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*Attorneys for Rocky Mountain Power*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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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 OF COST OF SERVICE STIPULATION</b>

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

Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power” or “Company”), hereby moves the Public Service Commission of Utah (“Commission”) for approval of the Stipulation entered into by and among Rocky Mountain Power, Utah Division of Public Utilities (the “Division”), Utah Committee of Consumer Services (the “Committee”), UAE Intervention Group (“UAE”), the Kroger Co. (“Kroger”) and Wal-Mart Stores, Inc. (“Wal-Mart”). Wal-Mart, collectively with Rocky Mountain Power, the Division, the Committee, UAE and Kroger shall be hereinafter referred to as, the “Parties”. In support of this Motion, Rocky Mountain Power states as follows:

- On July 17, 2008, Rocky Mountain Power (“Rocky Mountain Power” or “Company”) 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 case. On August 26, 2008, September 29, 2008, and September 30, 2008, the Commission issued orders amending the 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 case. 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 case.

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% common equity component.

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

5. As a result of the settlement negotiations, certain Parties reached a compromise on cost of capital at issue in this case. The settlement resulted in a return on equity of 10.61 percent and a capital structure with a 51.0 percent common equity component. The Commission held hearings on March 12, 2009 and approved the cost of capital stipulation from the bench.

6. On March 17 and 18, 2009, the Parties held settlement conferences to discuss revenue requirement issues in the 2008 General Rate Case. On March 18, 2009, notice was provided to all intervenors advising all parties who filed revenue requirement testimony and others that the parties had reached an agreement in principle, and that a draft stipulation would be circulated. On March 19, 2009 a copy of the draft stipulation was circulated to all intervenors.

7. As a result of the settlement negotiations, the Parties agreed to the revenue requirement in this case. The settlement resulted in an increase in revenue requirement in the amount of \$45 million, or 3.34 percent, based on an allowed rate of return on equity of 10.61 percent and a capital structure with a 51.0 percent common equity component. The Commission held hearings on March 31, 2009 and issued an order (“Order”) approving the revenue requirement stipulation on April 21, 2009.

8. On April 24, 2009, a notice of a settlement conference was provided to intervenors.

9. The Parties held a settlement conference on the cost of service and rate spread phase of the case on April 28, 2009. On April 29, 2009 a copy of the draft stipulation was circulated to intervenors.

10. As a result of the settlement negotiations, the Parties to this Stipulation have agreed to the cost of service and rate spread and other matters specified herein. The Parties have not, however, agreed on rate design issues in the 2008 General Rate Case.

11. All of the Parties believe it to be just and reasonable and in the public interest.

WHEREFORE, Rocky Mountain Power respectfully requests approval of the Cost of Service Stipulation, attached hereto. In addition, Rocky Mountain Power requests that the Commission 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: April 30, 2009.

Respectfully submitted,

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Mark C. Moench  
Yvonne R. Hogle  
Rocky Mountain Power

## CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of April, 2009, I caused to be emailed a true and correct copy of the foregoing **MOTION FOR APPROVAL OF COST OF SERVICE STIPULATION** in Docket No. 08-035-38 to the following:

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