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APPEARANCES:

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Gary A. Dodge, Esq. Attorney at Law Hatch, James & Dodge	"	UAE Intervention Group
Vicki M. Baldwin Esq. Attorney at Law Parsons Behle & Latimer	"	Utah Industrial Energy Consumers

I. PROCEDURAL HISTORY

On April 16, 2009, Rocky Mountain Power, a division of PacifiCorp (“Company”), filed a letter indicating its notice of intent to file a general rate case on or about June 15, 2009 (“2009 General Rate Case”). The Company also requested approval of a forecast test period ending December 31, 2010, using a 13-month average rate base, provided written support for its test period proposal, and requested the Commission set a procedural schedule which would provide the Commission’s decision on test period by May 15, 2009.

Between April 29, 2009, and May 19, 2009, the following parties intervened in this case: Holcim, Inc., Kennecott Utah Copper Corp., Kimberly-Clark Corp., Malt-O-Meal, Praxair, Inc., Proctor & Gamble, Inc., Tesoro Refining and Marketing Co., and Western Zirconium, collectively referred to as Utah Industrial Energy Consumers (“UIEC”); and Utah Association of Energy Users, ATK Space Systems, American Pacific Corporation, Chevron U.S.A., Inc., ConocoPhillips Gas and Power, Hexcel Corporation, IHC Health Services, Inc., IM Flash Technologies, LLC, May Foundry & Machine Company and Simplot Phosphates, collectively known as UAE Intervention Group (“UAE”).

Upon request, on April 22, 2009, the Commission issued a Protective Order in this case. On April 23, 2009, a duly noticed scheduling conference was held. On April 30, 2009, the Company filed direct testimony in support of its proposed test year. On May 13, 2009, the Division of Public Utilities (“Division”), on behalf of the Division, Company, the Office of Consumer Services (“OCS”), and UAE notified the Commission of a tentative settlement agreement on test period, and requested the Commission extend the filing date for parties other than the Company to file test period testimony until May 19, 2009, and preserve the May 21,

2009, hearing date to conduct a hearing on the stipulation, if executed and filed, or, in the alternative, a hearing on test period.

On May 14, 2009, the Company filed a Test Period Stipulation (“Stipulation”) executed by the Company, the Division, OCS, and UAE, and a motion for approval of the Stipulation. In addition, the Commission issued both a Test Period Scheduling Order, based on the April 23, 2009, scheduling conference, which set a schedule for the filing of testimony and established a date for the hearing on test period, and Notice of Test Period Stipulation. On May 18, 2009, the Commission issued a Notice of Hearing.

On May 21, 2009, the hearing on the Stipulation was held and the Company filed an updated Stipulation signature page showing the signature of UIEC’s representative.

II. TEST PERIOD STIPULATION

A. Overview

In its April 30, 2009, direct testimony on test period the Company proposes a test period for its 2009 General Rate Case consisting of the twelve months ending December 31, 2010, using a 13-month average rate base, and using an historical base year of the 12 months ending December 31, 2008. The Company argues a forecast test period is necessary during a period of major construction and/or rising expenses and to address regulatory lag. The Company addresses the eight Commission-identified factors which should be considered to determine

which test period best reflects the expected conditions during which the new rates will be in effect.¹

The Company testifies the main driver for the 2009 General Rate Case is the significant level of capital investment the Company is making on behalf of its customers. In support of its proposal, the Company provides a list of plant additions in excess of \$20 million, each scheduled to be in service by December 2010, that are either not included in current rates or not fully included in current rates. The Company further identifies two projects (Populus to Ben Lomond Transmission Line Segment, and one wind generation project) each of which meets the definition of a major plant addition under the recently-enacted Senate Bill 75 which are not included in the Company's proposed test period plant investments.² The Company plans to use the alternate cost recovery mechanism in Utah Code Annotated ("UCA") §54-7-13.4 to recover the costs of these two projects. The Company also explains the effect of economic uncertainty on its proposal for selection of a test period. No other party filed written direct testimony on the test period to be used in this case.

In the May 14, 2009, Stipulation, parties agree to a different test period than initially proposed by the Company. Without modifying its terms in any way, the following is a brief summary of the Stipulation. The Stipulation is included as Appendix I to this order.

¹ See the October 20, 2004, Order Approving Test Period Stipulation in Docket No. 04-035-42, "In The Matter of the Application of PacifiCorp for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations" and the February 14, 2008, Order on Test Period in Docket No. 07-035-93, "In the Matter of the Application of Rocky Mountain Power for Authority To Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge."

