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*Attorneys for Rocky Mountain Power*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power for Alternative Cost Recovery for Major Plant Additions of the Populus to Ben Lomond Transmission Line and the Dunlap I Wind Project	)	
	)	DOCKET NO. 10-035-89
	)	
	)	<b>APPLICATION</b>
	)	
	)	

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**APPLICATION FOR ALTERNATIVE COST RECOVERY**

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Rocky Mountain Power (“Rocky Mountain Power” or “Company”) hereby submits its application (“Application”) to the Public Service Commission of Utah (“Commission”) requesting approval for alternative cost recovery of the major plant addition investments the Company is making in the Populus to Ben Lomond transmission

line and the Dunlap I wind project, resulting in an increase in its retail electric utility service rates in Utah in the amount of \$39.0 million pursuant to Utah Code Ann. § 54-7-13.4. This Application is also filed pursuant to the Test Period Stipulation filed in Docket 09-035-23 on May 14, 2009, and in which all or most of the parties anticipated to be interested in this Application joined (“Test Period Stipulation”).

In addition, the Company requests that the Commission allow the Company to collect the (a) \$30.8 million revenue requirement related to the Ben Lomond to Terminal transmission line and the Dave Johnston 3 environmental improvement projects approved by the Commission pursuant to its Report and Order, dated June 15, 2010 (the “Order”) in Docket No. 10-035-13 (the “MPAC 1 Docket”), and (b) the \$15.7 million deferral (“MPAC Deferred Balance”) for the July 1, 2010 through December 31, 2010 period attributable to the MPAC 1 Docket. The Company requests that this rate increase be made effective on January 1, 2011, subject to Utah Code Ann. § 54-7-13.4(6)(a). In support of the Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 800,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111.

3. Communications regarding this filing should be addressed to:

David L. Taylor  
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Rocky Mountain Power  
201 South Main Street, Suite 2300  
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In addition, Rocky Mountain Power requests that all data requests regarding the Application be sent in Microsoft Word or plain text format to the following:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

Informal questions may be directed to David L. Taylor, Utah Regulatory Affairs Manager at (801) 220-2923.

**Request for Authority to Increase Rates on January 1, 2011.**

4. This Application substantially complies with the minimum filing requirements established by the Commission in Utah Admin. Code R746-700-30 for cost recovery of a major plant addition.<sup>1</sup>

5. Pursuant to applicable Utah statutes and Commission rules, Rocky Mountain Power hereby requests approval for cost recovery of the major plant addition investments

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<sup>1</sup> The Company provided notice of its intent to file this Application more than 30 days in advance of the filing as required by R746-700-1.B. in the Test Period Stipulation.

the Company is making in the Populus to Ben Lomond transmission line and the Dunlap I wind project. The amount of the rate increase requested is approximately \$39.0 million. In addition, the Company requests that the Commission allow the Company to collect the \$30.8 million revenue requirement approved by the Commission pursuant to its Order in the MPAC 1 Docket. The Order approved the Settlement Stipulation entered into in the MPAC 1 Docket among the Company and intervening parties for approval of costs related to the Ben Lomond to Terminal transmission line and the Dave Johnston 3 environmental improvement projects which were completed and put in service by April 2010 and May 2010, respectively. The combined effect of these two adjustments is an increase in revenue to be recovered from customers in base rates through its proposed tariff Schedule 40, Major Plant Additions, of approximately \$69.8 million, which the Company requests to incorporate in its rates and charges for all applicable customer classes on January 1, 2011. Finally, the Company requests that it be allowed to begin collecting the MPAC Deferred Balance of \$15.7 million at December 31, 2010, and ongoing carrying charges, through its proposed tariff Schedule 97, Major Plant Additions Deferral Rider, beginning with service rendered on January 1, 2011 and collected over an eight month period, ending in September 2011, or at such time as the MPAC Deferred Balance has been fully collected.

6. The Populus to Ben Lomond transmission line is the second section of the Populus to Terminal transmission line that is being installed as part of the Energy Gateway project to provide necessary additions to transmission capacity from Idaho to Utah. As mentioned above, the various segments of the Ben Lomond to Terminal section were completed and put in service by April 2010. The Populus to Ben Lomond section is

expected to be completed and in service by November 16, 2010. The total capital investment in the Populus to Ben Lomond section is expected to be approximately \$548.1 million. Of this amount, approximately \$225.5 million will be allocated to Utah.

