

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Formal Complaint of Richard E. Drake on behalf of the Lambourne Avenue Neighborhood vs. Rocky Mountain Power	Docket No. 07-035-08 STIPULATION
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Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) and Richard E. Drake (“Dr. Drake”) and David F. Ward (“Mr. Ward”) (collectively Dr. Drake and Mr. Ward will be referred to as “Petitioners”) (Rocky Mountain Power, Dr. Drake and Mr. Ward will be referred to individually as a “Party” and collectively as the “Parties”), in consideration of the terms and conditions of this Stipulation, hereby stipulate as follows:

I. INTRODUCTION

1. On February 27, 2007, Dr. Drake filed a formal complaint against Rocky Mountain Power in Docket No. 07-035-08 (“Complaint”). A petition was attached to the Complaint that was signed by approximately 50 individuals residing in the Lambourne Avenue neighborhood. Dr. Drake claimed to represent the interests of these 50 individuals. Mr. Ward acted as a consultant to Dr. Drake in connection with the Complaint.

2. The Complaint alleged that Rocky Mountain Power violated provisions of the National Electric Safety Code (“NESC”) and that such violations had caused numerous blackouts and created hazardous conditions in the Lambourne Avenue neighborhood in Salt Lake County. A focus of the Complaint was claimed failed insulator pins known as “squatters.” The Complaint claimed that squatters are a violation of the NESC and an imminent safety hazard and requested that penalties be assessed against the Company based on these alleged violations.

3. On March 20, 2007, Rocky Mountain Power responded to the Complaint, denying the allegations in the Complaint and moving to dismiss it. Rocky Mountain Power alleged that the outages referenced in the Complaint were caused by hardware contamination resulting from the combination of air pollution from extended inversions in the Salt Lake Valley in January and early February 2007 and light misting rain that occurred during the period from February 9 through 12, 2007. The Company alleged that squatters are not a violation of the NESC and that the squatters were not the cause of the outages. The Company alleged that squatters are not imminent safety hazards (classified by the Company as A conditions), but are rather B conditions that may be repaired the next time scheduled maintenance occurs in the area in which they are located. The Company also alleged that the Lambourne Avenue neighborhood had experienced relatively few outages and that its facilities were safe and did not expose residents to hazards. The Company asserted a number of affirmative defenses to the claims and sought their dismissal.

4. On March 28, 2007, Dr. Drake filed a letter with the Commission, alleging that Rocky Mountain Power's predecessors had neglected to maintain the distribution system over a number of years and that squatters are an A condition that pose an imminent safety hazard that must be corrected immediately. In addition to prior relief, the letter requested an immediate inspection of Millcreek Circuit 13, completion of all repairs by December 31, 2007, procurement for inspection by the Commission of cross arms taken down by Rocky Mountain Power in making repairs, issuance of a mandate that Rocky Mountain Power no longer be subordinate to PacifiCorp, but instead report directly to MidAmerican Energy Holding Company and implementation of recommendations from the Division's report in the Outage investigation.

5. On April 9, 2007, Dr. Drake filed a letter with the Commission, alleging that all wood pins on a particular pole adjacent to Evergreen Park (approximately three blocks from

Lambourne Avenue) had failed and that a conductor appeared to be no longer attached to the cross arm, a condition known as a “floater.” The filing requested that this condition be corrected immediately and that the Company be required to preserve the cross arms and insulator pins replaced.

6. On May 1, 2007, the Commission held a publicly noticed technical conference in the matter. During the course of that conference, Dr. Drake deferred to Mr. Ward on technical issues and it became apparent that Mr. Ward was a substantial participant in the allegations in the Complaint and the subsequent filings. The Parties presented their positions on the issues raised by the Complaint and subsequent filings. Rocky Mountain Power also raised an issue regarding Mr. Ward’s investigation and its interference with Rocky Mountain Power’s efforts to maintain its distribution system.

7. On May 25, 2007, Dr. Drake filed a letter making allegations about an incident on May 3, 2007, involving a car-hit-pole and a downed power line. In addition to prior relief, the letter sought an audit of the Company and its predecessors’ maintenance funding and expenditures from 1995 to the present and that all journeyman linemen in the state of Utah be interviewed regarding the condition of the Company’s system.