² Senate Bill 75, "Utility Amendments," added to Utah Code 54-7 a new subsection 54-7-13.4 entitled "Alternative cost recovery for major plant additions – Procedure."

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The parties to the Stipulation are the Company, the Division, OCS, UAE and UIEC (“Stipulation Parties”). The Stipulation represents that on May 7, 2009, the Company invited all intervenors and parties that either petitioned to intervene, or expressed an intent to intervene in this proceeding, to a settlement conference. On May 12, 2009, the Company met with the Division to engage in settlement discussions and on May 13, 2009, the Stipulation Parties engaged in settlement discussions and an agreement in principal was reached and a copy of the draft stipulation was circulated to intervenors and other potential parties. As a result of the settlement negotiations, the Stipulation Parties agreed the test period to be used in the 2009 general rate case should be the twelve months ending June 30, 2010, utilizing a 13-month average rate base. At hearing, the Company clarified the historical base period would be the period ending December 31, 2008.

The Stipulation identifies four capital investment projects (Ben Lomond to Terminal Transmission Line Segment, Dave Johnston Scrubber Projects, Ben Lomond to Populus Transmission Line Segment, and 2009R RFP Resource Selection Process). The Stipulation Parties agree no projected costs or revenues associated with the Ben Lomond to Terminal Transmission Line Segment or Dave Johnston Scrubber Projects will be included in the 2009 General Rate Case. The Company intends to file an application on or after February 1, 2010, for alternative cost recovery for a major plant addition for these projects and Stipulation Parties agree not to oppose the Company’s right to file or time of filing of the Company’s application for approval of rate recovery for these projects. For the Ben Lomond to Populus Transmission Line Segment and 2009R RFP Resource Selection Process, the Company intends to file an application on or after August 3, 2010, for alternative cost recovery of these projects

(assuming that the 2009R RFP Resource Selection Project results in a capital project to be included in rate base) and Stipulation Parties agree not to oppose the Company's right to file or time of filing of the Company's application for approval of rate recovery for these projects. Nothing in the Stipulation is intended to prevent the Company from filing any waiver or approval under the Energy Resource Procurement Act ("Act") or an application for rate recovery pursuant to the Act.

The Stipulating Parties acknowledge the rules pertaining to the use of the alternative cost recovery procedure for major additions have not yet been issued by the Commission and agree, notwithstanding any outcome from the rulemaking process currently in place in Docket No. 09-999-08 to implement Senate Bill 75 that may conflict with any provision of the Stipulation, they will not oppose the timing of filings of any of the applications specified in the Stipulation.³

The Stipulation specifies the Company will not file another general rate case prior to January 1, 2011. Further, the Stipulation Parties agree non-Company test period testimony in this case should be suspended in favor of testimony in support of the Stipulation which will be presented live at the hearing and agree to request that a hearing for approval of this Stipulation be held May 21, 2009, with the public witness portion to be held subsequently thereto.

³ Docket No. 09-999-08, "In the Matter of the Rule-Making for Provisions Delineating "Complete" Application Requirements for Rate Case and Major Plant Addition Applications Pursuant to Utah Code Sections 54-7-12 and 54-7-13.4."

B. Parties' Positions

The Company, Division, OCS, UAE and UIEC agree the Stipulation is just, reasonable and in the public interest. The Company, Division and OCS provide testimony recommending the Commission approve the Stipulation. At the hearing held on May 21, 2009, to address the Company's motion to approve the stipulation, no party appeared in opposition.

The Company testifies the parties negotiated in good faith and came to an agreement on test period that is workable for all parties. The Company also testifies the Stipulation provides a reasonably known schedule for rate case filings over the next two years which most parties appreciate. The Company states it is not aware of any party who has either intervened or expressed an interest to intervene who has not signed the Stipulation or who is opposed to the Stipulation.

The Division testifies it performed an independent review of the appropriate test period for this case and the Stipulation is consistent with its analysis which concludes a forecast test period of the 12 months ending June 30, 2010, with a 13-month average rate base, best reflects the period when rates will be effective. The Division states it considered the factors identified in prior Commission orders and other economic factors deemed relevant to selection of a test period and considered both Company and ratepayer interests. The Division concludes projections of prices, loads and costs are based on economic variables that are themselves difficult to project through to the end of 2010. The Division is also concerned about the Company's ability to accurately project capital investment through to the end of 2010, both with respect to the impacts on appropriate return on capital and to the Company's overall revenue requirement. The Division testifies the stipulated test period, combined with the opportunity for

the Company to request alternative cost recovery treatment for major plant additions, will balance the interest of the Company in reducing regulatory lag and the interests of customers by reducing the risks associated with the timing and cost of major capital additions projected to be completed 18 months into the future.

