

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Formal Complaint of)
Richard E. Drake on behalf of the) DOCKET NO. 07-035-08
Lambourne Avenue Neighborhood vs.) REPORT AND ORDER
Rocky Mountain Power) APPROVING AMENDED
) STIPULATION AND
) DISMISSING COMPLAINT
)

ISSUED: October 3, 2007

By The Commission:

I. PROCEDURAL HISTORY

On February 20, 2007, Dr. Richard E. Drake filed a formal complaint (“Complaint”) against Rocky Mountain Power (the “Company”). A petition was attached to the Complaint that was signed by approximately 50 individuals residing in the Lambourne Avenue neighborhood of Salt Lake City, Utah. Dr. Drake claimed the Complaint was filed on behalf of himself and these 50 individuals. David F. Ward acted as a consultant to Dr. Drake in connection with the Complaint. Although Mr. Ward did not intervene in this docket, he has participated in all aspects of the docket and joined as a party in the Amended Stipulation settling the claims made in the Complaint. Therefore, Dr. Drake and Mr. Ward are jointly referred to hereinafter as “Petitioners”. Dr. Drake, Mr. Ward, and Rocky Mountain Power are collectively referred to as the “Parties”.

The Complaint alleged that Rocky Mountain Power violated provisions of the National Electric Safety Code (“NESC”) and that such violations caused numerous blackouts and created hazardous conditions in the Lambourne Avenue neighborhood. A focus of the

Complaint was alleged failed insulator pins known as “squatters.” The Complaint claimed that squatters are a violation of the NESC and an imminent safety hazard and requested that penalties be assessed against the Company based on these alleged violations.

On March 20, 2007, Rocky Mountain Power responded to the Complaint, denying the allegations in the Complaint and moving to dismiss it. Rocky Mountain Power alleged that the outages referenced in the Complaint were caused by hardware contamination resulting from the combination of air pollution from extended air-temperature inversions in the Salt Lake Valley in January and early February 2007 and light misting rain that occurred during the period from February 9 through 12, 2007. The Company alleged that squatters are not a violation of the NESC and were not the cause of the outages. The Company alleged that squatters are not imminent safety hazards, classified by the Company as “A conditions”, but are “B conditions” that may be repaired the next time scheduled maintenance occurs in the area in which they are located. The Company also alleged that the Lambourne Avenue neighborhood had experienced relatively few outages and that its facilities were safe and did not expose residents to hazards. The Company asserted a number of affirmative defenses to the claims and sought their dismissal.

On March 28, 2007, Dr. Drake filed a letter with the Commission, alleging that Rocky Mountain Power’s predecessors had neglected to maintain the distribution system over a number of years and that squatters are an A condition that pose an imminent safety hazard that must be corrected immediately. In addition to prior relief, the letter requested an immediate inspection of Millcreek Circuit 13, completion of all repairs by December 31, 2007, procurement for inspection by the Commission of cross arms taken down by Rocky Mountain Power in

making repairs, issuance of a mandate that Rocky Mountain Power no longer be subordinate to PacifiCorp, but instead report directly to MidAmerican Energy Holding Company, and implementation of recommendations from the Division of Public Utilities (“Division”) report in Docket No. 04-035-01, the investigation of an outage caused by a severe winter storm in late December 2003 and early January 2004.

On April 9, 2007, Dr. Drake filed a letter with the Commission, alleging that all wood pins on a particular pole adjacent to Evergreen Park (approximately three blocks from Lambourne Avenue) had failed and that a conductor appeared to be no longer attached to the cross arm, a condition known as a “floater.” The filing requested that this condition be corrected immediately and that the Company be required to preserve the cross arms and insulator pins replaced.

On May 1, 2007, the Administrative Law Judge held a duly-noticed technical conference in this matter. Dr. Drake deferred to Mr. Ward on technical issues. The Parties presented their positions on the issues raised by the Complaint and subsequent filings. Rocky Mountain Power also raised an issue regarding Mr. Ward’s investigation and its interference with Rocky Mountain Power’s efforts to maintain its distribution system. The Division stated that it was retaining Williams Consulting, Inc. (“WCI”), the same consultant that had assisted the Division with its investigation and report in Docket No. 04-035-01, to investigate the allegations in this matter. The Committee of Consumer Services (“Committee”) also participated in the technical conference.