7. The Dunlap I wind project is a 111 MW wind project consisting of seventy four wind turbine generators, access roads, an electrical collector system, a 34.5 kV to 230 kV collector substation, a 230 kV transmission line (approximately 11.6-miles in length), 230 kV breakers, access roads, a 230 kV interconnection substation, an operations and maintenance building and communication and control facilities. The Dunlap I wind project is expected to be completed and in service by September 30, 2010, with a total capital cost of approximately \$264.5 million. Of this amount, \$108.8 million will be allocated to Utah.

8. The capital cost for each of these projects allocated to Utah is in excess of \$46.3 million, one percent of the Company's \$4.6 billion rate base assigned or allocated to Utah as determined in the Company's most recent rate case, Docket No. 09-035-23.

#### **Deferral Amount and MSP**

9. Pursuant to the Order, Rocky Mountain Power began deferring \$2,566,667 plus the monthly carrying charge of 0.695 percent per month, which is the monthly deferral amount, attributable to the Ben Lomond to Terminal transmission line and the Dave Johnston 3 environmental improvement projects.

10. Consistent with Rocky Mountain Power's request to begin collection of the rate increase in the amount of \$69.8 million associated with this Application on or about January 1, 2011, and as directed by the Commission in its Order, Rocky Mountain Power intends to stop deferring the monthly deferral amount on December 31, 2010, at which

time the MPAC Deferred Balance will be approximately \$15.7 million.

11. Rocky Mountain Power intends to collect the MPAC Deferred Balance and ongoing carrying charges beginning on January 1, 2011 in addition to the \$69.8 million increase included in this Application. The MPAC Deferred Balance will be collected over approximately eight months, and the proposed Schedule 97 tariff rider will be cancelled once the MPAC Deferred Balance and carrying charges are collected. It is expected that the cancellation of the Schedule 97 tariff rider will occur contemporaneously with the planned effective date of the Company's next general rate case expected to be filed in January 2011 and made effective in September 2011.

### **MSP Cost Allocations**

12. On November 9, 2009 the Commission issued its Order Staying the October 19, 2009 Order in Docket 09-035-23 ("November 2009 Order"), noting that it intended to have inter-jurisdictional allocation issues addressed and the reasonableness of any allocation established prior to its approval of any future changes in Rocky Mountain Power's rates. Rocky Mountain Power acknowledges that this Application is the Company's first request for a rate increase since the November 2009 Order. However, Rocky Mountain Power is aware that inter-jurisdictional allocation issues are currently being addressed by the Commission and the regulatory agencies that govern the Company's rates in the Company's other service territories in on-going meetings, as members of the Standing Committee<sup>2</sup>. Additionally, it is anticipated that the Company will make filings by September 15, 2010, in each of the states participating in the Multi State Process to address revisions to the current allocation agreement. For purposes of

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<sup>2</sup> The Standing Committee was established as part of the Revised Protocol Agreements for the purpose of continued monitoring and maintenance of the Revised Protocol method.

this Application, Rocky Mountain Power's calculations of the incremental revenue requirement associated with the Populus to Ben Lomond transmission line and the Dunlap I wind project are based on the Rolled-In allocation methodology, with no adder related to the Rate Mitigation Cap.

General Information

13. The general information required by R746-700-30.A is provided in the Direct Testimony of Brian S. Dickman, John Cupparo, Darrell T. Gerrard and Stefan A. Bird, Exhibits 1, 2, 3 and 4, respectively, to this Application, and is described in detail in Attachment 1 to this Application.

Financial Information

14. The financial information required by R746-700-30.B is included in the Direct Testimony of Brian S. Dickman, John Cupparo, Darrell T. Gerrard and Stefan A. Bird, Exhibits 1, 2, 3 and 4, respectively to this Application, and described in detail in Attachment 1 to this Application.

Capital Cost, Rate Base and Jurisdictional Allocation

15. The capital cost, rate base and jurisdictional allocation information required by R746-700-30.C is included in the Direct Testimony of Brian S. Dickman and Bruce N. Williams, Exhibits 1 and 5, respectively, to this Application, and is described in detail in Attachment 1 to this Application.

Cost and Operating Expense Information

16. The cost and operating expenses information required by R746-700-30.D is included in the Direct Testimony of Brian S. Dickman, John Cupparo, and Craig Paice,

Exhibits 1, 2, and 7, respectively, to this Application, and is described in detail in Attachment 1 to this Application.

