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September 15, 2010

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IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

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

**RE: Case No. PAC-E-10-09
In the Matter of the Application of PacifiCorp dba Rocky Mountain Power
Requesting Approval of Amendments to the Revised Protocol Allocation
Methodology**

Please find enclosed for filing an original and nine copies of Rocky Mountain Power's Application, Direct Testimony and Exhibits in the above-referenced matter. Enclosed is a CD containing electronic copies of the application, testimony and exhibits in the file formats in which they were created. Also enclosed are two CDs containing the confidential and non-confidential work papers supporting the testimony and exhibits.

The Company has also enclosed a Protective Agreement that it will ask the parties to sign before being provided with confidential information for this proceeding.

All formal correspondence regarding this Application should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: ted.weston@pacificorp.com

Mark C. Moench
Daniel E. Solander
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: mark.moench@pacificorp.com
daniel.solander@pacificorp.com

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

Idaho Public Utilities Commission

September 15, 2010

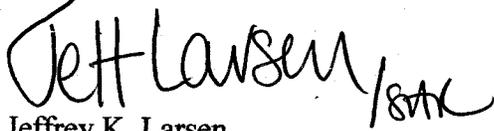
Page 2

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

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

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

Sincerely,

Handwritten signature of Jeffrey K. Larsen in black ink, with the initials 'JKL' written at the end of the signature.

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

cc: Randy Budge, Monsanto (excluding confidential work papers)
Eric Olsen, IIPA (excluding confidential work papers)
Tim Buller, Agrium (excluding confidential work papers)

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of PacifiCorp	:	Case No. PAC-E-10-09
dba Rocky Mountain Power for Approval of	:	
Amendments to Revised Protocol Allocation	:	APPLICATION FOR APPROVAL
Methodology	:	OF AMENDMENTS TO
	:	REVISED PROTOCOL
	:	ALLOCATION METHODOLOGY

Rocky Mountain Power (Rocky Mountain Power or Company) hereby submits its application (Application) to the Idaho Public Utilities Commission (Commission) requesting approval of amendments to the Revised Protocol allocation methodology previously approved by the Commission in Order No. 29708, Case No. PAC-E-02-3. 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 Idaho, Utah, and Wyoming, and through its Pacific Power division in the states of California, Oregon, and Washington.

2. 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 the state of Idaho and is subject to the jurisdiction of the Commission.

3. The Company respectfully requests that the Commission complete its review and issue an order with respect to this Application no later than March 31, 2011, for the reasons discussed herein.

4. Communications regarding this filing should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: ted.weston@pacificorp.com

Mark C. Moench
Daniel E. Solander
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: mark.moench@pacificorp.com
daniel.solander@pacificorp.com

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

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

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

Background

5. PacifiCorp is an electrical corporation and public utility in Idaho and provides retail electric service to more than 1.7 million customers in Idaho and five other western states. PacifiCorp owns substantial generation and transmission facilities. Augmented with wholesale

power purchases and long-term transmission contracts, these facilities operate as a single system on an integrated basis to provide service to all customers in a cost-effective manner. PacifiCorp recovers costs of owning and operating its generation and transmission system in retail prices established from time to time in state regulatory proceedings.

6. In such state proceedings, it is customary to first determine what assets are deemed to be in the Company's rate base in the state conducting the proceeding. Then, because all of the Company's generation and transmission resources are deemed to be used to serve the Company's customers in all of its state jurisdictions, it is necessary to determine what portion of the costs associated with each of the rate-based resources ought to be allocated to customers in the state for which prices are being established. If different state commissions make different decisions regarding what resources should be deemed to be in PacifiCorp's rate base or if different state commissions adopt different policies for allocating the costs of resources among states, the Company may not be afforded the opportunity to recover its full cost of providing electric service.

7. Each of PacifiCorp's state regulatory commissions has the ability to pursue policies that it believes are in the public interest in its state. However, it is also important for PacifiCorp to be able to make business decisions in an environment where differing state policies do not result in denying the Company a reasonable opportunity to recover its prudently incurred costs. This would create a disincentive for PacifiCorp to invest in its system.

8. Accordingly, in 2002, PacifiCorp filed applications in each of its six jurisdictions requesting the state commissions to investigate a number of important issues related to its status as a multi-jurisdictional utility and to endorse a process through which these issues can be considered by stakeholders, the Multi-State Process (MSP). In its application, the Company

identified issues to be investigated, related primarily to the inter-jurisdictional allocation of prudently-incurred costs associated with investments in existing and new generation and transmission resources and how future policy scenarios including, but not limited to, direct access, sale or purchase of service territory or closure of a major industrial facility should be considered and implemented among the Company's state jurisdictions to allow PacifiCorp a reasonable opportunity to recover all of its prudently-incurred costs, among other things.