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On May 25, 2007, Dr. Drake filed a letter making allegations about an incident on May 3, 2007, involving a car hitting a power pole and a downed power line. In addition to prior relief, the letter sought an audit of Rocky Mountain Power and its predecessors' maintenance funding and expenditures from 1995 to the present, as well as interviews of all journeymen linemen in the state of Utah regarding the condition of the Company's system.

On May 31, 2007, Rocky Mountain Power responded in writing to the March 28 and April 9, 2007 letters. In addition to reiterating its prior responses and defenses, the Company noted that the allegations regarding system maintenance had been dealt with in prior proceedings and were barred by principles of res judicata or collateral estoppel. The Company also alleged that the letters were an improper attempt to amend the Complaint and that the allegations went far beyond the proper scope of a customer complaint. The Company alleged that Mr. Ward's personal investigation was interfering with the work of its line repair crews. The Company agreed that a floater would be an A condition, but denied that there was a floater on the pole adjacent to Evergreen Park. The Company requested that the Complaint be dismissed and that any legitimate issues raised be referred to the Service Quality Task Force established by the Commission in Docket No. 04-035-45 and given additional assignments in Docket No. 04-035-01.

On June 5, 2007, Rocky Mountain Power responded to Dr. Drake's May 25, 2007 letter. Rocky Mountain Power denied the allegations regarding the May 3, 2007 incident and provided its own version of the events. The Company argued that hazards were created by Mr. Ward's investigation of this incident and requested that Dr. Drake and Mr. Ward be directed

to follow Commission procedures with regard to future complaints and limit their claims to matters affecting their own service. The Company again requested that the Complaint be dismissed and that any issues raised be referred to Division for investigation or to the Service Quality Task Force.

A second technical conference was held by the Administrative Law Judge on June 14, 2007. Dr. Drake presented a letter that alleged that the Company had made 29 inappropriate, spurious, irrelevant, and defaming innuendos in an attempt to influence and prejudice the proceedings and stated that he intended to file a complaint against Rocky Mountain Power counsel with the Utah State Bar Association based on that allegation. The Division reported concerning the investigation being conducted with WCI. WCI stated that Rocky Mountain Power had cooperated in providing personnel and information needed and that it would complete its report by mid-August 2007. The Committee also participated in the technical conference. At the conclusion of the conference, the Administrative Law Judge had Dr. Drake clarify the relief he was seeking and explained to him that certain aspects of the relief he was seeking could not be entertained in this docket. Dr. Drake suggested an informal meeting be scheduled with Company management. The Administrative Law Judge then scheduled a technical conference for August 16, 2007, to receive a report of the Division's investigation, to allow the Parties to complete discovery and provide any additional information and to determine the future course of the proceeding. Following conclusion of the technical conference, Dr. Drake informed counsel for Rocky Mountain Power that the complaint to the Utah State Bar Association would be held in abeyance pending further proceedings.

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On August 10, 2007, the Parties filed a Stipulation with the Commission. On the same day, Dr. Drake filed a letter with the Commission stating that because the issues between the Parties had been resolved, the docket should be closed and the August 16, 2007 technical conference should be cancelled.

On August 13, 2007, the Commission issued a Notice of Hearing setting hearing to consider approval of the Stipulation for August 22, 2007. On August 14, 2007, the Commission issued a Notice of Cancellation of Technical Conference canceling the August 16, 2007, technical conference. Also on August 14, 2007, the Commission issued an Amended Notice of Hearing rescheduling hearing on the Stipulation to September 10, 2007.

On August 24, 2007, the Parties filed an Amended Stipulation stating that, as a result of a meeting between Dr. Drake and Mr. Ward and senior Company management on August 3, 2007, the Parties were successful in resolving all outstanding issues and concerns. The Amended Stipulation further provided that the Parties had engaged in substantial arms-length negotiation, and agreed that settlement of this matter on the terms and conditions provided in the Amended Stipulation would minimize the time and expense expended by the Commission, the Parties, other parties and customers, would enhance administrative efficiency, and would provide a just and reasonable result that is in the public interest and the interest of Rocky Mountain Power's customers and any other affected persons. The Parties requested approval of the Amended Stipulation, dismissal of the Complaint and the conclusion and closing of this docket.

