

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky)
Mountain Power for Authority to Increase its) DOCKET NO. 09-035-23
Retail Electric Utility Service Rates in Utah)
and for Approval of its Proposed Electric)
Service Schedules and Electric Service) ORDER
Regulations)

ISSUED: October 19, 2009

By The Commission:

In our December 14, 2004, Report and Order in Docket No. 02-035-04,¹ we approved a stipulation (“2004 Stipulation”) by parties supporting the use of the Revised Protocol and Rolled-In inter-jurisdictional cost allocation methods in conjunction with rate mitigation measures for use in determining PacifiCorp’s Utah revenue requirement. Our approval of the 2004 Stipulation was conditional. We stated that “...in the long run, it must not result in significantly different impacts on Utah than now expected. If the projected savings to Utah in the later years, which substantially offset the increases in the early years, do not materialize, we may reconsider the further use of the Stipulation.” Further we stated, “The Stipulation cannot restrict future regulatory review and changes if it no longer produces results that are just, reasonable, and in the public interest.” Our December Report and Order included, as an attachment, the forecast of Utah revenue requirement (“2004 Forecast”) upon which approval of the 2004 Stipulation was based.

On November 6, 2008, at the Multi-State Process (“MSP”) Commissioners’ Forum, we expressed concern regarding the results of a 2005 update of the 2004 Forecast (“2005

¹ Docket No. 02-035-04, “In the Matter of the Application of PacifiCorp for an Investigation of Inter-jurisdictional Issues.”

Forecast”) showing a significant change to the 2004 Forecast of Utah revenue requirement using Revised Protocol. At the Commissioner’s Forum, PacifiCorp was asked to produce another update to the 2004 Forecast. In response to this request, on August 17, 2009, PacifiCorp completed an updated forecast (“2009 Preliminary Forecast”) which it considered confidential. PacifiCorp distributed the 2009 Preliminary Forecast to Utah participants in the MSP under the terms of the protective order issued in Docket No. 02-035-04. The results of the 2009 Preliminary Forecast raise questions about the actual impacts of the use of the Revised Protocol method when compared to the projected impacts on which our approval of the 2004 Stipulation was based.

We would like to know if the continued use of the 2004 Stipulation mechanisms to set Utah revenue requirement does and will produce results in Utah which are just, reasonable, and in the public interest. Per the terms and conditions of the Revised Protocol, our staff raised this issue with the MSP Standing Committee on September 9, 2009, and suggested a schedule for addressing the issue. Our intent today is not to hinder the development of a long term solution to the issue in MSP, but rather to make certain the rates we set in Docket No. 09-035-23 are just and reasonable.

We have completed an initial review of the direct testimony filed in this case and it appears no party addresses the changed circumstances affecting this issue. To ensure an adequate record is available in which to examine continued use of the 2004 Stipulation mechanisms to adjust revenue requirement in this case, we order PacifiCorp to file with the Commission and serve on other parties in this docket, the 2009 Preliminary Forecast dated August 17, 2009, and all applicable work papers, as soon as possible and no later than October

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26, 2009. Further, we direct the Utah Division of Public Utilities, and invite any other party, to respond to the following in rebuttal testimony:

1. Are the continued use of the 2004 Stipulation terms for the development of the Utah revenue requirement in this case in the public interest?
2. Whether there are alternatives, such as the use of the Rolled-In method without the revenue requirement adjustments contained in the 2004 Stipulation terms, which would be just and reasonable in this case.

DATED at Salt Lake City, Utah this 19th day of October, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#64031