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IDAHO PUBLIC  
UTILITIES COMMISSION

January 24, 2005

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

Attention: Jean D. Jewell  
Commission Secretary

RE: Case No. PAC-E-05-1

Enclosed for the Commission's files in connection with the above-referenced Application is a copy of the customer notice. This form of notice is being included as an insert with each customer's bill in the current billing cycle, commencing as of Monday, January 24. Also enclosed for the Commission's files is a copy of the press release which was issued by the Company on January 14, 2005, contemporaneously with the filing of the Application.

Sincerely,

 for D. Douglas Larson

D. Douglas Larson  
Vice President, Regulation

Enclosures



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

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January 14, 2005

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UTILITIES COMMISSION

## Utah Power requests rate increase for Idaho customers

BOISE—Utah Power has filed a request before the Idaho Public Utilities Commission (IPUC) for an increase in rates of \$15.1 million or 12.5 percent, citing substantially increased costs, plus continuing investment to serve the growing needs of Idaho customers. The company has not had an increase to its base rates since 1986.

Utah Power has proposed that new rates take effect Sept. 16, 2005. Because surcharges previously approved by the IPUC are set to expire on that date, the net effect of this increase would be \$11.4 million or 9.2 percent overall. For a typical residential customer using 700 kilowatt-hours, the proposed increase would be \$5.63 per month.

“The costs of providing electricity to Idaho customers are increasing,” said John Stewart, Managing Director of Regulation. “No one likes rate increases, but the plain facts are the cost of providing electric service is going up. Still, even with this increase, rates for Idaho customers on average will still be among the lowest in the nation.”

Under the company’s request, rates would increase on average 6.8 percent for commercial customers; 6.1 percent for industrial customers; and 10.4 percent for irrigation customers. These percentage changes do not include the effect of energy discounts provided by the Bonneville Power Administration to residential, small farm and irrigation customers. The ultimate effect on residential and other rate classes will not be known until the final commission order is issued.

“Since 1986, Utah Power and the utility industry have experienced significant changes that combine to require an adjustment to general customer rates,” Stewart said.

A variety of specific issues combine to require new rates, including: increasing costs associated with generation resource additions, employee related costs, and general inflation impacts.

“We believe we’ve done an excellent job of controlling costs in recent years. Utah Power has not received an increase to its base rates since 1986,” Stewart said.

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As part of the case, the company is requesting that its allowed rate of return on equity, or common stock, be set at 11.125 percent. Return on equity (ROE) is an upper limit set by the IPUC based on a variety of financial factors. It is not a guarantee; the company has an opportunity to earn up to the set amount.

The case by law can take up to eight months to complete, with an exhaustive analysis of Utah Power's financial results, and hearings before the commission.

Copies of the filing will be available online at **www.pacificorp.com**. Click on "News and Info" and then select "Regulatory Information" and "Idaho." As well, a copy of the filing can be reviewed during regular business hours at the IPUC office in Boise; and in these Utah Power offices:

200 North 170 West, Rexburg  
509 South 200 East, Preston  
852 E. 1400 North, Shelley  
24852 U.S. Highway 89, Montpelier

Utah Power serves 61,400 customers in Idaho and is part of PacifiCorp, which serves 1.6 million customers in Utah, Oregon, Washington, Wyoming, Idaho and California.

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## Notice of Proposed Price Change

Utah Power has filed a general rate case proposing an overall price increase of \$15.1 million, or 12.5 percent, to become effective September 16, 2005. Because this price increase would become effective on the same day the current Power Cost/Tax Surcharge currently appearing on customer bills ends, the net overall impact of the proposed price increase would be \$11.4 million or 9.2 percent.

The Company filed the rate case application with the Idaho Public Utilities Commission (IPUC) on January 14, 2005. The application is a proposal, subject to public review and a Commission decision before it can take effect.

If the company proposal is approved as filed, the net residential price increase would average 9.6 percent. For a typical residential customer using 700 kilowatt-hours, the proposed increase would average \$5.63 per month. On average, rates would also increase 6.8 percent for commercial customers, 6.1 percent for industrial customers and 10.4 percent for irrigation customers. These percentage changes do not include the effect of the BPA energy discount.

Utah Power has not received an increase to its base rates since 1986. The proposed rate increase is necessary to cover increasing costs associated with generation resource additions, employee related costs and general inflation impacts.

Copies of the filing will be available online at [www.utahpower.net](http://www.utahpower.net), click on "News" and then select "Rates & Regulation" and "Idaho." Or, you can review a copy during regular business hours at the IPUC office in Boise; and in these Utah Power offices:

200 North 170 West, Rexburg

509 South 200 East, Preston

852 E. 1400 North, Shelley

24852 U.S. Highway 89, Montpelier