On August 28, 2007, the Commission issued a Notice of Filing of Amended Stipulation providing notice that the hearing on September 10, 2007, would consider approval of the Amended Stipulation.

On September 6, 2007, the Division filed a memorandum and recommendation to the Commission together with a final report prepared by WCI. The WCI report recommended that the Complaint be dismissed and that Rocky Mountain Power undertake a careful review of all the condition classes and description in the "Appendix A – Three Tier Prioritization Model" to ensure consistency in criticality of assignments. Based upon that report, the Division took the position that it did not oppose approval of the Amended Stipulation and the settlement reached among the Parties, but recommended that Rocky Mountain Power be required to: 1) file a report detailing how it intends to comply with the settlement condition that it repair all A and B conditions on the four distribution circuits servicing the Millcreek neighborhood, including the shifting of crews from other projects and the criteria used to select those crews or projects; 2) report in each of its quarterly service quality filings for 2008 the impact, if any, on its service quality or reliability from complying with the settlement; and 3) track and maintain records of any compliance costs associated with the settlement.

Hearing convened on September 10, 2007 before the Administrative Law Judge. At hearing, Rocky Mountain Power proffered testimony in support of approval of the Amended Stipulation and offered to answer questions of the Administrative Law Judge or any other party. Dr. Drake and Mr. Ward were present and offered testimony in support of approval of the Amended Stipulation and offered to answer questions of the Administrative Law Judge or any

other party. The Parties stated that there was a clerical error in paragraph 27 of the Amended Stipulation. The reference in paragraph 27 to paragraphs 21, 22 and 23 should be corrected to refer to paragraphs 24, 25 and 26 of the Amended Stipulation. The Parties responded to all questions raised regarding the Amended Stipulation. Rocky Mountain Power stated that it agreed with the three conditions recommended by the Division. Dr. Drake and Mr. Ward expressed no opposition to the Division's recommended conditions. No person appeared objecting to approval of the Amended Stipulation.

II. THE AMENDED STIPULATION

The Amended Stipulation contains the following principal terms and conditions. This description of the Amended Stipulation is made for convenience of reference only and is not intended to modify the terms and conditions of the Amended Stipulation appended to this Order.

In paragraph 15 of the Amended Stipulation, Rocky Mountain Power agrees that, by December 31, 2007, it will repair all A and B conditions on four distribution circuits, Millcreek Circuits 11, 12, 13 and 14.

In paragraph 16, Rocky Mountain Power agrees to conduct a formal review of its facilities condition categories (A and B conditions) to assure that they comply with accepted electric utility practices and agrees that it will inform Mr. Ward of the outcome of that review. The Parties agree that Rocky Mountain Power has the sole discretion to make changes or not make changes to its facilities condition categories based on the review.

In paragraph 17, Rocky Mountain Power acknowledges that although it disputes Dr. Drake's and Mr. Ward's allegations, their participation in this docket has been beneficial in focusing efforts on review of certain aspects of the Company's operations.

In paragraph 18, Dr. Drake agrees, based on the Amended Stipulation and the Division's investigation, that his concerns have been addressed and that he will not to pursue further action on any issues raised to the Complaint or any issues discussed during the technical conferences held in this docket.

In paragraph 19, the Parties agree that cooperation and direct communication between them is the most effective and efficient way to deal with potential conditions on the Company's system. Accordingly, Dr. Drake and Mr. Ward agree that if either of them observes any condition on the Company's system in the future that he believes ought to be corrected or repaired, he will bring the condition to the attention of appropriate Rocky Mountain Power managers in lieu of pursuing other avenues for possible correction.

In paragraph 20, Dr. Drake and Mr. Ward acknowledge that the attorney who appeared with them at the technical conferences in this docket has no attorney-client relationship with any other customer with respect to this matter. The Parties agree that the benefits provided to customers pursuant to the Stipulation are a reasonable with sufficient benefit accruing to the customers for whom they attempted to assert claims.

In paragraphs 21 through 23, the Parties agree that the Complaint should be dismissed with prejudice, the Company should be released from all claims that were brought or

could have been brought by Dr. Drake or Mr. Ward in this docket, and the settlement contained in the Amended Stipulation is in the public interest and its terms are just and reasonable.

