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Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Artie Powell, Manager, Energy Section
Abdinasir Abdulle, Technical Consultant
Thomas Brill, Technical Consultant

Subject: Advice No. 09-06, Compliance Filing to Implement the Commission's Phase I Order on Revenue Requirement in Docket No. 08-035-38.

Date: April 29, 2009

RECOMMENDATION

As discussed herein, the Division of Public Utilities (the "Division") recommends that the Commission adopt the Stipulation in Cost of Service and Rate Spread Phase II ("Stipulation") that will be filed with the Public Service Commission (the "Commission") in this docket on April 30, 2009. In lieu of the Stipulation, the Division has reviewed Rocky Mountain Power's Advice filing and attached tariff sheets, and finds the filing in compliance with the Commission's order dated April 21, 2009 on the revenue requirement phase of this docket and would recommend adoption with an effective date of May 8, 2009.

ISSUE

This filing was submitted in compliance with the Commission's Phase I Order on Revenue Requirement issued April 21, 2009 ("Order"), in Docket No. 08-035-38 implementing a \$45.0 million increase in the annual revenue requirement for Rocky Mountain Power (the "Company"). The Company filed proposed tariff pages associated with Tariff P.S.C.U. No. 47 of the Company applicable to electric service in the State of Utah. The Company has requested an effective date of May 8, 2009.

DISCUSSION

On or about April 24, 2009, the Company filed proposed changes to Schedules 97 and 193 in compliance with the Commission's Order. The Company's application also includes the creation of a new schedule, Schedule 98, to implement on a uniform basis the Commission's ordered \$45 million revenue requirement increase in Phase I of this docket.

Specifically, this compliance filing cancels Schedule 97, the existing Tariff Rider Rate, and replaces it with Schedule 98, the new Tariff Rider Rate. Schedule 98 applies a uniform percentage increase of 6.40 percent to all tariff customer bills and is the result of a 3.34 percent (\$45.0 million) increase applied to current rates including the current 2.96 percent Schedule 97 rider. The filing also revises Schedule 193, the Demand Side Management (DSM) Cost Adjustment, with a wording change to clarify that the DSM rider applies to the new Schedule 98. The Division's review of the Company's Advice filing finds that it is in compliance with the Commission's order. However, given the Cost of Service and Revenue Requirement Spread Stipulation ("Stipulation") that parties are planning to file in this docket on April 30, 2009, the Division recommends that the Commission not adopt the Company's proposed changes (as contained in the Advice filing) at this time. Instead, the Division recommends adoption of the Stipulation with its accompanying rate spread and revised Schedule 98 tariff rider percentages.

The Stipulation implements the Commission's ordered \$45 million increase on a non-uniform basis: residential customers receive a lower than average increase, while large commercial and industrial customers receive a higher than average increase. If adopted by the Commission, the Stipulation would supersede the proposed Schedule 98 contained in the Company's Advice filing. The Adoption of the proposed changes in the Company's Advice filing at this time would necessitate, assuming the Commission adopts the Stipulation, an additional unnecessary round of filings and regulatory reviews. As a signatory party to the Stipulation, the Division asserts that the Stipulation with its attached Schedule 98 and spread percentages is consistent with the Commission's April 21, 2009 order in this docket implementing the \$45 million revenue requirement increase. Therefore, the Division recommends that the Commission adopt the Stipulation. If the Commission does not adopt the

Stipulation, then the Company's proposed changes as contained in this Advice filing also comply with the Commission's Order and could be adopted.

Cc: Dave Taylor, Rocky Mountain Power
Michele Beck, Committee of Consumer Services