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MEMORANDUM

To: **Utah Public Service Commission**

From: **Rocky Mountain Power**
Steve McDougal, Director Revenue Requirements
Dave Taylor, Regulatory Affairs Manager

Committee of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst
Donna DeRonne, Consultant

Division of Public Utilities
Philip Powlick, Director
Artie Powell, Manager, Energy Section
Joni Zenger, Technical Consultant
Brenda Salter, Utility Analyst

Date: November 25, 2008

Re: Docket No. 07-035-93, Variance Report Template

Recommendation:

We recommend that the Commission accept the attached variance report template as meeting the requirement in its 2007 General Rate Case Order and request that the Commission order the Company to file the report semi-annually on an ongoing basis.

Discussion:

In the above-referenced docket, the Commission issued its Erratum Report and Order on Revenue Requirement, dated August 21, 2008. In the Order, the Commission states the following:

We direct the Division, the Company, and the Committee to develop a variance report template by November 30, 2008, to be used for future variance report filings with the Commission.¹

In compliance with the Commission's Order, the Committee, Company, and the Division (collectively "Parties") met several times to develop a variance report template.

As per the Commission's Order, we included the following items in the template: similar data as filed under Tab 11 of the Company's June 2007 Semi-annual report, a two-year comparison of forecast and actual data, Operating and Maintenance Expenses, (including Administrative and General Expenses) by FERC account on a total Company and on a Utah jurisdictional basis, actual and forecast monthly demand and energy variances by state, as well as other information that the Parties agreed upon. In addition, the Parties decided to include a proposed variance departure level where, if appropriate, an explanation would be provided in the report should the metric exceed the established threshold. The Parties concluded, and thus recommend, that the variance template should be considered a work in progress. Changes should be made if experience shows that an item or the variance departure levels or thresholds are not useful or if some data should be added to the report.

The Parties worked to ensure that the template would not result in overly burdensome reporting requirements for the Company, but yet would be useful to the other parties. The attached variance template (when complete with data) should not greatly increase the workload of the Company and will provide valuable information for the other parties to analyze the Company's forecasts. We recommend that the report be filed semi-annually on an ongoing basis.

Conclusion and Recommendations:

The Parties have fulfilled the obligation referenced above in the Commission's 2007 Revenue Requirement Order and recommend that the Commission accept the attached variance report

¹ Docket No. 07-035-93, Erratum Report and Order on Revenue Requirement, August 21, 2008, p. 97.

template as meeting this requirement. We further recommend that the Commission order the Company to file the completed template on a semi-annual basis going forward.

Encl.

cc:

Michael Ginsberg

Patricia Schmid

Paul Proctor

Mark Moench, Rocky Mountain Power

Gary Dodge, UAE

Robert Reeder, UIEC