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Office of Consumer Advocate Recommends PacifiCorp Rate Increase be Cut by \$26.7 Million

CHEYENNE, WYOMING – The Office of Consumer Advocate filed testimony today with the Wyoming Public Service Commission recommending that regional electric utility PacifiCorp be allowed no more than a \$15.1 million increase in its annual Wyoming rates, \$26.7 million less than the \$41.8 million requested by the Company.

“After months of inquiry and analysis of the information now available to us, we believe that the \$41.8 million rate increase requested by PacifiCorp is excessive, and that an increase of \$15 million would be sufficient to provide the company an opportunity to recover prudently incurred costs of serving Wyoming customers and to earn a fair return on its investment,” stated Bryce Freeman, Administrator of the Office of Consumer Advocate. “Our recommendation is based on full consideration of the interests of PacifiCorp’s Wyoming customers as well as the need to provide for the financial health of the company so safe, reliable, and reasonably priced service is available to its customers in the state.”

Unlike the over \$100 million rate increase requested by PacifiCorp and largely denied by the Public Service Commission in early 2003, the current request is not primarily related to increases in a single type of cost. Rather, PacifiCorp’s current request involves numerous claimed increases in operating costs and new investments. In the testimony filed today, three OCA witnesses took issue with many of these claimed expense increases, arguing that they are unsupported or otherwise unjustified. The OCA specifically objected to PacifiCorp’s estimated power costs, pension expenses, and insurance cost estimates. The OCA also disputed the maximum rate of return that PacifiCorp claimed it should be allowed to earn.

The OCA’s recommendation would reduce the overall retail revenue increase from over 13% requested by PacifiCorp to less than 5%. The percentage increase for individual customers and specific rate classes will in any case vary depending on the usage and type of customer.

Public hearings on PacifiCorp’s request are scheduled to begin January 16, 2004 at the offices of the Wyoming Public Service Commission in Cheyenne.