

PRESS RELEASE

PUBLIC SERVICE COMMISSION ISSUES UTAH POWER RATE ORDER

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The Public Service Commission issued its decision today in the Utah Power (or "the Company") rate case. The order increases the Company's revenues annually by \$40.5 million, however the Commission ordered that customers' rates not change until the Commission can address Utah Power's costs of serving each customer class following hearings scheduled October 1 - 5, 2001.

On February 2, 2001, the Commission allowed Utah Power to increase rates \$70 million on an interim basis pending the outcome of this case after the Company requested a \$142 million increase in January. Prices set on an interim basis are subject to refund to customers if the amount set is too high. Given today's order, any amounts collected over the \$40.5 million increase since February would be subject to refund following the hearings in October.

As this case progressed, parties reached agreement on every issue except for the costs the Company incurred in producing and purchasing electricity for their customers. Those costs are known as "net power costs." Net power costs became controversial last year when wholesale electricity prices skyrocketed. The Commission approved the parties' agreement on the other issues August 17, 2001.

PacifiCorp's net power costs were the sole subject of hearings before the Commission July 30 - August 3, 2001. The issue was hotly contested and caused significant differences in the parties' positions. Even after agreeing on all other points, PacifiCorp still advocated an increase of \$118 million, the Division of Public Utilities argued for a \$21 million increase, and the Committee of Consumer Services sought a \$14 million cut in the Company's rates. The Commission then balanced the needs of the utility against the interests of the customers in reaching the decision to increase rates \$40.5 million. That figure represents about a \$72 million increase in PacifiCorp's net power costs paid by Utah customers and does not include the \$104 million in power costs the Company has asked to recover for the period during which the Hunter plant was not in operation. The Commission will hear that matter January 14 - 16, 2002.

Parties in the case have 20 days in which to petition the Commission to reconsider the decision. Any appeal of the decision is made to the Utah State Supreme Court.

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