



May 28, 2010

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

RECEIVED
2010 MAY 28 AM 11:51
IDAHO PUBLIC
UTILITIES COMMISSION

201 South Main, Suite 2300
Salt Lake City, Utah 84111

Re: Case No. PAC-E-10-07
In the Matter of the Application of Rocky Mountain Power for Approval of Changes to its Electric Service Schedules and a Price Increase of \$27.7 Million, or Approximately 13.7 Percent

Dear Ms. Jewell:

Please find enclosed for filing an original and nine copies of Rocky Mountain Power's Application in the above-referenced matter, along with nine copies of PacifiCorp's direct testimony and exhibits. Also enclosed is a CD containing the Application, summary of testimony, testimony and exhibits, customer notice and press release; and a confidential CD containing confidential testimony and exhibits. To the attention of the Court Reporter is a paper copy of all documents along with a CD containing all testimony and exhibits in their original formats.

All formal correspondence and regarding this Application should be addressed to:

Ted Weston
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Fax: (801) 220-2798
Email: ted.weston@pacificorp.com

Daniel E. Solander
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Fax: (801) 220-3299
Email: daniel.solander@pacificorp.com

Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com

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

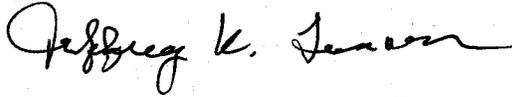
Idaho Public Utilities Commission

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Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,



TW

Jeffrey K. Larsen
Vice President, Regulation

cc: Service List

Enclosures

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Mark C. Moench
Daniel E. Solander
Yvonne R. Hogle
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mark.moench@pacificorp.com
daniel.solander@pacificorp.com
yvonne.hogle@pacificorp.com
Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF ROCKY)	CASE NO. PAC-E-10-07
MOUNTAIN POWER FOR)	
APPROVAL OF CHANGES TO ITS)	APPLICATION OF
ELECTRIC SERVICE SCHEDULES)	ROCKY MOUNTAIN POWER
AND A PRICE INCREASE OF \$27.7)	
MILLION, OR APPROXIMATELY)	
13.7 PERCENT)	

Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”) hereby applies to the Idaho Public Utilities Commission (“Commission”) for approval of proposed changes to the Company’s electric service schedules submitted herewith. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 72,700 customers in the state of Idaho and is subject to the jurisdiction of the Commission.

2. Communications regarding this Application should be addressed to:

Ted Weston
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Fax: (801) 220-2798
Email: ted.weston@pacificorp.com

and to:

Daniel E. Solander
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Fax: (801) 220-3299
Email: daniel.solander@pacificorp.com

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred) datarequest@pacificorp.com

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

3. Rocky Mountain Power's proposed revised tariff schedules, which are filed with this Application, would result in a net increase of \$27.7 million, or 13.7 percent, in prices for the Company's Idaho retail customers. The revised tariff schedules reflect a proposed effective date of June 28, 2010.

4. This proposed increase is based upon normalized results of operations for the test period ending December 31, 2009, with known and measurable changes. The Company is currently earning a return on equity ("ROE") of 5.7 percent, which is significantly below the Company's currently authorized return, the returns recently authorized for other Idaho investor-owned utilities, and the 10.6 percent ROE supported by the Company's testimony filed with this Application. Without the requested increase in revenues, it will be increasingly difficult for the Company to maintain its utility infrastructure and continue to provide adequate, efficient, just and reasonable service to its Idaho customers. The Company is in the midst of a multi-year program of investing in renewable energy, transmission facilities, and environmental controls to serve its customers in Idaho and across its six state

system. At a total company level, the test period includes over \$4 billion of new plant investment and \$87 million in increased power costs. This Application includes in rates the investments, costs, and benefits of the Company's activities during the test period, and reflects other changes in costs during that period.

5. Rocky Mountain Power's direct case consists of the testimony and exhibits of fifteen witnesses. Below is a brief summary of their testimony.

- (a) A. Richard Walje, president, Rocky Mountain Power, will present an overview of the Company's justification for its case, describe the major capital investment the Company is making to serve its customers, the cost control efforts to minimize rate impact on customers, and provide the context for the testimony of the other witnesses.
- (b) Steven R. McDougal, director, revenue requirement, will discuss the revenue increase and the sources of the data used in determining the normalizing adjustments related to revenue, operations and maintenance expense, net power costs, depreciation and amortization, taxes, and rate base in developing the Idaho revenue requirement. Mr. McDougal will also support the Company's proposed interjurisdictional allocation of common costs, and the allocation treatment of Monsanto's curtailment, and the Company's irrigation load control program. Mr. McDougal will also address the Company's proposal to track renewable energy credit ("REC") sales in the Energy Cost Adjustment Mechanism ("ECAM") on a dollar-for-dollar basis.
- (c) Bruce N. Williams, vice president and treasurer, will testify in support of the Company's cost of debt, preferred stock and capital structure.

