



State of Utah
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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager, Energy Section
David Thomson, Technical Consultant
Matt Croft, Utility Analyst

Date: April 20, 2011

Re: Docket No. 11-035-46, Utah Industrial Energy Consumers' Application for a Deferred Accounting Order Directing Rocky Mountain Power to Defer Incremental REC Revenue for Later Ratemaking Treatment.

RECOMMENDATION

The Division requests that the Commission set a scheduling conference in the matter of the application for deferring of incremental REC revenue for later ratemaking treatment. The Division will participate according to the Scheduling Order.

ISSUE

On or about March 21, 2011, the Utah Industrial Energy Consumers ("UIEC") filed an application for a deferred accounting order requesting that the Utah Public Service Commission ("Commission") issue an order "requiring Rocky Mountain Power ("RMP" or the "Company") to defer for later ratemaking treatment all revenues from 2009 recovered by RMP prior to February 22, 2010 (the date upon which the deferred order in Docket No. 10-035-14 took effect), in connection with the sales of Renewable Energy Credits/Certificates ("RECs"), in any form, that are in excess of the REC value utilized in Utah rates. On March 22, 2011, the Commission issued an Action Request to the Division of Public Utilities ("Division") requesting an

explanation and statement of the issues to be addressed. This memo is in part the Division's response to the Commission's Action Request.

DISCUSSION

Some, but perhaps not all, of the issues that may or may not be disputed, around this application are first, whether the revenue available to RMP in selling renewable attributes of renewable energy resources in 2009 was significantly greater, in a manner that was dramatic, unprecedented, unforeseeable, and extraordinary, than disclosed by RMP in previous general rate cases and if so what caused the above to happen. Second, did RMP enter into contracts for the sale of RECs at prices significantly higher than prices projected or disclosed by RMP in previous rate cases? Third, is it true or not that the Company did not incorporate into the test years for its rate cases or disclose to the Commission in prior rate cases the extraordinary revenue it received for RECs in 2009? Fourth, does the discovery in Utah Docket No. 10-035-124 demonstrate that for at least some period during 2009, RMP total company REC revenue prior to February 22, 2010, was in excess of \$50 million, and if not \$50 million, then just what was the amount and was it an extraordinary amount? Fifth, does RMP have millions of RECs banked but not sold? And sixth, does or does not the Company's REC revenue that predates the Commission's order approving a REC-revenue deferral account in Docket No. 10-035-14 qualify for "retroactive" rate adjustment?

Due to the above issues, as well as others that may be raised by parties, the Division requests that the Commission set a scheduling conference in this matter (Docket No. 11-035-46) to establish filing deadlines and, if necessary, hearing dates.

cc: Michele Beck, Office of Consumer Services
Dave Taylor, Rocky Mountain Power