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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)	DOCKET NO. 08-____-____
MOUNTAIN POWER for an Accounting)	
Order Regarding Pension Curtailment and)	APPLICATION
Pension Measurement Date Change)	
)	
)	

**APPLICATION OF ROCKY MOUNTAIN POWER
FOR AN ACCOUNTING ORDER TO
ESTABLISH A REGULATORY ASSET**

Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power” or “PacifiCorp”), hereby makes application to the Public Service Commission of Utah (“Commission”) for entry of an accounting order authorizing the Company to record a net reduction to the regulatory asset associated with the existing pension and other postretirement welfare assets for a pension curtailment gain, and a measurement date change transitional adjustment, effective as of the filing date of this Application. In support of the Application, the Company states as follows:

1. Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 760,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111.

2. Rocky Mountain Power files this petition pursuant to Utah Code Ann. §54-4-1 and §54-4-23 which provide the Commission with general jurisdiction to supervise and regulate, and the power to establish a system of accounts to be kept by public utilities subject to its jurisdiction.

3. Communications regarding this filing should be addressed to:

David L. Taylor
Utah Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: dave.taylor@pacificorp.com

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In addition, Rocky Mountain Power requests that all data requests regarding this application should be sent in Microsoft Word or plain text format to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Dave Taylor, Utah Regulatory Affairs Manager at (801) 220-2923.

4. Recently, the Company offered all non-union employees a retirement choice program and changed the retirement approach to a 401(k) only approach. Through negotiations, Local 659 also agreed to a 401(k) only approach, effective January 2008. Non-union employees could opt for either a 401(k) retirement plan, directed by individual employees; or for the Company's cash balance retirement approach, directed by the Company. The level of employee participation in the 401(k) retirement plan option requires the Company to record a substantial curtailment gain, in accordance with financial accounting standards. Additionally, the Company is required to change the measurement date for pension and other postretirement welfare liabilities to implement a new financial accounting standard. The Company seeks approval to record the net impact of the curtailment gain and the measurement date change as a reduction to the regulatory asset associated with the existing pension and other postretirement welfare assets. If authorized, the net reduction to regulatory assets would avoid the recording of income to the Company's benefit and directly charging retained earnings. This proposal is designed to maintain normalized pension costs and avoid exposing customers to potential cost volatility from changes in certain financial accounting standards.

5. With the requested accounting treatment, the Company projects a net pre-tax benefit to customers of \$27 million system-wide, which the Company proposes to amortize over a ten-year period. Absent authorization to record the reduction to regulatory assets, the adjustments must be recorded against the Company's current fiscal year income and retained earnings, and therefore unavailable to offset future higher pension expense costs.

6. The Company respectfully requests that the Commission approve this Application by December 31, 2008 to allow the Company to align the new accounting treatment with the removal of the lag in measurement date.

7. Attached as support for this Application as Exhibit 1 is the testimony of Steven R. McDougal.

WHEREFORE, PacifiCorp respectfully requests an accounting order authorizing it to record a net reduction in account 182.3 to offset the existing pension and other postretirement welfare regulatory asset for the curtailment gain triggered by the retirement choice program and Local 659 change, and measurement date change transitional adjustment. Additionally, the Company requests authorization to amortize the reduction in regulatory assets to expense over a ten-year period with the opportunity to recover the amount in rates as part of net periodic benefit cost. Rate treatment of the costs associated with the accounting order will be determined in a future rate proceeding.

DATED: November 4, 2008.

Respectfully submitted,

Mark C. Moench
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Attorneys for Rocky
Mountain Power