- (d) Samuel C. Hadaway, FINANCO, Inc., will testify in support of the Company's ROE. He will also describe the significant changes in the capital markets that affect Rocky Mountain Power. Dr. Hadaway's analysis suggests a cost of equity for the Company of 10.6 percent.
- (e) Stefan A. Bird, senior vice president, commercial and trading, will testify regarding the prudence of the Company's decision to enter into the Top of the World Wind Energy, LLC and Three Buttes power purchase agreements, and to acquire the Dunlap I wind plant. Mr. Bird also explains the volatility of the REC market, generation, and future revenues supporting tracking them in ECAM.
- (f) Mark R. Tallman, vice president of renewable resource development discusses the Company's prudent investment in wind generation resources, including the Seven Mile Hill, Glenrock, Rolling Hills, Seven Mile Hill II, Glenrock III, High Plains and McFadden Ridge I wind plants.
- (g) Chad A. Teply, vice president of resource development and construction for PacifiCorp Energy, will testify regarding the prudence of pollution control equipment, turbine upgrades, and additional generation plant capital investments being placed in service during the test period.
- (h) John A. Cupparo, vice president of transmission, will explain why the Company's investment in the Populus to Terminal transmission line was needed to address congestion, and was supported by all relevant federal agencies and the Company's own integrated resource plan ("IRP").

- (i) Darrell T. Gerrard, vice president of transmission planning, will provide an overview of the Populus to Terminal transmission line. Mr. Gerrard will also explain that the benefits of adding this transmission line are to meet load and resource requirements for customers and to maintain system reliability. Mr. Gerrard will also discuss the analyses the Company performed that support the decision to invest in this line, including the competitive procurement process used to make the investment, how cost savings opportunities were identified as well as provide an overview of the construction process.
- (j) Dr. Peter C. Eelkema, lead/senior consultant, load and revenue forecasting, will describe how Rocky Mountain Power developed the test year number of customers and bills, kilowatt-hour sales at the meter (“sales”), and system loads and system peaks at the system input level (“loads”) for the 12-months ending December 31, 2010.
- (k) Dr. Hui Shu, manager of net power costs, will testify regarding the Company’s net power costs, describe the key changes that occur in the test period, and sponsor the GRID model that supports the net power costs in this application.
- (l) Cindy A. Crane, vice president, Interwest Mining Company and Fuel Resources for PacifiCorp Energy, will explain the Company’s overall approach to providing the coal supply for the Company’s coal plants, review the increase in the Company’s affiliate mine coal costs and compare them to other supply alternatives. In addition, Ms. Crane’s testimony demonstrates

the benefits customers realize from the Company's diversified coal supply strategy.

- (m) Ryan R. Fuller, assistant tax director, will testify regarding the calculation of the income tax portion of the Idaho-allocated revenue requirement requested in this case. Mr. Fuller also explains why the proposed changes to tax accounting treatment for repairs deductions and full normalization of property related differences is appropriate. He will also explain the impact the Patient Protection and Affordable Care Act had on the deductibility of certain costs incurred for post-retirement prescription drug coverage.
- (n) C. Craig Paice, regulatory consultant in the pricing and cost of service department will present the Company's class cost of service study.
- (o) William R. Griffith, director of pricing, cost of service, and regulatory operations, will present the Company's rate spread and rate design proposals that determine the prices customers will see. Mr. Griffith will also describe the Company's inverted tier rate design for residential customers.

6. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations, bill inserts included in customer bills over the course of a billing cycle, and, in some cases, personal contact with customers or their representatives. In addition, copies of this Application will be made available for review at the Company's local offices in its Idaho service territory.

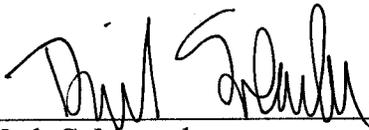
7. The Company respectfully submits that the Commission's approval of Rocky Mountain Power's Application, including the approval and implementation of the proposed electric service schedules as filed, is in the public interest. In accordance with Commission

Rule 121(d), Rocky Mountain Power represents that it stands ready for immediate consideration of this Application.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue a final order approving the Company's proposed electric service schedules effective June 28, 2010.