The OCS testifies it carefully analyzed the test period evidence, issues of concern to the OCS in prior test year determinations, and other factors and circumstances likely to be important in the 2009 General Rate Case. Considering both short-term and long-term rate impacts, reliability and quality of service, OCS's ability to remedy test period concerns through rate case adjustments, and the Stipulation's provision the Company will not file another rate case prior to January 2011, the OCS concludes the Stipulation is advantageous to the customer groups it represents and advocates the Commission approve the Stipulation.

C. Discussion, Findings and Conclusions

The parties testify they have considered statutory requirements, prior Commission orders and the interests of both the Company and its customers given current economic conditions, short and long-run rate impacts, reliability and quality of service in crafting the terms of the Stipulation. Given the Utah statutory provisions in UCA §54-7-1, which encourage informal resolution of matters brought before the Commission, at the conclusion of the Test Period Stipulation hearing we approved the Stipulation as proposed, without modification. After examining the Stipulation and the evidence contained in the record, we conclude its terms and results are just and reasonable. Our approval of the Stipulation, as in similar cases, is not intended to alter any existing Commission policy nor to establish any precedent by the Commission.

III. ORDER

Wherefore, pursuant to our discussion, findings and conclusions made herein, we order:

1. The Test Period Stipulation is approved.

This Report and Order on Test Period constitutes final agency action on Test Period in this case. Pursuant to Utah Code 63G-4-301 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. Any Petition for Review must comply with the requirements of Utah Code 63G-4-401 through -403 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 1st day of June, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#62294

APPENDIX I: TEST PERIOD STIPULATION
BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service	DOCKET NO. 09-035-23 TEST PERIOD STIPULATION
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1. This Test Period Stipulation in Docket 09-035-23 (“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 of Utah (the “Commission”) approve the Stipulation and all of its terms and conditions.

II. BACKGROUND

3. On April 16, 2009, the Company filed with the Commission its Intent to File a General Rate Case and Request for Approval of the Company’s Test Year. Specifically, the Company requested that the Commission approve a twelve month ending December 31, 2010 forecast test period. Certain other parties stated an intent to file testimony supporting a forecast test period ending June 30, 2010.

4. On April 23, 2009, a scheduling conference was held to set a schedule to resolve disputes regarding the appropriate test period to be used in the Company's 2009 general rate case, Docket No. 09-35-23 (2009 General Rate Case). At the scheduling conference, participating parties agreed to the following schedule: April 30, 2009 – Company's Direct Testimony due; May 14, 2009 – Non-Company Rebuttal Testimony due; and May 21, 2009 – Hearing.

5. On April 30, 2009, the Company filed with the Commission its Direct Testimony on test period issues.

6. On May 7, 2009, the Company contacted all intervenors and parties that either petitioned to intervene or that expressed an intent to file a petition to intervene in the proceeding to invite them to a settlement conference.

7. On May 12, 2009, the Company met with the Division of Public Utilities to engage in settlement discussions.

8. On May 13, 2009, the Parties engaged in settlement discussions and an agreement in principle was reached. A copy of the draft stipulation was prepared and circulated to intervenors and parties that either petitioned to intervene or that expressed an intent to file a petition to intervene. As a result of the settlement negotiations, the Parties to this Stipulation have agreed to the test period to be used in the 2009 General Rate Case, as more specifically set forth below.

III. TERMS OF STIPULATION.

Subject to Commission approval and for purposes of this Stipulation only, unless otherwise noted, the Parties agree as follows:

9. Test Period. The Parties agree that they will use a twelve month ending June 30, 2010 forecast test period, utilizing average (13 month) rate base, in the 2009 General Rate Case.

10. Single Item Rate Cases.

a. Ben Lomond to Terminal Transmission Line Segment and Dave Johnston Scrubber Projects. The Company anticipates that (i) the capital additions of scrubbers to the Dave Johnston Power Station will be completed by May 2010 and (ii) the Ben Lomond to Terminal Transmission Line Segment will be completed by June 2010. No projected costs or revenues associated with the foregoing projects will be included in the Company's 2009 General Rate Case. The Company intends to file an application on or after February 1, 2010 for single item rate recovery of the foregoing capital projects pursuant to Utah Code Anno. § 54-7-13.4 (the "Act"). The Parties agree not to oppose the Company's right to file or time of filing (assuming consistency with the 90 and/or 150 days stated in the Act) of the Company's application for approval of rate recovery for the foregoing projects. All Parties reserve and retain the right to take or make any and all substantive positions, claims or objections going to the merits, prudence (if a prudence review has not already been made under the Energy Resource Procurement Act) or amount of recovery in connection with such filings.

