

March 8, 2005

Mr. John Hal Johnson
6975 S 2700 W
Benjamin, UT 84660

Dear Mr. Johnson:

Chairman Campbell asked me to response to your February 20, 2005 email to the Deseret News expressing concern about the three tiered rate structure for Utah Power's residential customers.

The Utah Public Service Commission recently approved a \$51 million rate increase for Utah Power, effective March 1, 2005. With this rate increase, the new rates are designed to collect from all Utah customers for the next twelve months a total of \$1,210,537,000. \$458,141,000 of this total represents the annual cost of providing service to Residential Rate 1 customers. As a result of cost changes, the cost of providing summer service is more expensive than for winter. Rates are designed to recover those costs and send a correct price signal to customers. The three tiered rate structure for summer months was implemented to send a price signal to customers that high summer usage costs more. I have included a sheet containing the new Residential Rate 1 rates and some additional data from the rate case. It shows the projected average monthly kwh usage per customer for Residential Rate 1 (your rate) and the corresponding bill for each of the twelve months ending March 2006. The projected average monthly kwh usage for the May through September period ranges from a low of 585 kwh to a high of 1,125 kwh. This data includes all residential customers on Rate 1, including those with central air conditioning.

Your indicated monthly kwh usage for the May through September period of 1229, 1113, 1624, 1773, and 1699 is significantly higher than the average usage for all Residential Rate 1 customers for those same months. Since you indicated you did not have air conditioning, your monthly usage seems especially high compared to the averages. Utah Power has information about how to reduce energy costs on its web page at:

www.utahpower.net/Homepage/Homepage35890.html

You may also call Utah Power's Energy Services Hotline at 1-800-222-4335 for information on saving energy and money. Utah Power's web site also has information on average kwh usage for various appliances that you might use to analyze your usage.

Sincerely,

Lowell E. Alt
Executive Staff Director