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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
Rocky Mountain Power for Approval of its Proposed) Docket No. 09-035-15
Energy Cost Adjustment Mechanism)

**SCOPE OF ISSUES AND RECOMMENDATIONS OF
SALT LAKE COMMUNITY ACTION PROGRAM**

Pursuant to the Scheduling Order issued by the Public Service Commission on April 22, 2009, Salt Lake Community Action Program (SLCAP) is submitting the following list of issues and recommendations for consideration in Docket No. 09-035-15, Rocky Mountain Power's Request for Approval of its Proposed Energy Cost Adjustment Mechanism.

Betsy Wolf, representing Salt Lake Community Action Program, participated by telephone in the May 5, 2009 Technical Conference presented by David M. Boonin of NRRI for the Public Service Commission (PSC or Commission) of Utah. Mr. Boonin outlined many issues for consideration in designing an Energy Cost Adjustment Mechanism (ECAM) which Salt Lake Community Action Program found to be very helpful. While much of Mr. Boonin's presentation was focused on design elements of energy cost adjustment mechanisms, he did suggest that the first order of business is to determine whether an ECAM is needed.

Salt Lake Community Action Program believes that the basic, fundamental question is whether an ECAM for Rocky Mountain Power is needed and is in the public interest. If the Commission were to determine that an ECAM is an appropriate mechanism to be used in Utah, then it should look to the design features of such a mechanism.

Recommendation #1: Salt Lake Community Action Program recommends that the PSC first examine the issue of an Energy Cost Adjustment Mechanism and make a determination regarding whether such a mechanism is indeed in the public interest.

Related Issues:

- A. Is there sufficient evidence to demonstrate that there is a need for an ECAM?
- B. Does the ability to use a future test year in general rate cases mitigate the need for an ECAM?
- C. Is the market risk really uncontrollable? The Public Service Commission has opened a docket that looks at how to mitigate certain market risks such as the cost of natural gas. Are there other ways to mitigate risk that would provide better incentives to the Company to ensure that the least cost, least risk resources are employed?
- D. Would establishment of an ECAM change how Rocky Mountain Power procures and /or invests in generation resources to meet its obligations?
 - a. If costs can be passed on, does that have a bearing on the Company's willingness to rely on the market to meet generation need and does that unduly expose customers to the risk of the marketplace?
 - b. Would establishment of an ECAM make RMP less interested in demand side resources such as energy efficiency and load curtailment programs which do not involve a fuel component?
- E. Does an ECAM provide a proper balance between price stability, accurate price signals and least cost ratemaking? On the natural gas side, there is considerable volatility in prices due to the semi-annual pass through. Price volatility can be difficult for customers in general and for low income customers in particular.
- F. If there is a shift in risk from the Company to customers, does that warrant a commensurate decrease in ROE to reflect the reduced risk?

Recommendation #2: Salt Lake Community Action Program recommends that, should the PSC determine that an ECAM is in the public interest, a full examination be undertaken to determine how best to structure an ECAM so that the benefits to the Company and to customers are balanced. Such an analysis should include all the elements discussed during the May 5th technical conference including the specific components to be included; what adjustments are to be made; how prices are measured; how costs are allocated; how frequently rates are adjusted; how surcharges are posed to customers' bills; and how an ECAM would be monitored by the Commission.

Recommendation #3: Salt Lake Community Action Program recommends that the investigation into the need for an ECAM (and the subsequent evaluation of a mechanism should one be determined to be appropriate) be undertaken in a separate docket outside of a general rate case. SLCAP recognizes that implementation of an ECAM would need to be undertaken within a general rate case in order to set a baseline for Net Power costs, etc. However, the

scope of the issue and its import merit the separate and full attention of the interested parties and the Commission.

Salt Lake Community Action Program appreciates the opportunity to provide input in this important matter before the Public Service Commission.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petition for Intervention in Docket No. 09-035-15, of Salt Lake Community Action Program, was mailed electronically this 26th day of May, 2009, to the following:

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Respectfully,

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