DATED this 28th day of May, 2010.

Respectfully submitted,

By 
Mark C. Moench
Daniel E. Solander
Yvonne R. Hogle
Attorneys for Rocky Mountain Power

**ROCKY MOUNTAIN POWER
SUMMARY OF TESTIMONY
PAC-E-10-07**

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Rocky Mountain Power, a division of PacifiCorp, provides this summary of its testimony filed in support of its general rate case application. Copies of the Company's filing are available online at www.pacificorp.com; click on "News and Info" and then select "Regulatory Information" and "Idaho." Copies of the filing may also be reviewed during regular business hours at the offices of the Idaho Public Utilities Commission in Boise and in these Rocky Mountain Power offices:

- 25 East Main, Rexburg
- 509 South 200 East, Preston
- 852 East 1400 North, Shelley
- 24852 U.S. Highway 89, Montpelier

A. RICHARD WALJE

President, Rocky Mountain Power

Company witness Walje provides an overview of the Company's 2010 general rate case filing and testifies in support of the proposed revenue increase. Walje testifies that the Company requires a revenue increase of \$27.7 million, or 13.7 percent overall, in order to recover the costs of providing safe and reliable electric service and to provide a reasonable opportunity for the Company to earn a fair return on its investments. Commission approval of this increase will enable the Company to maintain the financial strength necessary to attract the requisite capital to meet the electrical service needs of its Idaho customers.

Mr. Walje's testimony also presents policy issues and the implications of the Company's and industry's need to address rising costs and capital investment requirements. It also introduces the witnesses who will address the Company's case. Mr. Walje summarizes the major cost drivers underlying the need for the price increase, including the capital investment and net power costs required to meet current and future customer needs. Mr. Walje discusses efforts to control costs while maintaining reliable service and customer satisfaction.

STEVEN R. MCDOUGAL

Director, Revenue Requirement

Company witness McDougal testifies in support of the calculation of \$27.7 million revenue increase and the sources of the data used in determining the normalizing adjustments related to revenue, operations and maintenance expense, net power costs, depreciation and amortization, taxes, and rate base in developing the Idaho revenue requirement. Mr. McDougal will also support the Company's proposed interjurisdictional allocation of common costs, the allocation treatment of Monsanto's curtailment, and the Company's irrigation load control program. Mr. McDougal will also address the Company's proposal to track renewable energy credit ("REC") sales in the Energy Cost Adjustment Mechanism ("ECAM") on a dollar-for-dollar basis.

BRUCE N. WILLIAMS

Vice President and Treasurer

Company witness Williams testifies in support of the Company's capital structure, cost of debt, and cost of preferred stock for the test year used in the Company's filing. Mr. Williams determines the cost of long-term debt to be 5.92 percent and the embedded cost of preferred stock to be 5.41 percent. Mr. Williams calculates the average capital structure for the Company's test year to be 47.6 percent long-term debt, 0.3 percent preferred stock, and 52.1 percent common stock equity. When combined with Dr. Hadaway's 10.6 percent return on equity ("ROE"), Rocky Mountain Power proposes an overall weighted cost of capital of 8.36 percent.

SAMUEL C. HADAWAY

FINANCO, Inc.

Dr. Hadaway testifies in support of the Company's ROE. Based on his review of alternative versions of the constant growth and multistage growth discounted cash flow model, Dr. Hadaway proposes 10.6 percent for the Company's cost of equity. His analysis is confirmed by a risk premium analysis and a review of comparable companies.

STEFAN A. BIRD

Senior Vice President, Commercial and Trading

Company witness Bird will testify regarding the request for proposal process utilized to select and the prudence of the Company's decision to enter into the Top of the World Wind Energy, LLC and Three Buttes power purchase agreements, and to acquire the Dunlap I wind plant. Mr. Bird also explains the volatility of the REC market, generation, and future revenues supporting tracking them in ECAM.

MARK R. TALLMAN

Vice President of Renewable Resource Development

Company witness Tallman describes the Company's integrated resource plan ("IRP") and how it is utilized to identify and quantify the need and timing of new supply-side resources. Tallman provides a description of the Wind Resources, the decision-making process leading to their acquisition and a description of updated information for each Wind Resource. Mr. Tallman supports the prudent investment in wind generation resources, including the Seven Mile Hill, Glenrock, Rolling Hills, Seven Mile Hill II, Glenrock III, High Plains and McFadden Ridge I wind plants.

CHAD A. TEPLY

Vice President of Resource Development and Construction for PacifiCorp Energy

Company witness Teply testimony supports the prudence of pollution control equipment, turbine upgrades, and additional generation plant capital investments being placed in service during the test period.

