



JON HUNTSMAN Jr.
Governor
GARY HERBERT
Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

JASON PERRY
Deputy Director

CONSTANCE B. WHITE
Director, Division of Public Utilities

To: Public Service Commission

From: Division of Public Utilities
Constance White, Director
Artie Powell, Manager, Energy Section
Thomas Brill, Technical Consultant

Date: February 13, 2006

Subject: Agenda for PCAM Technical Conference, February 14, 2006

The agenda for the PCAM Technical Conference, February 14, 2006, 9:30-12:00, is attached. The agenda presents a preliminary PCAM issues list. While the agenda includes many of the PCAM issues that will be presented and discussed during this and subsequent Technical Conferences, not all interested parties have submitted their PCAM issues.

**Agenda Items for
Technical Conference February 14, 2006, 9:30-12:00
Concerning the Application of PacifiCorp for Approval of
its Proposed Power Cost Adjustment Mechanism (PCAM)
Docket No. 05-035-102**

1. Current Regulatory Model

- a. Brief description of current regulatory method of cost recovery.
- b. Explanation of power acquisition and sales procedures (currently and after merger), including groups/entities who sell and buy power.

2. Questions on Current Model

- a. Examine detail underlying Widmer Exhibit MTW-1 for Utah. Provide similar information for other jurisdictions where the information has been previously compiled.
- b. Discuss how different types of test years have affected or could affect potential under recovery: historical, mixed, and future.
- c. Discuss how statutory provisions (for example, Utah 54-7-12) could affect potential under recovery.

3. Uncontrollable Nature of Costs—whether the risk of the net power costs identified as uncontrollable are outside management’s control.

4. Potential changes in Management Incentives on planning, operations and price-risk management from a PCAM

5. Balance of Customer / Shareholder Risk

6. Questions Regarding PCAM

- a. Under the PCAM, how often would the GRID model be run, how many runs would be made each time, and what would be the data sources used?
- b. Procedures for auditing PCAM calculations including available records/timing.
- c. How a PCAM would operate given the MSP Stipulation that limits Utah’s interjurisdictional allocation to some percentage above Rolled-in. Would the PCAM effectively void the stipulation?