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Attorneys for PacifiCorp dba Utah
Power & Light Company

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of PacifiCorp) DOCKET NO. 04-035-42
for Approval of its Proposed Electric Service)
Schedules and Electric Service Regulations) APPLICATION OF PACIFICORP

PacifiCorp, doing business as Utah Power & Light Company (“PacifiCorp” or “Company”) hereby applies to the Utah Public Service Commission (“Commission”), pursuant to Utah Code Ann. § 54-7-12, for an order authorizing a general increase in its rates and charges for electric service provided in the state of Utah. In support of this Application, PacifiCorp states as follows:

1. PacifiCorp is a public utility in the state of Utah and is subject to the Commission’s jurisdiction with respect to its prices and terms of electric service to retail customers.

2. Communications regarding this Application should be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By Fax: (503) 813-6060

By regular mail:

Data Request Response Center
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825 NE Multnomah, Suite 800
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3. PacifiCorp's current tariff rates were established by Order dated January 30, 2004 in Docket No. 03-2035-02. The Company's current rates do not provide sufficient revenue for the Company to recover the reasonable costs of providing electric service in the state of Utah, are not just and reasonable as required by Utah Code Ann. § 54-3-1, and do not provide the opportunity to earn a reasonable rate of return.

4. Based on the 12-month future test period ending March 31, 2006, which is the test period proposed by the Company in this case and discussed below, a return on equity of 11.125%, and a capital structure comprised of 51.0% long-term debt, 1.2% preferred stock, and 47.8% common equity, PacifiCorp is experiencing an annual revenue deficiency for service in Utah of approximately \$111 million based on the Revised Protocol methodology, with the appropriate rate mitigation cap applied. PacifiCorp is using the projected average capital structure of the electric utility for the test year ending March 2006.

5. The Company has used a future test year that begins April 1, 2005 and ends March 31, 2006. This twelve-month period corresponds with the Company's 2006 Fiscal Year. The intent is to effect a change in rates concurrent with when costs are incurred, and to select a test period that best reflects the conditions that will exist during the rate effective period. Section 54-4-4(3)(b)(i) authorizes the Commission, in establishing the test period, to use "a future test period that is determined on the basis of projected data not exceeding 20 months from the from the date a proposed rate increase or decrease is filed with the commission." The Company's filing in this case complies with the 20-month limit.

6. PacifiCorp submits the following with this Application:

(a) The testimony of Samuel C. Hadaway, who addresses the cost of equity and overall rate of return for PacifiCorp;

(b) The testimony of Bruce N. Williams, Treasurer, who addresses the capital structure, cost of debt and preferred stock for PacifiCorp;

(c) The testimony of D. Douglas Larson, Vice President of Regulation, who explains why the future test year that begins on April 1, 2005 and ends on March 31, 2006 best reflects the conditions that the Company expects to experience in the rate-effective period.

(d) The testimony of David L. Taylor, Director of Revenue Requirement and Cost of Service, who addresses the cost allocation procedures that apply in this case following the adoption of the new MSP Protocol in Utah.

(e) The testimony Reed C. Davis, Director, Planning, who addresses the changing load factors and load shape within Utah.

(f) The testimony of J. Ted Weston, Regulation Manager, who addresses the Company's overall revenue requirement based on the forecasted results of operations for the test year ended March 2006 and describes the sources of the forecast data and presents certain normalizing adjustments related to revenue, operation and maintenance expense, net power costs, depreciation and amortization, taxes and rate base.

(g) The testimony of Mark T. Widmer, Regulation Manager, who addresses PacifiCorp's net power costs and the Company's production cost model.

(h) The testimony of Darrell T. Gerrard, Vice President of Transmission and Distribution Engineering and Asset Management, who addresses the reasons for the increased Fiscal Year 2006 expenditures related to the operation and maintenance of PacifiCorp's Utah electrical distribution system.

(i) The testimony of Stan K. Watters, Senior Vice President, Commercial & Trading, who addresses the West Valley lease, the Gadsby Project and the Currant Creek Project.

(j) The testimony of Daniel J. Rosborough, Director of Employee Benefits, who addresses the Company's increased pension and employee benefit costs.

WHEREFORE, PacifiCorp respectfully requests that the Commission issue its Order:

1. Approving the revenue requirement increase which PacifiCorp specifically identifies in its revenue requirement testimony; and
2. Providing such further relief as the Commission deems just and reasonable.

DATED this 4th day of August 2004.

Respectfully submitted,

STOEL RIVES LLP

By _____

Edward A. Hunter

Jennifer E. Horan

Stoel Rives LLP

Of Attorneys for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of August, 2004, I caused to be served, via U.S. mail, a true and correct copy of the foregoing **Application** to the following:

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