

- 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)
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) DOCKET NO. 09-035-23
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) ORDER ON MOTION TO BIFURCATE
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ISSUED: August 4, 2009

By The Commission:

On July 8, 2009, the Utah Industrial Energy Consumers (“UIEC”), filed a Motion requesting the 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. On July 22, and July 23, 2009, the Division of Public Utilities (DPU), Office of Consumer Service (OCS) and Rocky Mountain Power (RMP) filed their Responses to UIEC’s Motion. UIEC filed its reply August 3, 2009. The DPU and the OCS generally opposed any extended delay in obtaining a decision on the cost of service, rate spread and rate design portions of this rate case. They argued implementing some initial rate changes after determining a revenue requirement, but extending cost of service and final rate design, may make the utility “whole,” but may also allow some customers an additional period in which they pay rates which are not supported on a Commission approved cost of service basis. They do not support any bifurcation that would delay resolution of cost of service disputes and implementation of final rates past the late spring or into the summer of 2010. RMP takes no position on the bifurcation request relative to the rate case itself, but notes the interplay of this docket with its proposed Energy Cost Adjustment Mechanism (“ECAM”) in Docket No. 09-035-15, and possible argument that the

Commission may not be able to implement an ECAM, even if found to be in the public interest, depending on when the Commission resolves matters and concludes this rate case docket and the ECAM docket.

Based on our consideration of the parties' pleadings and arguments, we conclude that we will grant the request, in part. We will bifurcate these rate case proceedings into two phases. The first will address revenue requirement (including rate of return issues) and cost of service. The second will address rate design for final rates and charges for customers. We anticipate that inclusion of cost of service in the first phase of these proceedings will enable the Commission, if necessary, to implement rates, at least to the various customer classes, on a cost of service basis, even though specific charges within the customer classes would still be subject to alteration based upon the ultimate resolution of rate design disputes. We have determined that we may set a schedule for this rate case through which even final rate design may be accomplished and implemented prior to the summer of 2010. We will issue an appropriate scheduling order in conjunction with this order on the bifurcation request. By these actions, we conclude we may balance the parties' and public interests and achieve the goals of allowing the utility an opportunity to obtain sufficient revenues to recover a reasonable return, avoid undue prolonging the time during which customers would pay rates which may not be supported by cost of service evidence and allow adequate time to consider the merits of any ECAM proposal.

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DATED at Salt Lake City, Utah, this 4th day of August, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#63116