III. DISCUSSION

Settlement of matters before the Commission is encouraged at any stage of proceedings.¹ The Commission may approve a stipulation or settlement after considering the interests of the public and other affected persons if it finds the stipulation or settlement in the public interest.² Parties to a proceeding not joining in a stipulation or settlement shall be entitled to oppose the stipulation.³ No party has done so in this case. The Commission may approve a stipulation or settlement if the Commission finds on the basis of the evidence presented that the settlement proposal is just and reasonable in result and is in the public interest.⁴ In reviewing a settlement stipulation, the Commission may also consider whether it was the result of good-faith, arms-length negotiations.⁵

We have carefully reviewed the record in this matter, all issues raised by the Parties, and the arguments and proffered evidence of the Parties with respect to those issues. Based upon this review, we find that the agreements of Rocky Mountain Power to correct A and B conditions on Millcreek Circuits 11, 12, 13 and 14 and to review its facilities condition

¹ Utah Code Ann. § 54-7-1. *See also Utah Dept. of Admin. Services v. Public Service Comm'n*, 658 P.2d 601, 613-14 (Utah 1983).

² *Id.*

³ Utah Code Ann. § 54-7-1(3)(e)(ii).

⁴ Utah Code Ann. § 54-7-1.

⁵ *Utah Dept. of Admin. Services*, 658 P.2d at 614, n.24.

categories—its A and B conditions—to assure that they comply with accepted electric utility practices are just and reasonable. We further find that the agreement of Petitioners to communicate directly with Rocky Mountain Power regarding conditions they believe should be corrected is just and reasonable. We find no reason to disallow the other agreements of the Parties in the Amended Stipulation.

We believe that the three conditions recommended by the Division are just and reasonable additions to the terms of the Amended Stipulation. Inasmuch as no Party objected to these conditions, we believe they may be incorporated in our order without providing an opportunity for the Parties to withdraw from the Stipulation.

We therefore find and conclude that the terms of the Amended Stipulation and Rocky Mountain Power's agreement to comply with the three conditions recommended by the Division in its recommendation to the Commission dated September 6, 2007, represent a just and reasonable resolution of the current dispute. We also conclude the Complaint should be dismissed, subject to the terms and conditions of paragraph 27 of the Amended Stipulation. We further find and conclude that approval of the Amended Stipulation is in the public interest and therefore approve the Amended Stipulation as a just and reasonable settlement between the Parties to this docket. However, as we have indicated in previous orders approving settlement stipulations, our approval is not intended to alter any existing Commission policy or to establish any precedent by the Commission.

Wherefore, based upon the foregoing information, and for good cause appearing, the Administrative Law Judge enters the following proposed:

IV. ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The Amended Stipulation is approved.
2. Rocky Mountain Power shall: 1) file a report with the Commission detailing how it intends to comply with the settlement condition that it repair all A and B condition on the four distribution circuits serving the Millcreek neighborhood including, the shifting of crews from other projects and the criteria used to select those crews or projects; 2) report in each of its quarterly service quality filings for 2008 the impact, if any, on its service quality or reliability in complying with the settlement; and 3) track and maintain records of any compliance costs associated with the settlement.
3. The Complaint and all associated claims made by Dr. Drake and Mr. Ward in this docket are dismissed and this docket is concluded, subject to the terms and conditions of paragraph 27 of the Amended Stipulation.

This Order constitutes final agency action in this docket. Pursuant to Utah Code Ann. §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action.

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Any petition for review must comply with the requirements of Utah Code Ann. §§ 63-46b-14 and 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 3rd day of October, 2007.

/s/ Steven F. Goodwill
Administrative Law Judge

Approved and Confirmed this 3rd day of October, 2007, as the Report and Order of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#54883

APPENDIX

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Formal Complaint of Richard E. Drake on behalf of the Lambourne Avenue Neighborhood vs. Rocky Mountain Power	Docket No. 07-035-08 AMENDED STIPULATION
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Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) and Richard E. Drake (“Dr. Drake” referred to as “Petitioner”) (Rocky Mountain Power, Dr. Drake and Mr. Ward will be referred to individually as a “Party” and collectively as the “Parties”), in consideration of the terms and conditions of this Amended Stipulation, hereby stipulate as follows:

I. INTRODUCTION

1. On February 27, 2007, Dr. Drake filed a formal complaint against Rocky Mountain Power in Docket No. 07-035-08 (“Complaint”). A petition was attached to the Complaint that was signed by approximately 50 individuals residing in the Lambourne Avenue neighborhood. Dr. Drake claimed to represent the interests of these 50 individuals. Mr. Ward acted as a consultant to Dr. Drake in connection with the Complaint.

