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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations.

Docket No. 09-035-23

**MOTION OF THE UTAH INDUSTRIAL
ENERGY CONSUMERS TO
BIFURCATE PROCEEDINGS**

In accordance with Utah Code Ann. § 54-7-12(3) and Utah Code of Administrative Procedure R746-100-7(H) and R746-100-10, the customer group intervened in this proceeding under the name the Utah Industrial Energy Consumers (“UIEC”), hereby moves the Public Service Commission (“Commission”) for an order bifurcating this proceeding into two phases, a revenue requirement phase and a cost-of-service, rate spread and rate design phase.

In support of this Motion, the UIEC state as follows:

1. PacifiCorp d/b/a Rocky Mountain Power (“RMP” or the “Company”) filed a Notice of Intent to file a general rate case on April 16, 2009. On May 14, 2009, certain parties moved for approval of a stipulation on the test period to be used in this case. The Commission, on June 1, 2009, issued its Report and Order approving the Test-Year Stipulation, and

determining that the test period to be used in this case will be the 12-month period, ending June 30, 2010, with a 13-month average rate base. Report and Order on Test Period Stipulation at 6.

2. As part of the Test-Year Stipulation the parties agreed that the Company would not seek cost recovery for certain major plant additions in the current rate case, but would instead seek recovery for these plant additions pursuant to Utah Code Ann. § 45-7-13.4. The Commission's Order noted that the Stipulating Parties acknowledged that because the rules pertaining to the use of alternative cost recovery procedures for major plant additions are still under consideration and may conflict with any provisions of a stipulation, they would not oppose the timing of such filings. Id. at 5. In particular, the Division expressed concern about the Company's ability to accurately project its capital investment, prices, loads and costs through to the end of 2010. Id. at 6.

3. The Company filed its Application for an Increase in Rates on June 23, 2009 (Docket No. 09-035-23). Under Section 54-7-12, the Commission must issue an order on revenue requirement on or before February 18, 2010. Although the UIEC believe that the revenue requirement can be established by that date, it believes it will be a waste of time, money, and resources for the Company, the ratepayers, and the regulators to be required to complete the cost-of-service, rate spread and rate design portion of the case by that date.

4. The Commission presently has an open docket to consider RMP's Request for Approval of a Proposed Energy Cost Adjustment Mechanism ("ECAM"). Like the proceeding to investigate cost recovery for major plant additions, the ECAM proceeding is underway but no hearing date has been set. If an ECAM is allowed, the Company will be required to address how the costs are allocated to the various rate classes and how energy cost recovery would impact general rates. An ECAM would most likely require the Company to make an adjustment in its

rate schedules to account for cost recovery through the ECAM. If an ECAM is to be put in place, therefore, it would be futile to hold hearings on cost-of-service and rate spread before an ECAM is in place. The rates set in the general rate case would include the same energy costs that would be recovered through the ECAM. The cost-of-service portion of the case should be postponed so that the parties and the Commission will have a chance to decide whether to implement an ECAM and what costs will be included in it before allocating to customer classes the rate increase resulting from this general rate case.

5. Also, the general rate case should be bifurcated to allow the Company to update its cost-of-service model. As a result of the Commission's approval of the stipulation in the cost-of-service and rate-spread portion of the 2008 general rate case (Docket No. 08-035-38), the Commission authorized a working group to review RMP's cost-of-service model, which is ongoing. Recent comments by Commission staff regarding PacifiCorp's Interjurisdictional and Class-Cost of Service Models suggest that the models are seriously flawed. It makes little sense for the Company to continue using a flawed cost-of-service model in the current rate case. Bifurcating the rate case would allow the lessons learned in the cost-of-service working group to be implemented in developing the cost-of-service study for the current general rate case.

6. The general rate case also should be bifurcated to allow updated load sampling data to be used in this case. We understand that although the Company is currently obtaining new load sampling data, it will not have a full-year's data until the end of calendar year 2009. Unless this case is bifurcated, the Commission will have to hold hearings on both revenue requirement and cost of service sometime in December, 2009, at the latest. Thus, the new load data would not be available for use in the present case. By bifurcating the case and postponing hearing on the second phase, the parties would have the advantage of a full year's worth of

revised load research data to more accurately allocate the revenue requirement among the classes.

7. Because the Commission can order interim rates at the conclusion of the revenue requirement phase, the Company will not be harmed by postponing the cost of service phase to account for current developments in implementing an ECAM, in revising the Company's cost-of-service model, and in collecting current load data.

For these reasons, the UIEC respectfully request that the Commission bifurcate this case, and set one schedule for the revenue requirement phase and a separate schedule for the cost-of-service, rate spread, and rate design portions of the case.

DATED this 8th day of July, 2009.

/s/ William J. Evans

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CERTIFICATE OF SERVICE

(Docket No. 09-035-23)

I hereby certify that on this 8th day of July 2009, I caused to be e-mailed, a true and correct copy of the foregoing **MOTION OF THE UTAH INDUSTRIAL ENERGY CONSUMERS BIFURCATE PROCEEDINGS** to:

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