.1665 ¢
Schedule 36	0.2026 ¢

(N)

(N)

Submitted Under Docket No. PAC-E-03-05

ISSUED: December 23, 2003

EFFECTIVE: June 8, 2004

Case No. PAC-E-03-05  
Application Exhibit No. 4

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

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Proposed Schedule 93 in Legislative Format

December 2003



UTAH POWER & LIGHT COMPANY  
ELECTRIC SERVICE SCHEDULE NO. 93

STATE OF IDAHO

POWER COST / TAX SURCHARGE

**AVAILABILITY:** At any point on the Company's interconnected system.

**APPLICATION:** This Schedule shall be applicable to all retail tariff Customers taking service under the terms contained in this Tariff.

**MONTHLY BILL:** In addition to the Monthly Charges contained in the Customer's applicable schedule, all monthly bills shall have applied an amount equal to the product of all metered kilowatt-hours multiplied by the following cents per kilowatt-hour, as determined by the Voltage Level at which the Customer takes service. The charges in the column labeled "Year 1" shall be in effect for one year beginning on the effective date of this tariff. The charges in the column labeled "Year 2" shall be in effect for one year beginning at the end of Year 1. The Company shall track the total amount collected through Year 1 and Year 2 and true up in Year 3. In Year 3, this surcharge may continue at a revised rate, subject to subsequent Commission review and approval, in order to reflect any undercollection or overcollection of the total authorized surcharge amount.

<u>Voltage Level</u>	<u>Year 1</u>	<u>Year 2</u>
Secondary less than 2,300 volts	0.8585 ¢	0.4200 ¢
Primary 2,300 to 44,000 volts	0.8326 ¢	0.4073 ¢
Transmission over 44,000 volts	0.8151 ¢	0.3988 ¢
<u>Schedule 1</u>	0.2569 ¢	
<u>Schedule 6</u>	0.1635 ¢	
<u>Schedule 6A</u>	0.1867 ¢	
<u>Schedule 7</u>	0.7912 ¢	
<u>Schedule 7A</u>	0.8219 ¢	
<u>Schedule 8</u>	0.1681 ¢	
<u>Schedule 9</u>	0.1232 ¢	
<u>Schedule 10</u>	0.1888 ¢	
<u>Schedule 11</u>	0.8810 ¢	
<u>Schedule 12-Street Lighting</u>	0.3862 ¢	
<u>Schedule 12 -Traffic Signal</u>	0.3002 ¢	

Submitted Under Order Docket No. 29034PAC-E-03-05

ISSUED: ~~June 7, 2002~~ December 23, 2003

EFFECTIVE: June 8, 2004



I.P.U.C. No. 28

First Revised Sheet No. 93  
Canceling Original Sheet No. 93

<u>Schedule 19</u>	<u>0.2169 ¢</u>
<u>Schedule 23</u>	<u>0.2644 ¢</u>
<u>Schedule 23A</u>	<u>0.2721 ¢</u>
<u>Schedule 35</u>	<u>0.1665 ¢</u>
<u>Schedule 36</u>	<u>0.2026 ¢</u>

Submitted Under Order Docket No. 29034PAC-E-03-05

ISSUED: June 7, 2002December 23, 2003

**EFFECTIVE:** June 8, 2004

Case No. PAC-E-03-05  
Application Exhibit No. 5

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

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Projected Undercollection of Power Costs as of June 8, 2004

**APPLICATION EXHIBIT NO. 5**  
**UTAH POWER-STATE OF IDAHO**  
**ESTIMATED BALANCE OF SCHEDULE 93 AND SCHEDULE 94**  
**JUNE 8, 2002-JUNE 7, 2004 <sup>1</sup>**

SCHEDULE 93 PCS	SCHEDULE 94 RMA	TOTAL	AUTHORIZED TOTAL	UNRECOVERED
\$21,865,419	\$643,329	\$22,508,748	\$22,700,000	\$191,252

Note 1: The estimated balance for existing Schedule 93 and Schedule 94 is the sum of actual collections between June 8, 2002 and November 30, 2003, and the forecasted collections for December 1, 2003-June 7, 2004. Forecasts are based on current Schedule 93 and Schedule 94 rates, and KWH sales for December 1, 2002-June 7, 2003.