8. On May 31, 2007, Rocky Mountain Power responded in writing to the March 28 and April 9, 2007 letters. In addition to reiterating its prior responses and defenses, the Company noted that the allegations regarding system maintenance had been dealt with in prior proceedings and were barred by principles of res judicata or collateral estoppel. The Company also alleged that the letters were an improper attempt to amend the Complaint and that the allegations went far beyond the proper scope of a customer complaint. The Company alleged that Mr. Ward’s personal investigation was interfering with the work of its line repair crews.

The Company agreed that a floater would be an A condition, but denied that there was a floater on the pole adjacent to Evergreen Park. The Company requested that the Complaint be dismissed and that any legitimate issues raised be referred to the Service Quality Task Force.

9. On June 5, 2007, Rocky Mountain Power responded to Dr. Drake's May 25, 2007 letter. Rocky Mountain Power denied the allegations regarding the May 3, 2007 incident and provided its own version of the events. The Company argued that hazards were created by Mr. Ward's investigation of this incident and requested that the Petitioners be directed to follow Commission procedures with regard to future complaints and limit their claims to matters affecting their own service. The Company again requested that the Complaint be dismissed and that any issues raised be referred to Division for investigation or to the Service Quality Task Force.

10. A second technical conference was held by the Commission on June 14, 2007. The Parties explained their positions. In addition, Petitioners presented a letter disputing points made in Rocky Mountain Power's June 5, 2007 filing and stating that Petitioners intended to file a complaint against Rocky Mountain Power counsel with the Utah State Bar Association based on that filing. At the conclusion of the conference, Administrative Law Judge Steven Goodwill, the hearing officer assigned by the Commission, clarified the relief Petitioners were seeking and explained to Petitioners that certain aspects of the relief they were seeking could not be entertained in this docket. Following conclusion of the technical conference, Petitioners informed counsel for Rocky Mountain Power that they had determined, based on the technical conference, they did not have grounds to file a complaint with the Utah State Bar Association.

11. During the course of the foregoing proceedings, Petitioners have conducted written discovery of Rocky Mountain Power.

12. The Parties have engaged in substantial arms-length negotiation, and agree that settlement of this matter on the terms and conditions provided in this Stipulation will minimize the time and expense expended by the Commission, the Parties, and customers, will enhance administrative efficiency, and will provide a just and reasonable result that is in the public interest and the interest of Rocky Mountain Power's customers and any other affected persons.

II. TERMS AND CONDITIONS OF STIPULATION

13. Rocky Mountain Power agrees that, by December 31, 2007, it will repair all A and B conditions on the four distribution circuits serving the Lambourne Avenue, Kempner Road and adjacent neighborhoods (collectively "Millcreek Neighborhood"), i.e., Millcreek Circuits 11, 12, 13 and 14.

14. Rocky Mountain Power will conduct a formal review its facilities condition categories (A and B conditions) to assure that they comply with accepted electric utility practices and will inform Mr. Ward of the outcome of that review. It is understood by the Parties that Rocky Mountain Power shall have sole discretion to make changes or not make changes to its facilities condition categories based on the review.

15. Rocky Mountain Power acknowledges that the participation of Dr. Drake and Mr. Ward in this docket has been beneficial in focusing efforts on review of certain aspects of the Company's operations. Nonetheless, Rocky Mountain Power continues to dispute the allegations of Dr. Drake and Mr. Ward.

16. The Parties agree that cooperation and direct communication between them is the most effective and efficient way to deal with potential conditions on the Company's system. Accordingly, Petitioners agree that if either of them observes any condition on the Company's system in the future that he believes ought to be corrected or repaired, he will bring the condition

to the attention of appropriate Rocky Mountain Power managers in lieu of pursuing other avenues for possible correction.

