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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application	:	Docket No. 01-035-01
of PacifiCorp for an Increase	:	
in its Rates and Charges	:	STIPULATION ON CERTAIN
	:	REVENUE REQUIREMENT
	:	ISSUES

On January 12, 2001, PacifiCorp initiated this matter by filing a Request for an Increase in Rates. Thereafter, on February 12, 2001, PacifiCorp supplemented its filing with revenue requirement testimony reflecting a twelve-month test period of October 1, 1999 through September 30, 2000. The Division of Public Utilities (“Division”), the Committee of Consumer Services (“Committee”) and other parties have filed testimony recommending various adjustments to the Company’s proposed revenue requirement. Since the filing of other parties’ revenue requirement testimony, PacifiCorp, the Division, and the Committee have met on a number of occasions to discuss revenue requirement issues raised only in the prefiled testimony of the Division and the Committee. As a result of those discussions, and based on their examination of revenue requirement testimony and data, and information disclosed through discovery, the Parties whose names appear on the signature pages hereof have resolved by settlement a number of revenue requirement issues in this case. This Stipulation sets forth all the

terms and conditions of such settlement. The Parties have entered into this Stipulation voluntarily and they agree, and respectfully submit to the Commission, that this Stipulation is just, reasonable, and in the public interest.

Now, therefore, the Parties hereby stipulate and agree as follows:

1. The ratemaking treatment described in Exhibit A, attached hereto and made a part hereof, should be utilized in determining PacifiCorp's Utah jurisdictional revenue requirement for purposes of this case. This Stipulation provides a final resolution, for purposes of this case, of only those issues specified in Exhibit A as resolved. Accordingly, the only contested revenue requirement issues remaining in the case are presented in the prefiled testimony filed by Richard Anderson on behalf of UAE Intervention Group and Nucor, Alan Chalfant and Michael Gorman on behalf of UIEC, Randall Falkenberg and Philip Hayet on behalf of the Division and the Committee, Joseph Herz on behalf of the United States Executive Agencies, Ron Burrup and Rebecca Wilson on behalf of the Division, Donna DeRonne and Anthony Yankel on behalf of the Committee, and Jeff Burks and David Nichols on behalf of the Utah Energy Office. Attached as Exhibit B to this Stipulation is a "Joint Numerical Exhibit on Revenue Requirement" reflecting the revenue requirement impact of the resolution of the issues specified in Exhibit A.

2. PacifiCorp, the Division and the Committee will present the testimony of one or more witnesses to explain and support this Stipulation.

3. The Parties have negotiated this Stipulation as an integrated whole. Accordingly, in the event this Stipulation is not approved in its entirety, then no Party shall be bound, or prejudiced, by the terms of this Stipulation and the Stipulation shall be null and void and each Party shall be entitled to file testimony and in general to put on such case as it deems appropriate.

4. The execution of this Stipulation shall not be deemed to constitute an acknowledgment, or acceptance, by any Party hereto of the validity, or invalidity, of any particular methods, theories, or principles of ratemaking and shall not be construed to constitute the basis of estoppel, collateral estoppel, or waiver of any Party hereto in any other proceeding. No Party hereto shall be deemed to have agreed that the principles, methods, or theories of ratemaking employed in arriving at this Stipulation are appropriate for resolving issues in any other proceeding. Any party, including PacifiCorp, the Division and the Committee, may request in future cases that the Commission adopt ratemaking treatment different than that described in this Stipulation. The Commission's acceptance of this Stipulation will not represent a determination by the Commission on any matters of policy.

5. This Stipulation may be executed in one or more identical counterparts and, upon execution by the Parties, each executed counterpart shall have the same force and effect as an original document and as if all the Parties had signed the same document.

IN WITNESS WHEREOF, the Parties hereto have executed this Stipulation as of this
_____ day of July, 2001.

PACIFICORP

DIVISION OF PUBLIC UTILITIES

BY: _____

BY: _____

COMMITTEE OF CONSUMER SERVICES

NUCOR

BY: _____

BY: _____

UEA INTERVENTION GROUP

BY: _____

UTAH RATEPAYERS ALLIANCE

BY: _____

UTAH INDUSTRIAL ENERGY CONSUMERS

BY: _____

UNITED STATES EXECUTIVE AGENCIES

BY: _____

EXHIBIT "A"

All revenue requirement issues identified in this exhibit are resolved by this stipulation, except with respect to parties' positions regarding net power costs (PacifiCorp adjustment 5.1), SMUD (PacifiCorp adjustment 5.3), Wholesale Contract Revenue Imputation (PacifiCorp adjustment 5.5), the San Diego long-term wholesale contract adjustment identified in PacifiCorp's June 8, 2001 letter filed with the Commission, and the income tax issue addressed by UIEC witness Michael Gorman. Such resolution includes resolution of the corrections identified in PacifiCorp's June 8, 2001 letter filed with the Commission, exclusive of the San Diego long-term wholesale contract adjustment.

The parties agree by this Stipulation that the Company's cost of capital used for establishing the revenue requirement in this case should be based on a hypothetical capital structure of 47.6% common equity, 49.2% debt and 3.2% preferred stock, with a return on common equity of 11%, a return on preferred stock of 6.182% and a cost of debt of 6.991%, resulting in an overall 8.873% rate of return.

Endogenous adjustments to update interest synchronization and cash working capital will be made upon the Commission's determination of all unresolved revenue requirement issues.

EXHIBIT "B"

DOCKET NO. 01-035-01
STIPULATION ON CERTAIN
REVENUE REQUIREMENT ISSUES - 7
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