Press Release

For Immediate Release

May 1, 2002

Contact: Julie Orchard
(801) 530-6713

The Public Service Commission issued an order today approving the Stipulation settling three disputed PacifiCorp cases that arose as a result of the volatile, high-priced wholesale electric power market in 2000 and 2001. One of the three cases involved the Hunter I plant outage that occurred from November 2000 to May 2001 when PacifiCorp had to replace 400 MW of power with purchases from the wholesale market.

Though the settlement allows PacifiCorp to recover approximately $140 million over two years, customers’ rates will only increase 1% over that period and then decrease 3 1/2% in 2004 if no other action is taken. The 1% increase is the result of the removal from customers' bills of the merger credit given as part of the 1999 Scottish Power - PacifiCorp merger. That credit, together with a surcharge the Commission imposed in February 2001 during PacifiCorp's most recent rate case and extended pending the outcome of the Hunter plant outage case, will pay most of the $140 million.

The Commission adopted the Stipulation as a fair compromise of diverse interests that results in just and reasonable rates for customers. The Commission concluded that the outcome was an acceptable approximation of the result if the three settled cases had been fully litigated. The settlement brings to an end argument over how extraordinarily high wholesale power costs that caused upheaval throughout the country should be treated.

At an April 17, 2002 hearing, the Stipulation was supported by the Division of Public Utilities, the Committee of Consumer Services, PacifiCorp, the Utah Industrial Energy Consumers, the Utah Association of Energy Users, the United States Executive Agencies, Nucor Steel, and the Utah Farm Bureau. The Utah Ratepayer Alliance, a group comprised of the Salt Lake Community Action Program, the Crossroads Urban Center, and Utah Legislative Watch, opposed the agreement.