



California Public Utilities Commission

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News Release

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PUC Adopts Transition Plan For Klamath Irrigation Project Customers

SAN FRANCISCO, April 13, 2006 -- The California Public Utilities Commission (PUC) today adopted a four-year transition plan to bring Klamath Irrigation Project customers that no longer qualify for fixed rates under a 1956 contract between PacifiCorp and the U.S. Department of Interior up to full Irrigation tariff rates, known as PA-20.

With the 1956 contract expiring on April 16, 2006, PacifiCorp no longer has a basis to continue providing fixed rates to Project customers. The only existing tariff applicable to the energy usage of Project customers is PA-20. Placing these Project customers on the PA-20 tariff would immediately raise the cost of their energy usage approximately 1,300 percent.

“This Commission has traditionally mitigated the impact of rate changes on particular customer classes through rate caps when a rate group may experience a significant increase in tariff rates,” said PUC Commissioner Geoffrey F. Brown. “Project customers should be treated no differently than other customer classes faced with a substantial rate increase.”

Most Project customers will experience an immediate 333 percent rate increase to \$0.026/kWh from \$0.006/kWh, effective April 17, 2006. That rate will be adjusted by the overall percentage increase approved by the Commission in this proceeding, when new rates become effective, currently projected at January 1, 2007. Effective April 17, 2007, the fixed rate will be increased to \$0.0385/kWh plus a further adjustment by the same overall percentage impact when rates become effective from this proceeding, capped at \$0.040/kWh. On or about January 1, 2008, this rate will further be adjusted.

For the remaining two years, Project customers will be billed according to the terms of the then-applicable standard tariff rate schedule, including load size and other demand-based charges,

less a 40 percent discount in year three and 20 percent in year four. At the end of the fourth year, Project customers will pay the full rate of the then applicable standard tariff.

Today's decision authorizes PacifiCorp to establish a Klamath Transition Memorandum Account and to seek recovery of the shortfall tracked in that memorandum account in subsequent hearings to be held in this proceeding.

For more information on the PUC please visit www.cpuc.ca.gov.

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