Case No. PAC-E-02-3  
Application Exhibit No. 6

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

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Estimated Effect of Proposed Schedule 93

December 2003

APPLICATION EXHIBIT NO. 6

UTAH POWER  
ESTIMATED EFFECT OF PROPOSED PRICES  
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS  
DISTRIBUTED BY RATE SCHEDULES IN IDAHO  
NORMALIZED 12 MONTHS ENDED MARCH 2003

Line No.	Account No.	Description	Sch. No.	Average No. of Customers	MWh	Base Rev.	RMA	PCS	Net Rev.	RMA <sup>2</sup>	Present Revenue (\$000) <sup>1</sup>		Proposed		Change (\$000)	% Change (14)/(13)-(9)
											(3)	(4)	(5)	(6)		
440		<b>Residential Sales</b>														
1		Residential Service	1	30,152	283,330	\$24,295	(\$1,142)	\$1,190	\$24,343	(\$1,975)	\$728	\$23,048	3.14%	\$1,295	-5.3%	
2		Residential Optional TOD	36	15,987	287,383	\$19,672	(\$1,155)	\$1,207	\$19,724	(\$693)	\$582	\$19,561	3.14%	(\$163)	-0.8%	
3		AGA-Revenue	--	--	--	\$4	\$0	\$0	\$4	\$0	\$0	\$4	0.00%	\$0	0.0%	
4		<b>Total Residential</b>		46,138	570,713	\$43,970	(\$2,297)	\$2,397	\$44,070	(\$2,668)	\$1,310	\$42,613	3.14%	(\$1,458)	-3.3%	
442		<b>Commercial &amp; Industrial</b>														
5		General Service - Large Power	6	968	301,535	\$16,552	(\$875)	\$1,260	\$16,937	\$0	\$493	\$17,045	3.14%	\$108	0.6%	
6		General Svc. - Lg. Power (R&F)	6A	226	28,998	\$1,834	(\$113)	\$1,222	\$1,843	\$0	\$54	\$1,889	3.14%	\$45	2.4%	
7		General Service - Med. Voltage	8	4	2,990	\$170	(\$10)	\$12	\$172	\$7	\$5	\$182	3.14%	\$10	5.8%	
8		General Service - High Voltage	9	11	95,867	\$4,048	(\$290)	\$382	\$4,140	\$0	\$118	\$4,166	3.14%	\$26	0.6%	
9		Irrigation	10	2,236	606,460	\$32,471	\$3,940	\$2,547	\$38,958	\$3,940	\$1,145	\$37,556	3.14%	(\$1,402)	-3.6%	
10		Comm. & Ind. Space Heating	19	335	11,646	\$834	(\$31)	\$49	\$852	(\$75)	\$25	\$785	3.14%	(\$68)	-7.9%	
11		General Service	23	4,950	92,572	\$7,995	(\$209)	\$389	\$8,175	(\$1,191)	\$245	\$7,048	3.14%	(\$1,126)	-13.8%	
12		General Service (R&F)	23A	1,304	15,407	\$1,394	(\$60)	\$65	\$1,399	(\$163)	\$42	\$1,272	3.14%	(\$126)	-9.0%	
13		General Service Optional TOD	35	2	1,887	\$106	(\$6)	\$8	\$108	\$0	\$3	\$109	3.14%	\$1	1.1%	
14		Special Contracts	--	--	1,481,159	\$45,311	\$0	\$0	\$45,311	\$0	\$0	\$45,311	0.00%	\$0	0.0%	
15		AGA-Revenue	--	--	--	\$234	\$0	\$0	\$234	\$0	\$0	\$234	0.00%	\$0	0.0%	
16		<b>Total Commercial &amp; Industrial</b>		10,038	2,638,523	\$110,949	\$2,346	\$4,834	\$118,129	\$2,518	\$2,130	\$115,597	1.88%	(\$2,532)	-2.1%	
17		<b>Total Commercial &amp; Industrial (Excluding Special Contracts)</b>		10,036	\$1,157,364	\$65,638	\$2,346	\$4,834	\$72,818	\$2,518	\$2,130	\$70,286	3.13%	(\$2,532)	-3.5%	
444		<b>Public Street Lighting</b>														
18		Security Area Lighting	7	241	304	\$76	\$0	\$1	\$77	(\$20)	\$2	\$59	3.14%	(\$19)	-24.0%	
19		Security Area Lighting (R&F)	7A	163	129	\$35	(\$1)	\$1	\$35	(\$8)	\$1	\$28	3.14%	(\$7)	-20.0%	
20		Street Lighting - Company	11	27	128	\$37	(\$1)	\$1	\$37	(\$10)	\$1	\$28	3.14%	(\$9)	-24.0%	
21		Street Lighting - Customer	12	204	1,808	\$228	(\$6)	\$8	\$220	(\$63)	\$7	\$172	3.14%	(\$58)	-25.2%	
22		Traffic Signal Systems	12	24	253	\$25	(\$1)	\$1	\$25	(\$7)	\$1	\$19	3.14%	(\$6)	-24.9%	
23		AGA-Revenue	--	--	--	\$2	\$0	\$0	\$2	\$0	\$0	\$2	0.00%	\$0	0.0%	
24		<b>Total Public Street Lighting</b>		660	2,621	\$403	(\$9)	\$12	\$406	(\$108)	\$12	\$308	3.13%	(\$99)	-24.3%	
25		<b>Total Sales to Ultimate Customers</b>		56,836	3,211,857	\$155,323	\$40	\$7,243	\$162,606	(\$258)	\$3,453	\$158,518	2.22%	(\$4,088)	-2.5%	
26		<b>Total Sales to Ultimate Customers (Excluding Special Contracts)</b>		56,834	1,730,698	\$110,011	\$40	\$7,243	\$117,294	(\$258)	\$3,453	\$115,206	3.14%	(\$4,088)	-3.5%	

