

PRESS RELEASE

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Contact: Julie Orchard

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The Public Service Commission issued an order today approving a \$17 million rate increase for Utah Power. The Company had petitioned the Commission for a \$55 million increase. The Division of Public Utilities, the Commission's statutory staff, recommended a \$27 million increase, and the Committee of Consumer Services, representing small customers, advocated a rate reduction of \$42 million. There were more than 40 disputed issues among the parties the Commission had to resolve. Most of the rate increase is caused by Utah Power's increased costs to actually produce electricity. The Commission planned for a significant review of the process used to calculate power costs. In addition, part of the difference between the Commission's award and the Company's request is the result of the way the Commission treated some of the utility's expenses. In several instances, the Commission amortized costs over a longer period of time than the Company proposed.

In spite of the increase today, customers' rates overall remain \$68 million lower than they were in early 1999 as a result of the Commission's March 4, 1999 order decreasing Utah Power's rates by \$85 million. No customer class will see more than a 4.25 percent annual increase in their power prices, but prices are still approximately 8 percent below 1999 levels for virtually all customers. The increases to large commercial and industrial customers are less than 1 percent.

"No customer likes utility price increases, but the Commission concluded Utah Power needed an opportunity to earn \$17 million more in Utah to maintain the quality of its service operations," said Commission Chair Steve Mecham. An average residential customer who uses 500 Kwh per month will pay \$1.26 more each month.

In the order the Commission established an 11 percent return on equity. The Commission determined this was a reasonable return for Utah Power's shareholders. The Commission also approved a Lifeline rate for the disadvantaged proposed by the Crossroads Urban Center and the Salt Lake Community Action Program. Customers who qualify will enjoy an \$8 reduction in their monthly power bill. Utah Power and the Utah Committee of Consumer Services supported that proposal.

Parties to the case have 20 days in which to petition the Commission to reconsider any of its decisions in the order. If the Commission does not grant any of the requests within 20 days after filing, the requests are deemed denied. Thereafter, any party can appeal the Commission's order to the Utah State Supreme Court within 30 days after denial.

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