17. While the Petitioners have asserted claims and asked to be permitted to pursue them as representatives of a group of customers of Rocky Mountain Power, Petitioners recognize that, as non-attorneys, they may not represent the interests of others in Commission proceedings. Furthermore, Petitioners acknowledge that the attorney that has appeared for them at the technical conferences, has no attorney-client relationship with any other customer with respect to this matter. The Parties agree that in the event either the Petitioners or their counsel are alleged to owe a fiduciary duty to any other Utah Power customer by virtue of the pleadings filed in this docket, the benefits provided to customers pursuant to this Stipulation are a reasonable and sufficient benefit accruing to the customers for whom they attempted to assert claims.

18. Based upon the foregoing, the Parties agree that the Complaint should be dismissed with prejudice. The Parties further agree that the technical conference scheduled for August 16, 2007 should be cancelled and that this docket should be concluded and closed.

19. The Parties agree that Rocky Mountain Power and its current and former officers, directors, shareholders, employees, representatives, agents, and affiliates (including parents, subsidiaries, and other entities with any degree of common ownership with Rocky Mountain Power, and their current and former officers, directors, shareholders, employees, representatives, and agents) should be released from any and all claims, demands, and causes of action of any kind whatsoever, whether or not now known, suspected or claimed, which any customer of Rocky Mountain Power ever had, now has, or claims to have had relating or connected to, or arising out of, the matters raised or that could have been raised in the Complaint or the subsequent filings in this docket, and any and all relief related to such claims whether in the form

of penalties, damages, refunds, reparations, attorneys' fees, injunctive relief or any other form of relief whether at law or in equity, irrespective of the theory of recovery that could have been asserted.

20. The Parties agree that approval of this Stipulation is in the public interest and that its terms and conditions are just and reasonable.

21. All negotiations related to this Stipulation are privileged and confidential and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an admission or acknowledgment by any Party of any liability, the validity or invalidity of any claim or defense, the validity or invalidity of any principle or practice, or the basis of an estoppel or waiver by any Party other than with respect to issues resolved by this Stipulation; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party to this Stipulation except a proceeding to enforce the approval or terms of this Stipulation.

22. The Parties shall support approval of this Stipulation. Rocky Mountain Power will take the lead in obtaining approval, and the involvement of Petitioners will be only as reasonably requested by Rocky Mountain Power or the Commission. No Party to this Stipulation may present testimony or argument in opposition to approval of this Stipulation.

23. The Parties agree that if any person challenges approval of this Stipulation, requests rehearing or reconsideration of any order of the Commission approving this Stipulation or seeks review in any court of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of this Stipulation and the Commission's order in any such proceeding. Rocky Mountain Power will take the lead in

supporting the Stipulation and the Commission's order, and the involvement of Petitioners will be only as reasonably requested by Rocky Mountain Power.

24. Except with regard to the obligations of the Parties under paragraphs 21, 22 and 23 of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material condition by the Commission in an order that is no longer subject to any further reconsideration or appellate review. In the event the Commission rejects any part or all of this Stipulation, or imposes any additional material condition on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or conditioned in whole or in part by a court, each Party reserves the right to withdraw from this Stipulation. If such an order is issued, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to reach a modified stipulation. No Party shall provide notice of withdrawal prior to complying with the foregoing sentence. In the event that no modified stipulation is reached, any Party may withdraw from this Stipulation by giving written notice of withdrawal to the Commission and the other Parties to this Stipulation. Any such notice shall be given within ten days after reaching impasse in any discussions regarding modifying the Stipulation. If any Party withdraws from this Stipulation pursuant to this paragraph, no Party shall be bound or prejudiced by this Stipulation, and each Party shall be entitled to undertake any step or to assert any position it deems appropriate without regard to this Stipulation.

25. The Parties agree that this Stipulation may be adopted as the order of the Commission, enforceable as are other orders of the Commission.

III. RELIEF SOUGHT

26. Based on the foregoing, the Parties respectfully request that the Commission issue an order approving this Stipulation, adopting the terms and conditions of this Stipulation, dismissing the Complaint with prejudice and concluding and closing this docket.

RESPECTFULLY SUBMITTED: August __, 2007.

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing **STIPULATION** was sent by electronic mail and mailed by U.S. Mail, postage prepaid, to the foregoing on August __, 2007:

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