

October 13, 2008

Julie P. Orchard
Commission Secretary
Public Service Commission of Utah
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84145

Re: **Deferral and Recovery of Expenses of Independent Evaluator**

Commissioners:

In September 2005 the Utah Commission laid out a process for the payment and recovery of costs associated with the Independent Evaluator (IE) required under the Energy Procurement Act. That process provides that the cost of the IE will be offset by the bid fees received from bidders in the Request for Proposal (RFP) process and to the extent the bid fees do not cover the costs, the cost will be deferred for recovery in a future rate proceeding. By signature the Commission, the Division of Public Utilities, and PacifiCorp all agreed to that approach.

In accordance with the agreed upon approach, the Company has been deferring the cost of the IE in FERC account 182.3, Other Regulatory Assets. Current deferred IE costs are approximately \$450,000 and costs will continue to be deferred as IE work continues on the open RFPs, including the 2012 RFP (05-035-47) and the 2008 All Source RFP (07-035-94). Rocky Mountain Power will request amortization and cost recovery of the deferred IE costs in a future rate proceeding.

If you have any questions, please feel free to contact me.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

cc: Division of Public Utilities
Committee of Consumer Services