

09-035-15/Rocky Mountain Power
August 2, 2010
UIEC Data Request 14.16

Docket No. 09-035-15
Phase II, Part 1
OCS Surrebuttal - Wielgus
Exhibit OCS 4.1SR

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Please explain how hedging (financial hedging) costs are ECAM-eligible costs as “actual fuel or purchased power costs?”

Response to UIEC Data Request 14.16

Hedges, whether fixed price physical or fixed for floating financial swap transactions, are executed to reduce risk of adverse market prices sometime in the future. Hedges impact the Company’s net power cost by locking in a fixed price at a time prior to the delivery of the power or natural gas. The price of the hedge is the actual cost of power paid or received. Therefore, hedges are ECAM-eligible costs posted in FERC accounts 547 (natural gas) and 555 (power).