Net Power Cost

17. The net power costs information required by R746-700-30.E is included in the Direct Testimony of Dr. Hui Shu, and Stefan A. Bird, Exhibits 6 and 4, respectively, to this Application, and is described in detail in Attachment 1 to this Application.

Rate Spread

18. The Company is proposing to allocate the revenue increase to customer classes based upon the incremental cost of service study results between the revenue requirement ordered by the Commission in the 2009 Utah General Rate Case and the revenue requirement presented in this proceeding by Company witness Brian S. Dickman. Also, Commission ordered methodology changes will be incorporated into the Company’s cost of service model.

19. The table below summarizes the proposed increase by rate schedule for each listed customer class for the \$69.8 million increase to base rates to be collected through Schedule 40, Major Plant Additions.

<b>Customer Class</b>	<b>Proposed Percentage Change from Rates In Effect</b>
<b>Residential</b>	4.35%
<b>General Service</b>	
Schedule 6	5.05%
Schedule 8	5.11%
Schedule 9	5.63%
Schedule 23	4.57%
<b>Irrigation</b>	5.12%



The table below summarizes the proposed increase by rate schedule for each listed customer class for the \$15.7 million Total Deferral Amount to be collected starting January 1, 2011 through approximately September 1, 2011.

<b>Customer Class</b>	<b>Proposed Percentage Change from Rates In Effect</b>
<b>Residential</b>	1.46%
<b>General Service</b>	
Schedule 6	1.69%
Schedule 8	1.74%
Schedule 9	1.96%
Schedule 23	1.51%
<b>Irrigation</b>	1.84%

*Rate Design*

20. The Company proposes to collect the Schedule 40 and Schedule 97 charges from customers through increases to demand charges (where applicable) and energy charges for each customer class. Rates will be designed to collect the total revenue requirements proposed by the Company for each rate schedule.

*Witnesses – Prefiled Written Testimony*

21. The Application and the requests made herein are supported by the prefiled written direct testimony and exhibits of the following witnesses, all of which are exhibits to the Application:

- **Brian S. Dickman**, Manager of Revenue Requirement, provides the Company’s revenue requirement associated with the major plant additions and explains the recovery

of the July through December 2010 deferral of the revenue requirement in the MPA1 Docket.

- **John A. Cupparo**, Vice President of Transmission for PacifiCorp, provides information on the Populus to Ben Lomond transmission line.

- **Darrell T. Gerrard**, Vice President of Transmission System Planning for PacifiCorp, provides additional information on the Populus to Ben Lomond transmission line.

- **Stefan A. Bird**, Senior Vice President, Commercial and Trading for PacifiCorp Energy, provides information on the Dunlap I wind project.

- **Bruce N. Williams**, Vice President and Treasurer, provides information on the Company's financing of the capital investments in the major plant additions and on discussions with rating agencies regarding the projects.

- **Dr. Hui Shu**, Manager, Net Power Costs for PacifiCorp, provides the net power cost impact of the major plant additions.

- **C. Craig Paice**, Regulatory Consultant in the Pricing and Cost of Service Department, provides the Company's class cost of service impacts of the major plant additions.

- **William R. Griffith**, Director of Pricing, Cost of Service and Regulatory Operations, provides the Company's rate spread and rate design proposals and the proposed tariffs to be implemented approximately January 1, 2011 to collect the rate increase and deferred costs.

WHEREFORE, by this Application, Rocky Mountain Power respectfully requests that the Commission:

22. Authorize cost recovery through customer rates in the amount of approximately \$69.8 million revenue requirement, which the Company requests to incorporate in its rates and charges for all customer classes on January 1, 2011 comprised of (a) \$39.0 million for major plant addition investments the Company is making in the Populus to Ben Lomond Transmission Line and the Dunlap I wind project and (b) \$30.8 million for major plant addition investments approved by the Commission pursuant to the Settlement Stipulation in the Order.

23. Authorize the Company to begin collecting the MPAC Deferred Balance of \$15.7 million as of December 31, 2010, and ongoing carrying charges, through its proposed tariff Schedule 97, Major Plant Additions Deferral Rider, beginning with service rendered on January 1, 2011 and collected over an eight month period, ending in September 2011, or at such time as the MPAC Deferred Balance has been fully collected.

DATED this 3<sup>rd</sup> day of August, 2010.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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