2. The Complaint alleged that Rocky Mountain Power (formerly owned by Scottish Power and operating solely under the name of PacifiCorp) violated provisions of the National Electric Safety Code (“NESC”) and that such violations caused numerous blackouts and created hazardous conditions in the Lambourne Avenue neighborhood in Salt Lake County. A focus of

the Complaint concerned failed insulator pins. It was alleged that failed insulator pins (referred to as “squatters”) allowed the insulators to rest on the cross arm and compromised the wet withstand strength of the insulators. This condition it is alleged to be a major cause of pole and cross arm fires. It was also alleged that charred wood insulator pin and charred wood cross arm compromised structural strength of the wire supports. The Complaint claimed that these conditions violated the NESC, constituted an imminent safety hazard and requested that penalties be assessed against the Company based on these alleged violations.

3. On March 20, 2007, Rocky Mountain Power responded to the Complaint, denying the allegations in the Complaint and moving to dismiss it. Rocky Mountain Power alleged that the outages referenced in the Complaint were caused by hardware contamination resulting from the combination of air pollution from extended inversions in the Salt Lake Valley in January and early February 2007 and light misting rain that occurred during the period from February 9 through 12, 2007. The Company alleged that squatters are not a violation of the NESC and that the squatters were not the cause of the outages. The Company alleged that squatters are not imminent safety hazards (classified by the Company as A conditions), but are rather B conditions that may be repaired the next time scheduled maintenance occurs in the area in which they are located. The Company also alleged that the Lambourne Avenue neighborhood had experienced relatively few outages and that its facilities were safe and did not expose residents to hazards. The Company asserted a number of affirmative defenses to the claims and sought their dismissal.

4. On March 28, 2007, Dr. Drake filed a letter with the Commission, alleging that Rocky Mountain Power’s predecessors had neglected to maintain the distribution system over a

number of years and that squatters are an A condition that pose an imminent safety hazard that must be corrected immediately. In addition to prior relief, the letter requested an immediate inspection of Millcreek Circuit 13, completion of all repairs by December 31, 2007, procurement for inspection by the Commission of cross arms taken down by Rocky Mountain Power in making repairs, issuance of a mandate that Rocky Mountain Power no longer be subordinate to PacifiCorp, but instead report directly to MidAmerican Energy Holding Company and implementation of recommendations from the Division's report in the Outage investigation.

5. On April 9, 2007, Dr. Drake filed a letter with the Commission, alleging that all wood pins on a particular pole adjacent to Evergreen Park (approximately three blocks from Lambourne Avenue) had failed and that a conductor appeared to be no longer attached to the cross arm, a condition known as a "floater." The filing requested that this condition be corrected immediately and that the Company be required to preserve the cross arms and insulator pins replaced.

6. On May 1, 2007, the Commission held a publicly noticed technical conference in the matter. The Parties presented their positions on the issues raised by the Complaint and subsequent filings. Dr. Drake deferred to his technical assistant Mr. Ward on technical issues. Rocky Mountain Power also raised an issue regarding Mr. Ward's investigation and its interference with Rocky Mountain Power's efforts to maintain its distribution system.

7. On May 25, 2007, Dr. Drake filed a letter making allegations about an incident on May 3, 2007, involving a car-hit-pole and a downed power line. In addition to prior relief, the letter sought an audit of the Company and its predecessors' maintenance funding and

expenditures from 1995 to the present and that all journeyman linemen in the state of Utah be interviewed regarding the condition of the Company's system.

8. On May 31, 2007, Rocky Mountain Power responded in writing to the March 28 and April 9, 2007 letters. In addition to reiterating its prior responses and defenses, the Company noted that the allegations regarding system maintenance had been dealt with in prior proceedings and were barred by principles of res judicata or collateral estoppel. The Company also alleged that the letters were an improper attempt to amend the Complaint and that the allegations went far beyond the proper scope of a customer complaint. The Company alleged that Mr. Ward's personal investigation was interfering with the work of its line repair crews. The Company agreed that a floater would be an A condition, but denied that there was a floater on the pole adjacent to Evergreen Park. The Company requested that the Complaint be dismissed and that any legitimate issues raised be referred to the Service Quality Task Force.

