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Office of Consumer Advocate Accepts \$2.55 Million Reduction In PacifiCorp Rate Increase

CHEYENNE, WYOMING – The Office of Consumer Advocate (OCA) has reached an agreement with PacifiCorp that reduces a requested increase in revenues by \$2.55 million. This constitutes a 22 percent reduction from the \$11.8 million increase originally requested by PacifiCorp in a July 2004 filing with the Wyoming Public Service Commission. In addition, the agreement limits PacifiCorp's ability to request additional revenue increases in Wyoming until December 1, 2005. AARP and the Wyoming Industrial Energy Consumers (WIEC) are also participants in the agreement reached this week.

"I am pleased that the OCA and the other parties were able to negotiate a \$2.55 million reduction in the rate increase sought by PacifiCorp. While we were not convinced that the original \$11.8 million requested by the company was justified, we are satisfied that the agreed increase is consistent with the public interest," stated Bryce Freeman, OCA Administrator. "I also believe it is a significant benefit to PacifiCorp customers that the company agreed not to seek additional increases for one year, absent some catastrophe. Basically, Wyoming will enjoy a break from the steady stream of PacifiCorp rate increase applications that we have seen recently."

Pursuant to the agreement, which must still be approved by the Wyoming Public Service Commission, PacifiCorp would be permitted to increase rates by \$9.25 million per annum, which would be a 2.68% average increase on all of PacifiCorp's Wyoming customer classes. PacifiCorp also agreed, with extremely limited exceptions, that it will not seek any further rate increases in Wyoming until on or after December 1, 2005. Between October 1st and December 1st, 2005, PacifiCorp could request special rate treatment for its wholesale purchased power costs, but only if unusually high wholesale power costs are encountered. PacifiCorp would also be permitted an exception to this rate filing freeze if a catastrophic event effects its generation or transmission system. The rate increase will take effect no later than October 1, 2004 if the Commission approves it.

"This agreement balances the interest of Wyoming ratepayers, many of whom have expressed a desire for some rate stability and relief from frequent and significant rate increases, with PacifiCorp's need to recover the cost of providing safe, adequate and reliable service," continued Freeman. "With PacifiCorp facing the need for new system investment, we hope that this agreement will encourage the company to consider Wyoming for some of its new projects that are in planning stages."

While PacifiCorp would not be permitted to ask for any additional increases in its Wyoming rates during the term of the agreement, some restructuring of the rates billed to each class of customer is expected to continue during this period pursuant to an earlier agreement to equalize rates charged to PacifiCorp customers in the Eastern and Western areas of the state.