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Division of Public Utilities

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Notification

To: Utah Public Service Commission

From: Division of Public Utilities
Constance B. White, Director
Artie Powell, Manager, Energy Section
David T. Thomson, Technical Consultant

Date: January 31, 2007

Subject: Post Merger filing of Semi-Annual Reports – Rocky Mountain Power

Notification

The Division is notifying the Commission that the Company and the Division have agreed, based upon resolution of both parties' concerns regarding filing or not filing the next Semi-Annual for the 12 months ending June 2006, that the Company's intention to file the next Semi-Annual for the 12 months ending December 31, 2006 is now acceptable to the Division.

Background and Discussion

In a letter dated January 5, 2007, the Commission, responding to a Division Memo dated December 5, 2006, requested Rocky Mountain Power (RMP) to file a Semi-Annual Report based on the results of operations for the 12 months ending June 2006.

On January 23, 2007, representatives of RMP, the Division, the Committee of Consumer Services, and the Commission staff met to discuss RMP's concerns regarding the Division's Memo to the Commission and the Commission's request that the Company file a Semi-Annual Report based on the results of operations for the 12 months ending June 2006. During that meeting the Company expressed concerns that, due to the Company's current workload and the timing of the request, if prepared, the filing of a Semi-Annual Report for the results of operations for the 12 months ending June 2006 would be provided at or near the same time as the Semi-Annual Report filing for the results of operations for the 12 months ending December 2006. The Company expects to have the December 2006 filing completed and issued by the end of April 2007.

The Company felt that there would be little advantage to the Division of having the older filing information made available at the same time that newer information would be provided with the December 2006 filing. The Company expressed concern about the extra burden the request would generate to the Company's regulatory staff. Due to the timing of the request, the work on both filings would have to be done at the same time, thus doubling the work demand to the Company's regulatory staff during the time for preparation of the December 2006 filing.

The Division's concerns regarding training, timing, and the information available for the Division to review prior to the next anticipated rate case filing sometime in December of 2007 was also discussed. Both parties agreed that, if the next rate case is filed in December or early January, it will be based on the results of operations for the 12 months ending June 2007. To assist the Division in our review of the information to be provided in the anticipated rate case, the Company agreed to provide access to unadjusted results of operations for the third and fourth quarters of 2006. The third quarter is closed, and the Company anticipates that the fourth quarter will be closed sometime late January or early February. Thus, the Division can start our examination of accounts and available accounting information in the next two weeks for those two quarters, without having to wait to review unadjusted results until the first of May when the next Semi-Annual is filed.

This way the Division will be reviewing more current information than that from a June 2006 Semi-Annual filing. We will also be reviewing information that will apply to the next rate case, thus assisting our audit staff in its preparations for the next rate case examination. Reviewing this work now will allow the Division to free up more time later in order to review the adjusted results of operations when they are filed the end of April 2007.

As to training, the Company agreed to provide to the Division auditing staff training on its SAP accounting system. This training is to be provided by Company personnel well versed in getting around the SAP accounting system. This training is to take place concurrently with the Division's examination of the unadjusted accounting information in SAP for the third and fourth quarters. Also, the Company agreed to provide a location at its downtown offices that would have computers that the Division could use upon notification for access to SAP to facilitate its review of Semi-Annual filings. The Division and the Company agreed to meet soon to discuss how the Company could currently assist in the training of new and current Division audit staff as to its procedures and methods in the filing of its Semi-Annual results of operations.

Finding

The Division believes that the Company has addressed our concerns as to the timing of the first post merger Semi-Annual filing as outlined in the Division's December 5, 2005 Memo to the Commission. Therefore, the Division recommends to the Commission that the filing of the first post merger Semi-Annual results of operations that is proposed for the 12 months ending December 2006 is now acceptable.

cc: Dave Taylor, Rocky Mountain Power
Cheryl Murray, Committee of Consumer Services