JOHN A. CUPPARO

Vice President of Transmission

Company witness Cupparo will explain why the Company's investment in the Populus to Terminal transmission line was needed to address congestion, and was supported by all relevant federal agencies and the Company's own IRP.

DARRELL T. GERRARD

Vice President of Transmission Planning

Company witness Gerrard will explain that the benefits of adding the Populus to Terminal transmission line are to meet load and resource requirements for customers and to maintain system reliability. Mr. Gerrard will also discuss the analyses the Company performed that support the decision to invest in this line, including the competitive procurement process used to make the investment, how cost savings opportunities were identified and provide an overview of the construction process.

DR. PETER C. EELKEMA

Lead/Senior Consultant, Load and Revenue Forecasting

Company witness Eelkema will describe how Rocky Mountain Power developed the test year number of customers and bills, kilowatt-hour sales, and system loads and system peaks for the 12-months ending December 31, 2010.

DR. HUI SHU

Manager, Net Power Costs

Company witness Shu testifies in support of the Company's net power costs of \$1.070 billion system-wide approximately \$69 million on an Idaho allocated basis as calculated using the Generation and Regulation Initiatives Decision Tools (GRID) model. Dr. Shu will describe the GRID model and explain how input data is normalized.

CINDY A. CRANE

Vice President, Interwest Mining Company and Fuel Resources

Company witness Crane will explain the Company's overall approach to providing the coal supply for the Company's coal plants, review the increase in the Company's affiliate mine coal costs and compare them to other supply alternatives. In addition, Ms. Crane's testimony demonstrates the benefits customers realize from the Company's diversified coal supply strategy.

RYAN R. FULLER

Assistant Tax Director

Company witness Fuller will testify regarding the calculation of the income tax portion of the Idaho-allocated revenue requirement requested in this case. Mr. Fuller also explains why the proposed changes to tax accounting treatment for repairs deductions and full normalization of property related differences is appropriate. Mr. Fuller requests the Commission approve a regulatory asset/liability to track interest associated with final IRS treatment of the repairs deduction. He will also explain the impact the Patient Protection and Affordable Care Act had on the deductibility of certain costs incurred for post-retirement prescription drug coverage.

C. CRAIG PAICE

Regulatory Consultant in the Pricing and Cost of Service Department

Company witness Paice will testify in support of the Company's class cost of service study that functionalizes, classifies, and allocates costs to each customer class based on the test year in the Company's filing.

WILLIAM R. GRIFFITH

Director, Pricing, Cost of Service & Regulatory Operations

Company witness Griffith testifies in support of the Company's rate spread and rate design proposals. The proposed rate spread has been guided by the Company's cost of service study filed in this case. The only exception to this is for rate schedule classes for which cost of service results suggest the need for price decreases. For those customers, the Company proposes to make no change to present rate levels. Consequently, Rocky Mountain Power proposes the following allocation of the net price increase for major customer classes:

- Residential Schedule 1: 8.0%
- Residential Schedule 36: 15.6%
- General Service:
 - Schedule 23/23A: 10.8%
 - Schedule 6/6A/35/35A: 14.9%
 - Schedule 9: 14.6%
 - Schedule 19: 12.0%
- Irrigation Schedule 10: 9.6%
- Public Street Lighting: 0%
- Industrial Contract Schedule 400: 19.6%
- Industrial Contract Schedule 401: 15.9%

CERTIFICATE OF SERVICE

RECEIVED

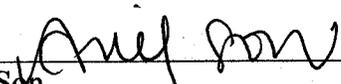
I hereby certify that on this 28th day of May, 2010, I caused to be served, via overnight delivery, a true and correct copy of Rocky Mountain Power's Application for Approval of changes to its electric service schedules and a price increase of \$27.7 million, or approximately 13.7 percent in PAC-E-10-07 to the following:

2010 MAY 28 AM 11:52
IDAHO PUBLIC
UTILITIES COMMISSION

Eric L. Olsen
Racine, Olson, Nye, Budge & Bailey,
Chartered
201 E. Center
P.O. Box 1391
Pocatello, ID 83204-1391
E-Mail: elo@racinelaw.net

Randall C. Budge
Racine, Olson, Nye, Budge & Bailey,
Chartered
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P.O. Box 1391
Pocatello, ID 83204-1391
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Tim Buller
Agrium, Inc.
3010 Conda Road
Soda Springs, ID 83276
E-Mail: tbuller@agrium.com



Ariel Son
Coordinator, Administrative Services