b. Ben Lomond to Populus Transmission Line Segment and 2009R RFP Resource Selection Process. The Company anticipates that (i) the Ben Lomond to Populus Transmission Line Segment will be completed by December 2010, and (ii) a resource selection will have been made and implemented in the 2009R RFP resource selection process by November 2010. The Company intends to file an application on or after August 3, 2010 for single item rate recovery

of the foregoing capital projects pursuant to the Act assuming, with respect to the later project, that the 2009R RFP resource selection process results in a capital project to be included in rate base. The Parties agree not to oppose the Company's right to file or time of filing (assuming consistency with the 90 and/or 150 days stated in the Act) of the Company's application for approval of rate recovery for the foregoing projects. All Parties reserve and retain the right to take or make any and all substantive positions, claims or objections going to the merits, prudence (if a prudence review has not already been made under the Energy Resource Procurement Act) or amount of recovery in connection with such filings.

c. Time Limited Commercial Opportunity. Nothing in this Stipulation is intended to prevent the Company from filing for any waiver or approval under the Energy Resource Procurement Act or an application for rate recovery pursuant to the Act. In the event the Company files such an application under the Act, the Parties agree not to oppose the Company's right to file or time of filing (assuming consistency with the 90 and 150 days stated in the Act) of the Company's application for approval of rate recovery for such project pursuant to the Act.

11. Senate Bill 75 Rule Making. The Parties acknowledge that rules pertaining to the use of single item rate filings have not yet been issued by the Commission. The Parties agree that, notwithstanding any outcome from the rulemaking process currently in place in Docket 09-999-08 to implement Senate Bill 75 that may conflict with any provision of this Stipulation, they will not oppose the timing or filings of any of the applications as specified herein. The Company agrees to file with each such application testimony and exhibits that will support the Company's application under the Act.

12. Timing of Next General Rate Case. The Company agrees that it will not file another general rate case prior to January 1, 2011.

13. Suspension of Rebuttal Testimony. The Parties have previously requested a continuance of the non-Company test period testimony due date from May 14, 2009 until 12 pm (MT) to May 19, 2009. By signing this Stipulation, the Parties agree that such testimony filing requirement should be suspended, in favor of testimony in support of the Stipulation, which will be presented live at the hearing.

14. Stipulation Hearing Schedule. The Parties agree to request that the hearing for approval of this Stipulation be held May 21, 2009, with the public witness portion to be held subsequently thereto on May 21, 2009.

IV. GENERAL TERMS AND CONDITIONS

15. 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 except a proceeding to enforce the approval or terms of this Stipulation.

16. The Parties respectfully request of the Commission that all of the pre-filed testimony in this Docket be admitted into the record without witnesses being called or sworn at the proceeding. The Company, the Division and the Office of Consumer Services (the “Office”) each agree to make one or more witnesses available to explain and support this Stipulation to the Commission. Such witnesses will be available for examination. So that the record in this Docket is complete, the Parties may move for admission of evidence, comments, position statements or exhibits that have been filed on the issues resolved by this Stipulation; however, notwithstanding the admission of such documents, the Parties shall support the Commission’s approval of the Stipulation and the Commission order approving the Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

17. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation. As applied to the Division and the Office, the phrase “use its best efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review opposed to the Stipulation.

18. Except with regard to the obligations of the Parties under the two immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission’s approval is rejected or

materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission's approval of this Stipulation is rejected or materially conditioned by a reviewing court, 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 determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and no Party shall be bound or prejudiced by the terms and conditions of the Stipulation.

19. The Parties may execute this Stipulation in counterparts each of which is deemed an original and all of which only constitute one original.

BASED ON THE FOREGOING, the Parties request that the Commission issue an order approving this Stipulation and adopting the terms and conditions of this Stipulation.

Respectfully submitted this 14th day of May, 2009.

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ROCKY MOUNTAIN POWER

/s/ Mark C. Moench

Mark C. Moench

Senior Vice President & General Counsel

UTAH DIVISION OF PUBLIC UTILITIES

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UTAH INDUSTRIAL ENERGY CONSUMERS

/s/ F. Robert Reeder

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UAE INTERVENTION GROUP

/s/ Gary A. Dodge

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Hatch, James & Dodge