

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF THE APPLICATION OF PACIFICORP FOR APPROVAL OF ITS PROPOSED ELECTRIC RATE SCHEDULES & ELECTRIC SERVICE REGULATIONS	DOCKET NO. 06-035-21 STIPULATION REGARDING RATE DESIGN
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1. This Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties”).

I. INTRODUCTION

2. The terms and conditions of this Stipulation are set forth herein. The Parties represent that this Stipulation is in the public interest and recommend that the Public Service Commission (the “Commission”) approve the Stipulation and all of its terms and conditions.

II. BACKGROUND

3. On March 7, 2006, PacifiCorp filed an application, together with revenue requirement, cost of service, rate spread and rate design testimony, for a rate increase of \$197.2 million based on a 12 month forecast test period ending September 30, 2007. On April 5, 2006, in compliance with the provisions of Commitment U23 of Appendix A to the Stipulation in Docket No. 05-035-54, PacifiCorp filed supplemental testimony that reduced the Company's proposed price increase from \$197.2 million to \$194.1 million.

4. On April 4, 2006, the Commission issued an order establishing the procedural

schedule for this proceeding. On April 18, 2006, May 1, 2006 and May 24, 2006, the Commission issued orders amending that schedule.

5. On July 26, 2006, PacifiCorp filed a stipulation (“Revenue Requirement and Rate Spread Stipulation”) which resolves the revenue requirement and rate spread issues in this proceeding. Under the terms of the Revenue Requirement and Rate Spread Stipulation, customer rates will increase by \$85 million on December 11, 2006 and by an additional \$30 million on June 1, 2007. The Revenue Requirement and Rate Spread Stipulation also provides that the allocation of revenues to customer classes to recover the increased revenue requirement will be in accordance with the schedule attached to the Revenue Requirement and Rate Spread Stipulation as Exhibit 2 (“Rate Spread Exhibit”). The Revenue Requirement and Rate Spread Stipulation does not address rate design.

6. The Parties held settlement conferences to discuss the rate design issues in this proceeding. The settlement negotiations were open to all parties.

7. As a result of the settlement negotiations, the Parties have agreed to the rate design for Electric Service Schedules 6, 6 A and 6 B and the other matters specified herein.

III. TERMS OF STIPULATION

8. Rate Design. The Parties agree that the portion of the \$115 million increase in customer rates specified in the Revenue Requirement and Rate Spread Stipulation which is allocated, as specified in Rate Spread Exhibit, to Electric Service Schedules 6, 6 A and 6 B should be recovered from the customers taking service on Electric Service Schedules 6, 6 A and 6 B in accordance with the schedule attached hereto as Exhibit A.

9. Winter On-peak period. The Parties agree that after the conclusion of this case, but prior to filing its next general rate case, PacifiCorp and interested parties will explore alternatives to current 16 hour on-peak time period during the winter months.

10. On-peak, Off-Peak Price Differential. The Parties agree that after the conclusion of this case, but prior to filing its next general rate case, PacifiCorp and interested parties will analyze, discuss, and make a recommendation on the price differential between on-peak and off-peak energy charges for Electric Service Schedules 8 and 9.

11. Classification and Allocation of Distribution Costs. The Parties agree that after the conclusion of this case, but prior to filing its next general rate case, PacifiCorp and interested parties will explore alternative classification and allocation methodologies for distribution costs.

12. Obligations of the Parties. The Parties agree that their obligations under this Stipulation are subject to the Commission's approval of this Stipulation and the Revenue Requirement and Rate Spread Stipulation.

13. Recommendation and Support. The Parties recommend that the Commission approve and adopt this Stipulation in its entirety. If this Stipulation is approved by the Commission in its entirety, no Party shall appeal any portion of this Stipulation and no Party shall oppose the adoption of this Stipulation in any appeal filed by any person not a party to the Stipulation. PacifiCorp and the Division shall make witnesses available to testify in support of this Stipulation and other parties may make such witnesses available. In the event other parties introduce witnesses opposing approval of the Stipulation, the Parties agree to cooperate in cross-examination and in providing testimony as necessary to rebut the testimony

of opposing witnesses.

14. Reservation of Right to Withdraw from Stipulation. In the event the Commission rejects any or all of this Stipulation, or the Revenue Requirement and Rate Spread Stipulation, or imposes any additional material conditions on approval of this Stipulation or the Revenue Requirement and Rate Spread Stipulation, or in the event the Commission's approval of this Stipulation or the Revenue Requirement and Rate Spread Stipulation is rejected or conditioned in whole or in part by an appellate court, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding delivered no later than five (5) business days after the issuance date of the applicable Commission or court order, to withdraw from this Stipulation. Prior to that election, Parties agree to meet and discuss the Commission's order or court's decision. In the event that no new agreement is reached, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to undertake any steps it deems appropriate.

15. Public Interest. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions, considered together as a whole, will produce fair, just and reasonable results.

16. Waiver. No Party is bound by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgement by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery, and no Party shall be deemed to have agreed that any method, theory or

principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future and shall not be deemed to constitute precedent nor prejudice the rights of any party in future proceedings. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

Dated this 25th day of August, 2006.

PACIFICORP
DBA ROCKY MOUNTAIN POWER

Mark C. Moench
Senior Vice President & General Counsel

UTAH DIVISION OF PUBLIC UTILITIES

Michael Ginsberg
Patricia Schmid
Assistant Attorney General

UTAH COMMITTEE OF CONSUMER SERVICES

Reed Warnick
Paul Proctor

Assistant Attorney General

UTAH INDUSTRIAL ENERGY CONSUMERS

F. Robert Reeder
Vicki M. Baldwin
Attorneys for UIEC, an Intervention Group

FEDERAL EXECUTIVE AGENCIES

Lt. Col. Karen White
Capt. Damund E. Williams

UAE INTERVENTION GROUP

Gary Dodge

AARP

Dale Gardiner
Thomas Forsgren

THE KROGER CO.

Michael L. Kurtz

NUCOR

Peter J. Mattheis

CENTRAL VALLEY WATER

Ronald J. Day

UTAH MANUFACTURERS ASSOCIATION

Thomas Bingham

ROGER BALL