9. On June 5, 2007, Rocky Mountain Power responded to Dr. Drake's May 25, 2007 letter. Rocky Mountain Power denied the allegations regarding the May 3, 2007 incident and provided its own version of the events. The Company argued that hazards were created by Mr. Ward's investigation of this incident and requested that the Petitioners be directed to follow Commission procedures with regard to future complaints and limit their claims to matters affecting their own service. The Company again requested that the Complaint be dismissed and that any issues raised be referred to Division for investigation or to the Service Quality Task Force.

10. A second technical conference was held by the Commission on June 14, 2007. The Parties explained their positions. Petitioner presented a letter that alleged that the Company had made 29 inappropriate, spurious, irrelevant, defaming innuendos made in an attempt to influence and prejudice the proceedings. Petitioner suggested an informal meeting be scheduled with Company Management. Administrative Law Judge Steven Goodwill, the hearing officer assigned by the Commission, clarified the relief Petitioners were seeking and explained to Petitioner that certain aspects of the relief they were seeking could not be entertained in this docket. Following conclusion of the technical conference, Petitioners informed counsel for Rocky Mountain Power that the complaint to the Utah State Bar Association would be held in abeyance pending further proceedings.

11. During a meeting with Company Senior Management and Dr. Drake and Mr. Ward on August 3, 2007, the Parties were successful in resolving all outstanding issues and concerns. The Petitioner believes that the resolution of all issues and concerns was made possible as a result of Mid American Energy Holdings purchase of PacifiCorp. The Company (“Rocky Mountain Power”) has the autonomy and leadership to reverse years of perceived mismanagement by Portland based PacifiCorp. Mid American Energy Holdings has increased the Company’s maintenance budget and the Company is actively recruiting and training lineman. Complainant understands the Company is not admitting the existence of any past mismanagement or past maintenance deficiencies.

12. Due to the fact that there are no remaining issues to resolve, Dr. Drake filed a letter with the Commission August 10, 2007, asking that the complaint be closed.

13. During the course of the foregoing proceedings, Petitioners have conducted written discovery of Rocky Mountain Power.

14. The Parties have engaged in substantial arms-length negotiation, and agree that settlement of this matter on the terms and conditions provided in this Amended Stipulation will minimize the time and expense expended by the Commission, the Parties, and customers, will enhance administrative efficiency, and will provide a just and reasonable result that is in the public interest and the interest of Rocky Mountain Power's customers and any other affected persons.

II. TERMS AND CONDITIONS OF AMENDED STIPULATION

15. Rocky Mountain Power agrees that, by December 31, 2007, it will repair all A and B conditions on the four distribution circuits serving the Lambourne Avenue, Kempner Road and adjacent neighborhoods (collectively "Millcreek Neighborhood"), i.e., Millcreek Circuits 11, 12, 13 and 14.

16. Rocky Mountain Power will conduct a formal review its facilities condition categories (A and B conditions) to assure that they comply with accepted electric utility practices and will inform Mr. Ward of the outcome of that review. It is understood by the Parties that Rocky Mountain Power shall have sole discretion to make changes or not make changes to its facilities condition categories based on the review.

17. Rocky Mountain Power acknowledges that the participation of Dr. Drake and Mr. Ward in this docket has been beneficial in focusing efforts on review of certain aspects of

the Company's operations. Nonetheless, Rocky Mountain Power continues to dispute the allegations of Dr. Drake and Mr. Ward.

18. With the terms of this Stipulation and with the Division of Public Utilities investigating other perceived issues raised during the Technical Conference, the Petitioner agrees that his concerns have been addressed and agrees not to pursue further action on any issues raised to the Complaint or any issues discussed during the technical conferences held concerning Docket No. 07-035-08.

19. The Parties agree that cooperation and direct communication between them is the most effective and efficient way to deal with potential conditions on the Company's system. Accordingly, Petitioners agree that if either of them observes any condition on the Company's system in the future that he believes ought to be corrected or repaired, he will bring the condition to the attention of appropriate Rocky Mountain Power managers in lieu of pursuing other avenues for possible correction.