9. After approximately two years of discussions and negotiations, on September 29 and 30, 2003, PacifiCorp initiated proceedings in Utah, Oregon, Wyoming and Idaho seeking ratification of an Inter-jurisdictional Cost Allocation Protocol (Protocol) by the Public Service Commission of Utah, the Public Utility Commission of Oregon, the Public Service Commission of Wyoming, and the Idaho Public Utilities Commission (collectively, the Commissions).

10. Thereafter, subsequent and substantial discussions occurred that resulted in the development of a Revised Protocol. The Revised Protocol was agreed to by the parties on June 28, 2004, and seeks to allocate PacifiCorp's costs among its jurisdictional states in an equitable manner, ensures PacifiCorp plans and operates its generation and transmission system on a six-state integrated basis that achieves a least cost-least risk resource portfolio for customers, allows each state to independently establish its ratemaking policies and provides PacifiCorp with the opportunity to recover 100 percent of its prudently-incurred costs. The Revised Protocol was approved by the Idaho Public Utility Commission on February 28, 2005.

Request for Approval of Amendments to the Revised Protocol

11. Since the approval of the Revised Protocol, interested parties in Utah raised concerns that the continued use of the Revised Protocol may result in Utah-allocated revenue requirement that is higher when compared to revenue requirement allocated using the Rolled-In

methodology than was anticipated by the Public Service Commission of Utah when it originally adopted the Revised Protocol. The Standing Committee and workgroups have been collaborating since September 2009 to come up with potential solutions acceptable to all parties in the context of the Revised Protocol allocation methodology, including the performance of various studies by the Company at the request of the Standing Committee.

12. In July 2010 the Standing Committee reached an agreement in principle to amend the Revised Protocol allocation methodology; such agreement will be known as the 2010 Protocol and is provided as Exhibit No. 1 to the direct testimony of Ms. Andrea L. Kelly. If adopted, the 2010 Protocol will remain in effect for Company filings made through 2016. The amendments are intended to allow for greater movement to a Rolled-In allocation methodology, while retaining a Hydro Endowment for the former Pacific Power & Light states of Oregon, California, Washington and part of Wyoming.

13. As further described in the attached direct testimony of Company witnesses Ms. Andrea L. Kelly, Vice President of Regulation, Mr. Steven R. McDougal, Director of Revenue Requirement, and Mr. Gregory N. Duvall, Director, Long-Range Planning and Net Power Costs, the 2010 Protocol continues to identify state resources based on cost responsibility and regional resources for the Hydro Endowment calculation. Besides using a Rolled-In allocation methodology as the starting point, a significant change relates to the Embedded Cost Differential (ECD). The scope of the ECD has been reduced and limited, using a comparison of embedded costs based on resources in place on the Company's system prior to 2005. The ECD calculation has been based on projected pre-2005 resource costs and the value allocated to each state is fixed and levelized over the term of the 2010 Protocol. For the duration of the 2010 Protocol a fixed dollar amount per year deviation would be applied to each state's revenue requirement under the

Rolled-In allocation methodology. The deviation is composed of two parts; a situs adjustment associated with the surcharge imposed under the Klamath Hydroelectric Settlement Agreement to Oregon and California with a corresponding credit to the other states, and the fixed levelized ECD.

14. The requested amendments in the Revised Protocol allocation methodology result in a consistent and fair cost allocation method that assures the Company a reasonable opportunity to recover all of its prudently-incurred costs and supports further system investment. Adoption of the changes are just, reasonable and in the public interest.

Proposed Commission Proceeding Process

15. Given the significant discussions and analysis since November 2008 by interested parties, as described in Ms. Kelly’s direct testimony, Rocky Mountain Power respectfully requests that the Commission complete its review and issue an order with respect to this Application no later than March 31, 2011. In this context, the Company proposes the following illustrative schedule of milestones that would allow for discovery, rounds of testimony and hearings that would allow sufficient time for a comprehensive review:

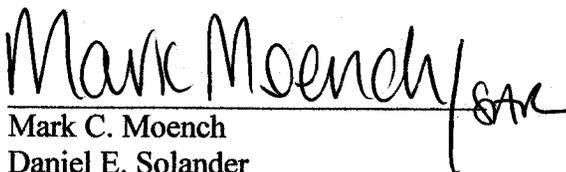
Event	Date
PacifiCorp Application, Testimony and Exhibits	September 15, 2010
Intervenor Testimony due	Early-December 2010
PacifiCorp Rebuttal Testimony due	Early-January 2011
Public Hearing	Late-January 2011
Briefs due	Mid-February 2011
Target Date for Commission Decision	March 31, 2011

WHEREFORE, by this Application, Rocky Mountain Power respectfully requests that the Commission issue an order approving the 2010 Protocol allocation methodology as described in the direct testimony of Company witnesses Ms. Kelly, Mr. McDougal and Mr. Duvall no later than March 31, 2011.

DATED this 15th day of September 2010.

Respectfully submitted,

ROCKY MOUNTAIN POWER

Handwritten signature of Mark C. Moench in cursive script, with a horizontal line underneath the name and a small flourish to the right.

Mark C. Moench

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Salt Lake City, Utah 84111

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