

SERVICE DATE

DEC 29 1999

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION) DOCKET UE-991832
)
Complainant,)
)
vs.) COMPLAINT AND ORDER
) SUSPENDING TARIFF
PACIFICORP) REVISIONS
)
Respondent.)
.....)


On November 24, 1999, PacifiCorp dba Pacific Power & Light Company ("Company") filed with the Commission revisions to its currently effective Tariff WN U-74. The proposed tariff changes are designated as follows:

	<u>Year 1</u>	
Seventh Revision of Sheet No. B	Tariff Index	
Fourteen Revision of Sheet No. Ba	Tariff Index	
Second Revision of Sheet No. 15.1	Schedule 15	Outdoor Area Lighting Service - No New Service
Fifth Revision of Sheet No. 16	Schedule 16	Residential Service
Second Revision of Sheet No. 18.1	Schedule 18	Three-Phase Residential Service Rider
Second Revision of Sheet No. 24.1	Schedule 24	General Service
Eighth Revision of Sheet No. 24.2	Schedule 24	General Service
Original Sheet No. 24.3	Schedule 24	General Service
Second Revision of Sheet No. 36.1	Schedule 36	Large General Service - Optional Less than 1,000kW
Eighth Revision of Sheet No. 36.2	Schedule 36	Large General Service - Optional Less than 1,000 kW
Fifth Revision of Sheet No. 40.1	Schedule 40	Agricultural Pumping Service
Eleventh Revision of Sheet No. 40.2	Schedule 40	Agricultural Pumping Service
Second Revision of Sheet No. 48T.1	Schedule 48T	Large General Service - Metered Time of Use 1,000 kW and over

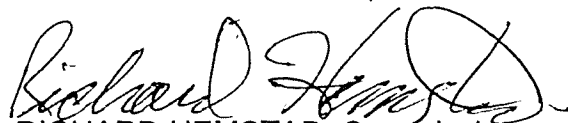
Third Revision of Sheet No. 52.1	Schedule 52	Street Lighting Service Company Owned System
Third Revision of Sheet No. 53.1	Schedule 53	Street Lighting Service Customer Owned System
Third Revision of Sheet No. 54.1	Schedule 54	Recreational Field Lighting - Restricted
Third Revision of Sheet No. 57.1	Schedule 57	Mercury Vapor Street Lighting Service
Third Revision of Sheet No. 57.2	Schedule 57	Mercury Vapor Lighting Service No New Service
The proposed filing also cancels the following tariffs:		
First Revision of Sheet 38.1	Schedule 38	Space and Water Heating For Churches
Original Sheet No. 38.2	Schedule 38	Space and Water Heating For Churches
Fifth Revision of Sheet No. 40.3	Schedule 40	Agricultural Pumping Service
First Revision of Sheet No. 42.1	Schedule 42	Control Water Service No New Service
First Revision of Sheet No. 42.2	Schedule 42	Control Water Service No New Service
Original Sheet No. 42.3	Schedule 42	Control Water Service No New Service
Original Sheet No. 46.1	Schedule 46	On Site Generation Displacement Service 45,000 kW and Over
First Revision of Sheet No. 46.2	Schedule 46	On Site Generation Displacement Service 45,000 kW and Over
Original Sheet No. 46.3	Schedule 46	On Site Generation Displacement Service 45,000 kW and over
First Revision of Sheet No. 46.4	Schedule 46	On Site Generation Displacement Service 45,000 kW and Over
Original Sheet No. 46.5	Schedule 46	On Site Generation Displacement Service
Original Sheet No. 46.6	Schedule 46	On Site Generation Displacement Service 45,000 kW and Over
Original Sheet No. 52.2	Schedule 52	Street Lighting Service - Company Owned System

Dated at Olympia, Washington, and effective this 29th day of December, 1999.

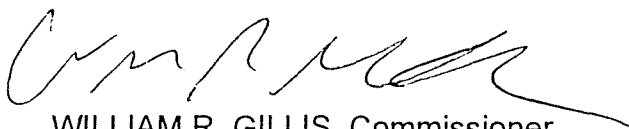
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



MARILYN SHOWALTER, Chairwoman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

Agenda Date: December 29, 1999
Item Number: 2A

Docket: UE-991832
Company: Pacific Power & Light Company

Staff: Roland C. Martin, Regulatory Consultant, Energy
Assigned Rate Case Team

Recommendation:

Issue a complaint and order suspending the filing in Docket UE-991832 and set the matter for hearing.

Discussion:

On November 24, 1999, PacifiCorp (dba Pacific Power & Light Company) filed revised tariff sheets applicable to electric service supplied by the Company in Washington. The filing seeks to increase revenues from Washington operations in two phases: First phase (Year 1) requests a general price increase of 8.10 percent or \$14.6 million effective January 1, 2000, while Second phase (Year 2) provides for an overall price change of 5.73 percent or \$11.2 million effective one year after the Year 1 increase. The total proposed increase in base prices over two years is \$25.8 million. In addition to the base price increase, the Company also requests to implement a 1.5 percent (\$2.8 million) System Benefits Charge through a tariff rider to fund energy efficiency programs and renewable resource development.

The Company's last general rate increase in Washington was in September 19, 1986. In that proceeding, the Commission granted a revenue increase of \$12 million including an attrition allowance of \$3.8 million. That increase was based on \$327.9 million pro forma rate base and 10.42% overall rate of return and 13.25% return on common equity. In the current filing, the Company is requesting a return on common equity of 11.25% with an overall rate of return of 9.10% to be applied to a pro forma rate base of \$609 million.

According to the Company, the key factors driving the need for a price increase at this time are rising capital expenditures (\$2.9 billion system-wide investment over past 5 years), falling prices (four rate decreases since 1986), and inflationary pressure on costs (over 60% increase in general price levels since 1986). The Company claims the combination of these factors resulted in its earning a current normalized rate of return of 6.5 percent in Washington.

In addition to the implementation of a System Benefits Charge in this filing, the Company is also proposing to reduce subsidization across customer classes, and to modify certain Company rules regarding provision of electric service.

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The company serves approximately 120,000 retail electric customers in five counties in Washington (Yakima, Walla Walla, Kittitas, Garfield, and Columbia), and approximately 1.45 million retail customers in the States of Oregon, Utah, Wyoming, Idaho, California, and Washington.

Summary of Rate Increase Impacts:

The following portrays the magnitude of proposed revenue increases for the major customer classes:

Year 1 Increase (Inclusive of System Benefits Charge)

<u>Customer Class:</u>	<u>Annual Revenue</u>	<u>Percent Change</u>
Residential	\$ 9,126,000	12.00%
Commercial & Industrial	8,239,000	7.97%
Public Street Lighting	<u>50,000</u>	<u>4.00%</u>
Total	\$17,415,000	9.64%

Year 2 Increase (Inclusive of System Benefits Charge)

<u>Customer Class:</u>	<u>Annual Revenue</u>	<u>Percent Change</u>
Residential	\$ 6,246,000	7.33%
Commercial & Industrial	4,925,000	4.41%
Public Street Lighting	<u>26,000</u>	<u>2.00%</u>
Total	\$17,415,000	5.65%

In order to determine whether the proposed tariff revisions are fair, just, reasonable, and sufficient, Staff recommends the Commission issue a complaint and order suspending the filing in Docket UE-991832 and set the matter for hearing.