Note 1: Present Revenue is based on current RMA and PCS rates which became effective on June 8, 2003 and will expire on June 7, 2004.  
 Note 2: Proposed RMA is based on Year 3 rates of existing Schedule 94, which will become effective on June 8, 2004.  
 Note 3: Proposed Sch. 93 Power Cost/Tax Surcharge is designed to recover a total of \$4,389,252 between June 8, 2004 and September 15, 2005. This amount includes \$4,198,000 of income tax audit payments plus \$191,252 of the projected unrecovered portion of combined balance of existing Schedule 93-Power Cost Surcharge and Schedule 94-RMA. The projection is based on actual collections between June 8, 2002-November 30, 2003 and the forecasted collections for December 1, 2003-June 7, 2004.

**APPLICATION EXHIBIT NO. 6**

**UTAH POWER**

**DEVELOPMENT OF PROPOSED SCHEDULE 93 POWER COST/TAX SURCHARGE  
TO ULTIMATE CONSUMERS IN IDAHO  
NORMALIZED 12 MONTHS ENDED MARCH 2003**

Description	Schedule No.	MWh	Base Rev.	RMA	Net Rev.	Sch 93 Revenue <sup>1</sup>	Proposed	
							Sch 93 %	Sch 93 \$/kWh
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
					(4)+(5)		(7)/(6)	(7)/(3)
<b>Residential</b>								
Residential Service	1	283,330	\$24,295	(\$1,142)	\$23,153	\$728	3.14%	0.2569
Residential Optional TOD	36	287,383	\$19,672	(\$1,155)	\$18,517	\$582	3.14%	0.2026
<b>Total Residential</b>		<b>570,713</b>	<b>\$43,967</b>	<b>(\$2,297)</b>	<b>\$41,670</b>	<b>\$1,310</b>	<b>3.14%</b>	<b>0.2296</b>
<b>Commercial &amp; Industrial</b>								
General Service - Large Power	6	301,535	\$16,552	(\$875)	\$15,677	\$493	3.14%	0.1635
General Svc. - Lg. Power (R&F)	6A	28,998	\$1,834	(\$113)	\$1,721	\$54	3.14%	0.1867
General Service - Med. Voltage	8	2,990	\$170	(\$10)	\$160	\$5	3.14%	0.1681
General Service - High Voltage	9	95,867	\$4,048	(\$290)	\$3,758	\$118	3.14%	0.1232
Irrigation	10	606,460	\$32,471	\$3,940	\$36,411	\$1,145	3.14%	0.1888
Comm. & Ind. Space Heating	19	11,646	\$834	(\$31)	\$803	\$25	3.14%	0.2169
General Service	23	92,572	\$7,995	(\$209)	\$7,786	\$245	3.14%	0.2644
General Service (R&F)	23A	15,407	\$1,394	(\$60)	\$1,334	\$42	3.14%	0.2721
General Service Optional TOD	35	1,887	\$106	(\$6)	\$100	\$3	3.14%	0.1665
<b>Total Commercial &amp; Industrial</b>		<b>1,157,364</b>	<b>\$65,404</b>	<b>\$2,346</b>	<b>\$67,750</b>	<b>\$2,130</b>	<b>3.14%</b>	<b>0.1841</b>
<b>Public Street Lighting</b>								
Security Area Lighting	7	304	\$76	\$0	\$76	\$2	3.14%	0.7912
Security Area Lighting (R&F)	7A	129	\$35	(\$1)	\$34	\$1	3.14%	0.8219
Street Lighting - Company	11	128	\$37	(\$1)	\$36	\$1	3.14%	0.8810
Street Lighting - Customer	12	1,808	\$228	(\$6)	\$222	\$7	3.14%	0.3862
Traffic Signal Systems	12	253	\$25	(\$1)	\$24	\$1	3.14%	0.3002
<b>Total Public Street Lighting</b>		<b>2,621</b>	<b>\$401</b>	<b>(\$9)</b>	<b>\$392</b>	<b>\$12</b>	<b>3.14%</b>	<b>0.4704</b>
<b>Totals</b>		<b>1,730,698</b>	<b>\$109,772</b>	<b>\$40</b>	<b>\$109,812</b>	<b>\$3,453</b>	<b>3.14%</b>	<b>0.1995</b>

