

You are invited to comment to the UTC:

- In person, at a public hearing (see front cover for details)
- Contact the commission via the UTC website: **www.utc.wa.gov** and click on Submit a Comment
- By email at: **comments@utc.wa.gov**
- In writing at:
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- By phone: **1-888-333-WUTC (9882)**
- By fax: **1-360-586-1150**

Please reference Docket Number UE-111190.

Public Counsel

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You may contact the Public Counsel in writing at:

Public Counsel
Assistant Attorney General
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188

Email: **utility@atg.wa.gov**

For more information about Public Counsel, visit:
www.atg.wa.gov/utilities.aspx

For more information or to contact Pacific Power, please call us toll free at **1-888-221-7070** or write to:

Pacific Power
825 NE Multnomah, Suite 2000
Portland, OR 97232

Need help managing electric expenses?

Pacific Power offers special services, bill assistance and time payment plans for customers experiencing financial difficulties. For questions about payment plan eligibility or if you are experiencing difficulty making payments, please call **1-888-221-7070**. For other ways to save energy and money, visit **pacificpower.net/wattsmart**.

Notice of proposed rate increase

On July 1, 2011 Pacific Power filed a general rate case request with the Washington Utilities and Transportation Commission (UTC) requesting an electric rate increase of \$12.9 million or 4.3 percent. The increase is due, in part, to rising power costs due to the expiration of several long-term below-market power purchase contracts. These contracts have benefited our customers for many years but as they expire, the Company needs to replace them at current market prices. The increase would also recover costs associated with investments in the electrical system we use to reliably serve our customers and the decommissioning and removal of the Condit hydroelectric facility in south-central Washington. A more detailed explanation of the proposed rate increase is included on the inside of this notice.

The UTC will be reviewing our request. If approved, changes would go into effect no later than June 2012. You have the opportunity to comment on this filing.

Public comment hearing

Pacific Power customers have the opportunity to comment to the UTC in numerous ways, including in person at a public hearing.

January 24, 2012

6:00 - 7:30 p.m.

Walla Walla City Council

15 North 3rd Avenue

Walla Walla, WA 99362

January 25, 2012

12:00 - 1:30 p.m.

Yakima City Council

129 North 2nd Street

Yakima, WA 98901



Let's turn the answers on.

What would the requested rate increase pay for?

If approved, the increase would recover the rising cost of serving customers. This request includes, but is not limited to the following, approximately:

- \$5.0 million for increased power costs (including increases in purchase power expenses due to expiring low-cost long term contracts, coal costs for the Jim Bridger plant and the removal of the Condit hydroelectric facility)
- \$4.7 million for decreases in revenues (revenue from lower overall loads and the expiration of an ancillary services contract)
- \$2.3 million for investment in the electrical system (distribution, transmission and generation infrastructure investments)
- \$0.9 million for other cost components (operating expense reductions, taxes, etc.)

The requested rate increase does not include any increase to the Company's authorized return on equity of 9.8% set by the UTC in March 2011.

Summary of proposed rate increases

Overall increase in dollar \$12.9 million
Overall increase percent 4.3%

Type of service	Schedule(s)	Average increase
Residential	16	4.3%
Commercial/Industrial		
Small General Service	24	4.3%
Medium General Service	36	4.3%
Large General Service	48	4.3%
Public Streetlighting	All	1.0%

Pacific Power also has proposed to increase the monthly residential basic charge from \$6.00 to \$6.25.

General rate case information

A general rate case is the regulatory proceeding which gives the UTC an opportunity to examine a utility's operations and costs to determine if the proposed rates are fair, just and reasonable. This process lets the UTC conduct a detailed review of a utility's revenues, profits, expenses, and investments in plant and equipment, in order to establish an approved revenue requirement.

The UTC staff, Pacific Power, Public Counsel Section of the Attorney General's Office and other parties will participate. New rates would go into effect at the completion of the UTC's investigation, which may take up to 11 months. Based on the outcome of its investigation, the UTC has the authority to approve rates that are higher or lower than Pacific Power's request.

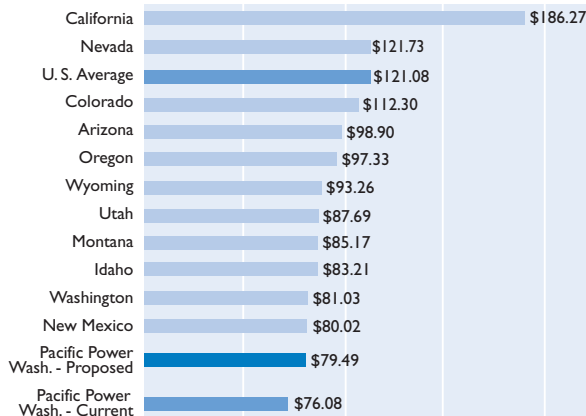
Effects on residential customers

Based on the overall increase discussed, the following chart shows the increases for a residential customer using electric service at 1,000 kwh, 1,300 kwh and 1,600 kwh per month:

		Current	Proposed
Basic charge per month		\$6.00	\$6.25
@ 1,000 kwh	Average rate per kwh	7.61¢	7.95¢
	Total bill	\$76.08	\$79.49
@ 1,300 kwh	Average rate per kwh	7.93¢	8.29¢
	Total bill	\$103.08	\$107.73
@ 1,600 kwh	Average rate per kwh	8.13¢	8.50¢
	Total bill	\$130.07	\$135.96

A typical Pacific Power residential customer uses 1,300 kwh per month. The basic charge covers costs of service including the cost of meters, service drops, meter reading and billing for residential customers.

U. S. Average Residential Monthly Electric Bills for 1,000 kwh (As of January 1, 2011)



Source: Edison Electric Institute Typical Bills and Average Rates Report, Winter 2011. The UTC does not consider electric rates charged by other utilities in setting rates.