

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PACIFICORP DBA UTAH POWER &) CASE NO. PAC-E-04-2
LIGHT COMPANY FOR APPROVAL OF)
REDUCTIONS IN BONNEVILLE POWER) NOTICE OF APPLICATION
ADMINISTRATION REGIONAL)
EXCHANGE CREDITS.) NOTICE OF CONSOLIDATION
) WITH CASE NO. PAC-E-03-5
)
) NOTICE OF MODIFIED
) PROCEDURE
)
) NOTICE OF
) COMMENT/PROTEST
) DEADLINE
)
) ORDER NO. 29489
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YOU ARE HEREBY NOTIFIED that on April 21, 2004, PacifiCorp dba Utah Power & Light Company (PacifiCorp; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for approval of reductions in the Bonneville Power Administration (BPA) regional exchange credits. The proposed revisions to the Company's electric Schedule 34 will revise the kilowatt hour credit adjustment for all qualifying kilowatt hours of residential and/or farm use.

As a regional utility, PacifiCorp is entitled to participate in the Residential Exchange Program (REP), which extends the benefits of low-cost federal power to residential and small farm consumers served by investor-owned utilities in the region. Section 5c of the Northwest Power Act, 16 U.S.C. § 839(c). The REP is administered by the Bonneville Power Administration. In 2000, BPA offered the region's investor-owned utilities the option of entering into a settlement of the REP (REP Settlement) in lieu of the traditional REP. All the regions' investor-owned utilities, including PacifiCorp, entered into the REP Settlement.

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Upon initiation of the REP program, and as required by the REP Settlement, the Company established balancing accounts, tracking the differences in the program credits provided to the Company's customers and the monetary payments received from BPA pursuant to the REP Settlement. As of September 2003, the Idaho balancing accounting showed a deficit of \$5.7 million (i.e., PacifiCorp paid out \$5.7 million more in benefits to Idaho residential and small farm customers than PacifiCorp had received from BPA).

Following discussions with the Commission Staff, the Idaho Irrigation Pumpers Association, and irrigation customers, the Company decided to seek Commission authorization to correct the deficit in the BPA balancing account in a manner that would ease the customer impact of elimination of the deficit. PacifiCorp proposes to reduce the BPA credit by one-third of the \$5.7 million, thereby recovering the negative balance over a three-year period. Additionally, the credit is being reduced to match the level of the annual credit received from BPA with the annual credit passed on to Idaho residential and small farm customers. This reduces the credit by an additional \$597,000 per year. The proposed annual reduction for a three-year period would therefore total \$2,496,000 (\$1,899,000 plus \$597,000). Additional adjustments to the BPA credit may be necessary in order to achieve the targeted zero balance in the BPA balancing account by September 30, 2006.

PacifiCorp in its filing submits the following exhibits providing additional support for the relief requested:

- a. Application Table A: Table A shows the net impact by rate schedule of the proposed revision to Schedule 34 including the expiration of the power cost surcharge (Schedule 93) and the implementation of the year 3 rate mitigation adjustment (Schedule 94);
- b. Application Table B: Table B reflects the calculation of proposed Schedule 34 based on normalized 12 months ended March 31, 2003;
- c. Application Table C: Table C is a balancing account study reflecting the Company's BPA balancing account history for fiscal year 2002-2003. The Table shows the \$5.7 million deficit as of September 2003; and,
- d. Application Table D: Table D reflects the Company's Schedule 34 and shows the proposed tariff changes.

PacifiCorp requests that the proposed reduction to the Schedule 34 BPA credit be effective on June 8, 2004. The Company requests that the Commission enter an Order authorizing the reduction of the Schedule 34 BPA credit by an annual amount of \$2,496,000 for a three-year period, in order to eliminate the \$5.7 million deficit currently reflected in the Company's balancing account and to further reflect the net effect of the annual credit received from BPA with the annual credit passed on to Idaho residential and small farm customers.

PacifiCorp's Motion to Consolidate Case Nos. PAC-E-03-5 and PAC-E-04-2

PacifiCorp in its Application moves to consolidate its filing in Case No. PAC-E-04-2 with the currently pending PacifiCorp Case No. PAC-E-03-5. The Company's PAC-E-03-5 filing is a Company request to recover additional federal and state tax payments made pursuant to IRS audit. A consolidation of the two cases would allow implementation of the net effect of the two referenced dockets at the same time.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. PAC-E-04-2. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented, and that the issues raised by the Company's filing may be processed under **Modified Procedure, i.e., by written submission rather than by hearing.** Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the Commission finds it administratively reasonable and in the public interest to consolidate the Company's filing in Case No. PAC-E-04-2 with the currently pending PacifiCorp Case No. PAC-E-03-5.

YOU ARE FURTHER NOTIFIED that Commission Staff has apprised the Commission of its intent to continue working with the Company and the parties of record in Case No. PAC-E-03-5 to develop a comprehensive settlement addressing all of the rate and cost recovery issues incorporated in Case Nos. PAC-E-03-5 and PAC-E-04-2. Reference IDAPA 31.01.01.271-279. Staff expects that a settlement agreement will be submitted to the Commission no later than May 19, 2004. If a settlement is acceptable to the Commission, rate changes reflected in both dockets would be effective June 8, 2004.

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YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to PacifiCorp's Application in Case No. PAC-E-04-2, the consolidation of Case Nos. PAC-E-04-2 and PAC-E-03-5, and the use of Modified Procedure in Case No. PAC-E-04-2 is **Thursday, May 20, 2004**. The Commission notes that the Modified Procedure comment deadline in Case No. PAC-E-03-5 was April 30, 2004.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. PAC-E-04-2 and the procedural matters set forth in this Notice should be mailed to the Commission and the Company at the addresses reflected below.

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

BOB LIVELY
PACIFICORP
201 S. MAIN STREET, SUITE 2300
SALT LAKE CITY, UT 84140
E-mail: bob.lively@PacifiCorp.com

JAMES C. PAINE
STOEL RIVES LLP
900 SW 5TH AVENUE, SUITE 2600
PORTLAND, OR 97204-1268
E-mail: jcpaine@stoel.com

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

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YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.


YOU ARE FURTHER NOTIFIED that the Application in Case No. PAC-E-04-2 may be viewed at the Commission's website, www.puc.state.id.us by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the Idaho offices of PacifiCorp dba Utah Power & Light Company.

ORDER

In consideration of the foregoing and as more particularly set forth above, IT IS HEREBY ORDERED and the Commission does hereby consolidate Case Nos. PAC-E-04-2 and PAC-E-03-5.

IT IS FURTHER ORDERED and the Commission does hereby adopt the foregoing procedure and scheduling.

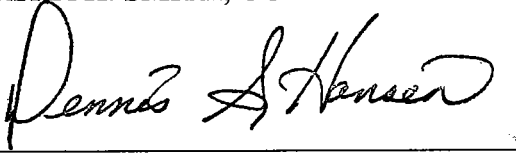
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th
day of May 2004.



PAUL KJELLANDER, PRESIDENT

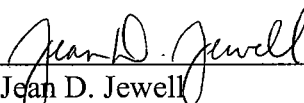


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

b1s/O:PACE0402_sw

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