20. Petitioners acknowledge that the attorney that has appeared for them at the technical conferences, has no attorney-client relationship with any other customer with respect to this matter. The Parties agree that in the event either the Petitioners or their counsel are alleged to owe a fiduciary duty to any other Company customer by virtue of the pleadings filed in this docket, the benefits provided to customers pursuant to this Stipulation are a reasonable and sufficient benefit accruing to the customers for whom they attempted to assert claims.

21. Based upon the foregoing, the Parties agree that the Complaint should be dismissed with prejudice. The Parties further agree that the technical conference scheduled for August 16, 2007 should be cancelled and that this docket should be concluded and closed.

22. The Parties agree that Rocky Mountain Power and its current and former officers, directors, shareholders, employees, representatives, agents, and affiliates (including parents, subsidiaries, and other entities with any degree of common ownership with Rocky Mountain Power, and their current and former officers, directors, shareholders, employees, representatives, and agents) should be released from any and all claims, demands, and causes of action of any kind whatsoever, whether or not now known, suspected or claimed, which any customer of Rocky Mountain Power ever had, now has, or claims to have had relating or connected to, or arising out of, the matters raised or that could have been raised in the Complaint or the subsequent filings in this docket, and any and all relief related to such claims whether in the form of penalties, damages, refunds, reparations, attorneys' fees, injunctive relief or any other form of relief whether at law or in equity, irrespective of the theory of recovery that could have been asserted.

23. The Parties agree that approval of this Stipulation is in the public interest and that its terms and conditions are just and reasonable.

24. All negotiations related to this Stipulation are privileged and confidential and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an admission or acknowledgment by any Party of any liability, the validity or invalidity of any claim or defense,

the validity or invalidity of any principle or practice, or the basis of an estoppel or waiver by any Party other than with respect to issues resolved by this Stipulation; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party to this Stipulation except a proceeding to enforce the approval or terms of this Stipulation.

25. The Parties shall support approval of this Stipulation. Rocky Mountain Power will take the lead in obtaining approval, and the involvement of Petitioners will be only as reasonably requested by Rocky Mountain Power or the Commission. No Party to this Stipulation may present testimony or argument in opposition to approval of this Stipulation.

26. The Parties agree that if any person challenges approval of this Stipulation, requests rehearing or reconsideration of any order of the Commission approving this Stipulation or seeks review in any court of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of this Stipulation and the Commission's order in any such proceeding. Rocky Mountain Power will take the lead in supporting the Stipulation and the Commission's order, and the involvement of Petitioners will be only as reasonably requested by Rocky Mountain Power.

27. Except with regard to the obligations of the Parties under paragraphs 21, 22 and 23 of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material condition by the Commission in an order that is no longer subject to any further reconsideration or appellate review. In the event the Commission rejects any part or all of this Stipulation, or imposes any additional material condition on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or

conditioned in whole or in part by a court, each Party reserves the right to withdraw from this Stipulation. If such an order is issued, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to reach a modified stipulation. No Party shall provide notice of withdrawal prior to complying with the foregoing sentence. In the event that no modified stipulation is reached, any Party may withdraw from this Stipulation by giving written notice of withdrawal to the Commission and the other Parties to this Stipulation. Any such notice shall be given within ten days after reaching impasse in any discussions regarding modifying the Stipulation. If any Party withdraws from this Stipulation pursuant to this paragraph, no Party shall be bound or prejudiced by this Stipulation, and each Party shall be entitled to undertake any step or to assert any position it deems appropriate without regard to this Stipulation.

28. The Parties agree that this Stipulation may be adopted as the order of the Commission, enforceable as are other orders of the Commission.

III. RELIEF SOUGHT

29. Based on the foregoing, the Parties respectfully request that the Commission issue an order approving this Stipulation, adopting the terms and conditions of this Stipulation, dismissing the Complaint and concluding and closing this docket.

30. The Parties acknowledge that each of the Parties may seek to enforce the obligation of another Party under this Stipulation by filing a request for agency action with the Commission in accordance with Commission rules and the Utah Administrative Procedures Act; provided, however, that before filing a request for agency action the aggrieved Party shall first

provide notice to the other Party of the alleged failure to comply with its obligation, shall allow the Party a reasonable opportunity to correct the failure, and, in the event there is a dispute about whether the Party has failed to meet the obligation, make a reasonable attempt to resolve the dispute with the other Party.

RESPECTFULLY SUBMITTED: August __, 2007.

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