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*Attorneys for Rocky Mountain Power*

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application of Rocky  
Mountain Power for Approval of its Proposed  
Energy Cost Adjustment Mechanism

DOCKET NO. 09-035-\_\_\_\_\_

**APPLICATION FOR ENERGY COST  
ADJUSTMENT MECHANISM OF  
ROCKY MOUNTAIN POWER**

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Rocky Mountain Power (“Rocky Mountain Power” or “Company”) hereby applies to the Public Service Commission of Utah (“Commission”), pursuant to Utah Code Ann. § 54-4-1 et. seq., for an order approving its proposed Energy Cost Adjustment Mechanism (“ECAM”). In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail

customers in Utah. The Company serves approximately 770,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111.

Communications regarding this Application should be addressed to:

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3. Changes in hydro conditions and wind generation, as well as those caused by the dramatic global economic downturn in 2008 including changes in retail load, market prices, third party wheeling expenses and natural gas and coal fuel expenses, have had a dramatic impact on the Company. Consequently, these changes have caused the Company to experience a high degree of volatility. In turn, the Company's net power costs ("NPC"), which currently represent approximately 30 percent of the Company's total Utah revenue requirement, are now subject to a much higher degree of volatility than they were in the past.

4. In addition, while the Company has been prudent in the management of its NPC, the volatility of NPC is primarily related to factors outside the Company's control. For example, hydro and weather conditions, the timing of forced outages and the variability in the wholesale market prices for electricity and gas are not within the Company's control. During

a period of NPC volatility, establishing a fixed level of NPC in rates virtually ensures that customers will either over pay or under pay the cost of the energy they are using.

5. For those reasons, the Company does not, under its current Utah ratemaking mechanism, have a reasonable opportunity to recover its actual and prudently incurred NPC for service in Utah. In order to provide the Company with an opportunity to recover, and to ensure that customers do not over pay, those NPC, Rocky Mountain Power requests that the Commission approve its proposed ECAM. As described in the testimony filed with this Application, the proposed ECAM is a mechanism that would provide for a proper matching of NPC responsibility between customers and the Company in a manner consistent with the Commission's statutory responsibility to set rates that are just, reasonable and sufficient. Thus, we are proposing an ECAM mechanism that is applied symmetrically to safeguard customers when the NPC that the Company actually incurs are lower.

6. Rocky Mountain Power intends to work with all parties involved to develop any rules necessary to implement the ECAM.

7. Rocky Mountain Power submits the following testimony in support of this Application:

(a) The testimony of Gregory N. Duvall, who provides a detailed explanation of the proposed ECAM.

(b) The testimony of William R. Griffith, who presents the Company's proposed tariff Schedule 94 – Energy Cost Adjustment and discusses the proposal for the rate spread and rate design in the ECAM.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue its Order:

1. Approving the proposed ECAM; and
2. Providing such further relief as the Commission deems just and reasonable.

DATED this 16th day of March, 2009.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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*Attorney for Rocky Mountain Power*