Note 1: Proposed Schedule 93 is designed to recover, on a uniform percentage of revenue basis, a total of \$4,389,352 between June 8, 2004 and September 15, 2005. This amount includes \$4,198,000 of income tax payments plus \$191,252 of the projected unrecovered portion of combined balance of existing Schedule 93-Power Cost Surcharge and Schedule 94-RMA. The figure of \$3,453,000 reflects the annualized amount to be collected, corresponding approximately to 79% of total.

For information, contact:  
David Eskelsen 801-220-2447  
Media Hotline 800-775-7950

Tuesday, Dec. 23, 2004

## **Tax surcharge proposal filed**

BOISE—Utah Power has proposed extending, at a reduced rate, a temporary surcharge currently in place for Idaho customers. The reduced surcharge would recover \$4.2 million related to income tax payments for prior years, then expire in late 2005.

The company filed the proposal with the Idaho Public Utilities Commission Dec. 23. The commission must review and approve the company's proposal for it to take effect.

If the company's request is approved, the surcharge would continue for 16 months at a reduced rate. The effective decrease in residential rates from current levels would average 3.3 percent. For commercial and industrial customers (excluding special contracts) the effective rate decrease would average 3.5 percent from current rate levels; irrigation customers, 3.6 percent. The overall effect on Idaho tariff customers would be an effective average decrease of 3.5 percent from rates currently in effect. If instead, the current surcharge were allowed to expire as scheduled on June 8, 2004, a decrease of about 5 percent from current rates would result.

"This proposal would allow the company to reduce a surcharge now in place and apply it to a different regulatory issue," said Bob Lively, Regulation Manager. "This method will contribute to rate stability by delaying recovery of the tax audit payments until June 2004 when the existing surcharge is scheduled to expire."

The surcharge now appears on Utah Power bills in Idaho as a separate line item, Power Cost Surcharge. This temporary surcharge is recovering a portion of the extraordinary net power costs incurred during the Western power crisis, when the price of purchased electricity spiked wildly in 2000 and 2001. Under the company's proposal, the level of the surcharge would be reduced June 8, 2004 (the date it would otherwise expire) and continue 16 months before expiring.

Utah Power recently resolved a series of audits by the Internal Revenue Service regarding the company's income tax returns of prior years. The IPUC has historically not allowed the company to include audit payments in its base rates. However, the commission has allowed in the past, temporary recovery of tax audit payments outside of base rates.

The charges covered by this proposal concern Idaho's proportional share of tax audit costs the company paid in July and September 2002; and in October 2003.

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Copies of the filing are available to the public during regular business hours at the IPUC office in Boise; and in these Utah Power offices:

- 25 East Main, Rexburg, ID
- 852 E. 1400 North, Shelley, ID
- 509 South 200 East, Preston, ID
- 24852 U.S. Highway 89, Montpelier, ID

Utah Power regulatory filings are also available via the internet at:

**[www.pacificorp.com](http://www.pacificorp.com)**

See the “News & Info” pull-down menu and select “Regulatory Information” and the appropriate state.

**BPA Credit note**

While not associated with the tax surcharge proposal or Utah Power’s rates, changes are expected next year in the Bonneville Power Administration Credit that would result in a net increase on residential, farm and irrigation customer bills. The exact effect of these changes is not yet known. However, more information should be available in January.

Utah Power serves some 57,000 customers in southeastern Idaho. As part of the ScottishPower group of companies, Utah Power and Pacific Power provide electricity and related services to 1.5 million customers in six Western states.

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