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November 18, 2009

Public Service Commission of Utah
400 Heber M. Wells Office Building
160 East 300 South
Salt Lake City, UT 84111

Re: Communications on Inter-jurisdictional Allocation Issues

Dear Commissioners:

Your Staff, the Utah Division of Public Utilities (“Division”) and the Utah Office of Consumer Services (“Office”) (“Utah Parties”) submitted a proposal (“Proposal”) to the MSP Standing Committee on September 10, 2009 to consider “whether continued use of the revised protocol and rolled-in methods with rate mitigation measures is just and reasonable for PacifiCorp’s Utah jurisdiction.” The Utah Parties presented a more detailed version of the Proposal during the September 29, 2009 MSP Standing Committee conference call.

On October 19, 2009, the Utah Commission issued an order in Docket No. 09-035-23, PacifiCorp’s pending general rate case in Utah, directing the Division and inviting other parties to file testimony on two issues by November 12, 2009. The two issues were: “1. Are the continued use of the 2004 Stipulation terms for the development of the Utah revenue requirement in this case in the public interest? 2. Whether there are alternatives, such as the use of the Rolled-In method without the revenue requirement adjustments contained in the 2004 Stipulation terms, which would be just and reasonable in this case.” The 2004 Stipulation adopted the use of the Revised Protocol with rate mitigation measures based on the Rolled-In method for inter-jurisdictional allocation in Utah.

Given the substantial similarity between the issues raised in the Proposal and the October 19, 2009 Order, PacifiCorp filed a petition on October 22, 2009 requesting the Commission to immediately stay the order and to reconsider and vacate it. One of the grounds for the petition was that the Utah Commission and staff could not participate in the consideration of the Proposal by the Standing Committee without violating the bar on ex parte communications in Utah statutes and rules.

Following the filing of responses to PacifiCorp’s petition by the Division, Office and other parties in the Utah rate case, the Commission issued its Order Staying the October 19, 2009 Order (“Stay Order”) on November 9, 2009. The Commission stayed the October 19, 2009 Order on the ground that there was not adequate time to prepare and present an adequate evidentiary record addressing the two questions and issues associated with inter-jurisdictional allocation methods during the case. Therefore, the Stay Order stated that parties need not address the two questions in the October 19, 2009 Order in their forthcoming testimony.

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However, the Stay Order also stated that the Utah Commission “intend[s] to have inter-jurisdictional allocation issues addressed and the reasonableness of any allocation established prior to our approval of any future change in [PacifiCorp’s] rates.”

In light of the Stay Order, Rocky Mountain Power understands that the MSP Standing Committee may now continue its consideration of the Proposal with participation of the Commission’s Staff. However, given your intention to address the issue prior to approving any future change in PacifiCorp’s rates in Utah, the Company believes it is essential that all discussions involving Commissioners or the Commission’s Staff with any other of the Utah parties regarding inter-jurisdictional allocation issues be publicly noticed and open to all interested participants. This will avoid any possibility that improper ex parte communications will take place regarding issues that the Commission intends to formally litigate.

Very truly yours,

Mark C. Moench

Senior Vice President and General Counsel

cc: Parties to Docket No. 09-035-23
Members of MSP Standing Committee