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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations	)	
	)	
	)	DOCKET NO. 08-035-38
	)	<b>MOTION FOR APPROVAL</b>
	)	<b>OF STIPULATION REGARDING</b>
	)	<b>COST OF CAPITAL</b>
	)	
	)	

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**MOTION OF ROCKY MOUNTAIN POWER  
 FOR APPROVAL OF STIPULATION**

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Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power”), hereby moves the Public Service Commission of Utah (“Commission”) for approval of the Stipulation entered into by and between Rocky Mountain Power, the Utah Division of Public Utilities (the “Division”), and the Utah Committee of Consumer Services (the “Committee”). In support of this Motion, Rocky Mountain Power states as follows:

1. On July 17, 2008, Rocky Mountain Power filed an application, together with revenue requirement, cost of service, rate spread and rate design testimony, requesting approval of an increase in its retail electric utility service rates in Utah in the amount of \$160.6 million above the then currently effective rates (without reference to revenue increases requested in the Company’s 2007 rate case (Docket No. 07-035-93))

for a total revenue requirement in the approximate amount of \$1.592 billion. On September 10, 2008, Rocky Mountain Power filed supplemental testimony to reflect the Commission's revenue requirement order in Docket No. 07-035-93, adjust net power costs, introduce an amended cost of service study, and update the proposed rate spread.

2. On August 1, 2008, the Commission issued an order establishing the procedural schedule for this proceeding. On August 26, 2008, September 29, 2008, and September 30, 2008, the Commission issued orders amending that schedule. On October 14, 2008, the Commission issued an additional scheduling order for the Revenue Requirement and Cost of Service/Rate Design portion of this proceeding. On October 30, 2008 and November 6, 2008, the Commission issued orders modifying the Revenue Requirement and Cost of Service/Rate Design procedural schedule. On January 27, 2009, the Commission issued a scheduling order amending the schedule for the Rate Design/Cost of Service phase of this proceeding.

3. On October 28, 2008, the Commission held a hearing on Rocky Mountain Power's Motion to Determine Test Year wherein Rocky Mountain Power sought approval to use a test period ending June 2009. On October 30, 2009, the Commission issued an order approving a test period ending December 2009 using average rate base. Rocky Mountain Power subsequently filed supplemental direct testimony and exhibits with the Commission on December 8, 2008, which included a revised revenue increase request of \$116.1 million, a cost of capital request of 8.69% and return on equity of 11.0% with a 51.5% equity component.

4. On January 8, 2009, the Division filed testimony with the Commission which included a recommended cost of capital of 8.45% and return on equity of 10.75%

applied to the common equity component of 50.82%, together with 0.37% preferred equity component for Rocky Mountain Power's capital structure. On January 8, 2009, the Committee filed testimony with the Commission which included a recommended cost of capital of 8.10% and return on equity of 10.0%, and did not oppose Rocky Mountain Power's proposed capital structure. No testimony on cost of capital was filed by the Utah Industrial Energy Consumers, the UAE Intervention Group, or any other party to this proceeding.

5. On February 4 and 9, 2009, the Parties held settlement conferences to discuss cost of capital issues in the 2008 General Rate Case.

6. As a result of the settlement negotiations, the Parties reached a compromise on cost of capital, including return on equity, the cost of preferred stock, the cost of debt and the capital structure as described in the terms of the Stipulation, which was entered into on February 17, 2009.

7. All of the parties to the Stipulation believe it to be just and reasonable and in the public interest.

WHEREFORE, Rocky Mountain Power respectfully requests approval of the Stipulation Regarding Cost of Capital. In addition, Rocky Mountain Power requests that the Commission: (1) stay the procedural schedule as it relates to Phase I Rate of Return rebuttal and surrebuttal testimony; (2) hold a hearing on the Stipulation at the same time and place of the Rate of Return hearing scheduled for March 13, 2009; and (3) direct any parties that wish to oppose the Stipulation notify Rocky Mountain Power and the other stipulating parties at least 5 days prior to the hearing so the stipulating parties can arrange for technical witnesses to be present at the hearing.

DATED: February 23, 2009.

Respectfully submitted,

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