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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH


In the Matter of the Application of Rocky)	DOCKET NO. 09-035-23
Mountain Power for Authority To Increase its)	
Retail Electric Utility Service Rates in Utah and)	UIEC'S RESPONSE TO PUBLIC
for Approval of Its Proposed Electric Service)	SERVICE COMMISSION'S DATA
Schedules and Electric Service Regulations.)	REQUEST
)	
)	

Pursuant to the data request issued by the Utah Public Service Commission ("Commission") in the above-referenced proceeding, the group of industrial customers whose names appear on this record and who are identified on the record as the Utah Industrial Energy Consumers ("UIEC"), submits this proposed Net Power Cost Adjustment for the costs associated with the contract between PacifiCorp and Nevada Power Company d/b/a NV Energy November 1, 2009, regarding sales from PacifiCorp to NV Energy for renewable energy and renewable energy attributes. It is UIEC Confidential Exhibit Cross No. 1.

The method of calculation for this adjustment is set forth in the cross examination testimony of Dr. Falkenberg at Vol. IV, 693:18 to 694:5, December 15, 2009. This is attached hereto as Attachment A. The price relied on is the Intercontinental Exchange Index.

The UIEC proposes this adjustment due to the fact that it is an update not included when the Company made updates to its net power costs. For the sake of evenhandedness, either all updates should be made or none, at least until the Commission is able to have a rulemaking to further clarify the availability of updates.

RESPECTFULLY submitted this 23rd day of December, 2009.



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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of December 2009, I caused to be e-mailed, a true and correct copy of the foregoing **UIEC'S RESPONSE TO PUBLIC SERVICE COMMISSION'S**

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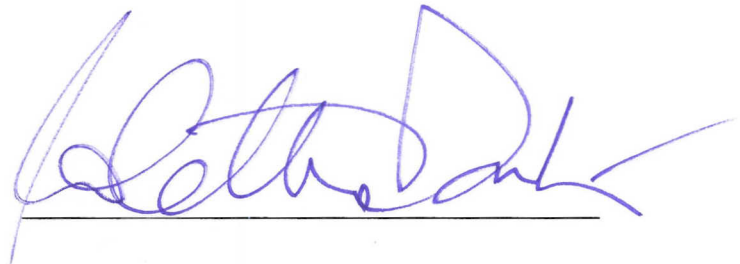


EXHIBIT A

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: The)	<u>TRANSCRIPT OF</u>
Application of Rocky Mountain)	<u>HEARING</u>
Power for Authority to Increase)	
its Retail Electric Utility)	Volume IV
Service Rates in Utah and for)	
Approval of its Proposed Electric))	
Service Schedules and Electric)	Docket No.:
Service Regulations)	09-035-23

Tuesday, December 15, 2009 - 9:02 a.m.

Location: PUBLIC SERVICE COMMISSION
160 East 300 South
Fourth Floor, Room 451
Salt Lake City, Utah

Before: Chairman Ted Boyer
Commissioner Ron Allen
Commissioner Ric Campbell

1 **CHAIRMAN BOYER:** -- you've got for, thank
2 you, cross-examination?

3 Mr. Dodge.

4 **MR. DODGE:** I have no questions, thank you.

5 **CHAIRMAN BOYER:** Mr. Reeder?

6 **MR. REEDER:** Just a couple.

7 **CROSS-EXAMINATION**

8 **BY MR. REEDER:**

9 **Q.** Mr. Falkenberg, I understand the position of
10 your client is that there should be no updates in the
11 net power cost; do I understand that correctly?

12 **A.** Yes.

13 **Q.** Assume that the Commission should choose to
14 allow some updates. Were you present in the hearing
15 room yesterday when Mr. Duvall testified concerning the
16 Nevada power contract?

17 **A.** I recall that.

18 **Q.** How, as a person skilled and knowledgeable in
19 the GRID model, would one go about integrating that
20 information into the calculations and adjusting net
21 power costs appropriately?

22 **A.** It's a straightforward calculation. You
23 would just simply enter the terms and conditions of the
24 contract into the test year and run the model. What I
25 suspect would happen is that the pricing of that

1 contract was based on an index plus an adder. I think
2 that the index would roughly approximate the actual
3 cost, so that the impact on power cost would probably
4 be to reduce power cost by the amount of the adder
5 times the volume of sales.

6 **MR. REEDER:** I have nothing further.

7 **CHAIRMAN BOYER:** Thank you, Mr. Reeder.
8 Commissioner Allen? Commissioner Campbell?

9 **COMMISSIONER CAMPBELL:** I know you testify in
10 a number of other states, and I guess I'd like to get
11 your opinion on how the GRID model compares to other
12 models that you -- that are used in other
13 jurisdictions.

14 **THE WITNESS:** Well, the GRID model is more
15 custom made for the specifics and unique
16 characteristics of the PacifiCorp system, and so in
17 that respect there are some advantages to it, I
18 suppose.

19 The models that are used in other states are
20 typically models like ProMod, which are used in a lot
21 of places. You know, the advantage of those types of
22 models is that they're typically supported by a very
23 large staff of experts that deal with all these kinds
24 of problems.

25 I mean, for example, the problem of