



State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Public Service Commission

TED BOYER
Chairman

RIC CAMPBELL
Commissioner

RON ALLEN
Commissioner

MEMORANDUM

From: Commission Staff
To: Docket No. 08-035-38
Date: June 29, 2009
Re: Commission Staff Revenue Requirement and Cost of Service Model

On May 7, 2009, the Commission approved the Stipulation in Cost of Service and Rate Spread – Phase II which included a requirement Rocky Mountain Power form a workgroup to discuss its cost of service model.

In preparation for the first meeting of the Cost of Service Working Group, Commission Staff made available, on May 21, 2009, an integrated revenue requirement and cost of service model which restates Rocky Mountain Power's cost of service model in an Excel workbook format (version 2003).

The first meeting of the Cost of Service Working Group was held on June 11, 2009. During this meeting, Staff stated it had prepared a new version of its model. This model treats several items in cost of service in a manner similar to their treatment in the Company's revenue requirement model. Among these items are imputed interest expense, income taxes, cash working capital and the income-before-tax allocation factors.

This memo provides notification that on June 22, 2009, a memo from Commission Staff was provided to the parties attending the first meeting of the Cost of Service Working Group. The June 22, 2009, memo discusses some of the changes in this latest version of the Commission Staff's integrated revenue requirement and cost of service model.

The June 22, 2009 memo is available on the Commission website, www.psc.state.ut.us, in the electric tab under Docket Number 08-035-38. The two electronic versions of the Commission Staff model are also available on the same Commission website.