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Division of Public Utilities

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Memorandum

To: Utah Public Service Commission

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

Copies To: The Committee of Consumer Services
Michele Beck, Director
Dan Gimble, Chief of Technical Staff
Cheryl Murray, Utility Analyst
Rocky Mountain Power
Dave Taylor, Regulation

Date: April 2, 2007

Subject: April 13, 2007 Technical Conference - Docket No. 06-035-163 and 07-035-04

The Division believes the data requests that it provided to the Company outlined the subjects it would like to discuss at a technical conference on April 13, 2007 under a Commission scheduling order issued February 22, 2007 for the above Dockets. However the Division has received back from the Company its responses to our data request and based on those responses, and a first initial review of those responses, the Division would like to clarify the subjects it would like to be addressed by the responses to its data requests.

Grid West

1. The Division believes that deferred costs should follow under specific guidelines. Those guidelines are that the events generating the deferred costs be both unforeseen and extraordinary. Unforeseen are events that had impacts that could not be anticipated in the ratemaking process. Costs should not be normal operating costs or period costs. Costs should be extraordinary in that the events are specific, unusual, unique, infrequent, **material**, not ongoing, and again not a part of normal operations. The event should provide a future net benefit for

ratepayers. If there is a future net benefit to the ratepayers the Division would like to discuss how that net benefit amount is accounted for by the Company. Specifically when that net benefit starts to be amortized and how the net benefit is determined and why FERC account 182.3 is being proposed as the accrual account instead of FERC account 186.

2. As per our data request, the Division would like to discuss why the Grid West loan costs were not included in the last rate case Docket No. 06-035-42.
3. The Division would like to discuss whether these costs were out of period costs, if the deferral provides intergenerational equity and if the deferral of these costs would be retroactive ratemaking.

Transaction Costs

1. The Division has the same discussion subjects as outlined in number 1 above under Grid West.
2. The Division would like to discuss in greater detail the Company's response to its data requests no. 1.6 and 1.9.
3. As to the transactions costs the Division would like to address the subject of the methodologies the Company uses to determine the period of benefit amortization for its deferred accounting costs.

If after performing a more in-depth review of the data requests just received the Division has other subjects it would like to have addressed at the scheduling order it will provide those subjects to the Commission and the other parties outlined above as soon as those subjects are determined.