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Idaho Public Utilities Commission
Office of the Secretary
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JAN 14 2005

Boise, Idaho

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Attorneys for PacifiCorp dba Utah
Power & Light Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF PACIFICORP DBA)
UTAH POWER & LIGHT COMPANY) CASE NO. PAC-E-05-1
FOR APPROVAL OF CHANGES TO)
ITS ELECTRIC SERVICE) APPLICATION OF PACIFICORP
SCHEDULES)
_____)

PacifiCorp, doing business as Utah Power & Light Company (“PacifiCorp” or “the Company”) hereby applies to the Commission for approval of proposed changes to the Company’s electric service schedules submitted herewith. In support of this Application, PacifiCorp states as follows:

1. PacifiCorp is authorized to do and is doing business in the state of Idaho. PacifiCorp provides retail electric service to approximately 61,000 customers in the state of Idaho and, as to such service, is subject to the jurisdiction of the Commission.

2. Communications regarding this Application should be addressed to:

John Stewart
PACIFICORP
201 South Main, Suite 2300
Salt Lake City, Utah 84140-0023
Telephone: (801) 220-4561
Fax: (801) 220-3116
Email: john.stewart2@pacificorp.com

and to:

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Communications regarding discovery matters, including data requests issued to PacifiCorp, should be addressed to:

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232
Email: datarequest@pacificorp.com

3. PacifiCorp's proposed revised tariff schedules, which are filed with this Application, would result in a net increase of \$11.4 million, or 9.2%, in prices for the Company's Idaho retail customers. The net increase reflects a proposed increase of \$15.1 million in base rates which is offset in part by the expiration of the Power Cost / Tax Surcharge in September 2005. The revised tariff schedules reflect a proposed effective date of September 16, 2005, concurrent with the expiration of the Surcharge.

4. This proposed increase is based upon normalized results of operations for the test period ending March 31, 2004, with known and measurable changes. These normalized test period results show that PacifiCorp is currently earning a normalized return on equity (ROE) of 5.8 percent. This is far below the returns recently authorized for other Idaho

investor-owned utilities and the 11.125 percent ROE supported by PacifiCorp's testimony filed with this Application. Without the requested increase in revenues, it will be increasingly difficult for PacifiCorp to access capital markets to obtain the funds necessary to maintain its utility infrastructure and continue to provide safe, reliable power to its Idaho customers.

5. PacifiCorp's direct case consists of the testimony and exhibits of nine witnesses:

- (a) John W. Stewart, Managing Director, Regulation, will present an overview of the Company's case and provides the context for the testimony of the other witnesses.
- (b) Samuel C. Hadaway, FINANCO, Inc., will testify concerning the Company's ROE. Mr. Hadaway's analysis suggests a cost of equity for PacifiCorp of 11.125 percent.
- (c) Bruce N. Williams, Treasurer, will present a financing overview of the Company and address the Company's capital structure, and cost of debt and preferred stock.
- (d) Ted Weston, Regulation Manager, will present the Company's results of operations for the test period ending March 31, 2004, with known and measurable adjustments. Mr. Weston will also discuss the normalizing adjustments to those results.
- (e) Mark T. Widmer, Director Net Power Costs, will describe the results of the production cost model study for the twelve-month period ending March 31, 2004. Mr. Widmer also explains hydro modeling associated with the VISTA hydro model and inclusion of the Aquila Hydro hedge in rates.
- (f) Stan K. Watters, Senior Vice President, Commercial & Trading, will provide information regarding the Company's acquisition of three long-term

resources: the West Valley lease agreement, the installation of three generation units at the Gadsby plant site, and the 525 MW combined-cycle combustion turbine at Currant Creek. Mr. Watters will also demonstrate that these resources were prudently acquired and discuss the system-wide benefits of these resources.

- (g) Daniel J. Rosborough, Director of Employee Benefits, will testify to the Company's increased pension and employee benefit costs. Mr. Rosborough's testimony will describe how this affects PacifiCorp and how PacifiCorp proposes to recover these increased pension and employee benefit-related costs.
- (h) David L. Taylor, Principal Regulatory Consultant, will present the Company's cost of service study, which was used in developing the proposed allocation of the revenue increase in this filing to the various customer classes. Mr. Taylor also explains how the Multi-State Process Revised Protocol allocation methodology and the stipulated Rate Mitigation Mechanism filed in Case No. PAC-E-02-03 affect the Company's application.
- (i) William Griffith, Director of Pricing, presents the Company's proposal for allocating the revenue increase among customer classes and testifies regarding the development of price design and the rate schedule changes.

6. The Company respectfully submits that it is in the public interest that the Commission allow PacifiCorp to implement the proposed electric service schedules as filed.

7. In accordance with Commission Rule 121(d), PacifiCorp represents that it stands ready for immediate consideration of this Application.

WHEREFORE, PacifiCorp respectfully requests that a final order be issued approving PacifiCorp's proposed electric service schedules.

DATED this 14th day of January, 2005.

Respectfully submitted,

Stoel Rives LLP

By 

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Curtis D. McKenzie
Of Attorneys for PacifiCorp