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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Alternative Cost Recovery for Major Plant Additions - Populous to Ben Lomond Transmission Line and the Dunlap I Wind Project	Docket No. 10-035-89 UTAH OFFICE OF CONSUMER SERVICES' REPLY TO UIEC'S MOTION TO DEFER RECOVERY OF MAJOR PLANT ADDITION COSTS
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The Utah Office of Consumer Services respectfully replies to the Utah Industrial Energy Consumers' (UIEC) motion pertaining to Rocky Mountain Power's request that the Commission increase rates effective January 1, 2011 by the cost of Major Plant Addition I, Docket No. 10-035-13, and Major Plant Addition II, this docket. UIEC correctly describes the Commission's order in MPA I that authorized deferral of a regulatory asset and a carrying charge, but did not resolve a host of issues pertaining to collection of the deferred amount. In this docket, Rocky Mountain Power requests a rate increase, effective January 1, 2011,

for the costs of the major plant additions described in this docket, and also, to begin collecting the deferred balance from Docket No. 10-035-13.

While the Office generally accepts UIEC's legal argument as correct with respect to statutory interpretation and application, the Office contends that in this particular case and in the context of utility ratemaking, there are other factors of equal weight that the Commission must consider. From the perspective of the residential and small commercial consumer, the two primary concerns are the frequency and magnitude of the rate increase that the Office's constituents must manage within a household or business budget. Unfortunately, it is not clear whether serial but smaller increases are more manageable than infrequent but larger ones. And, the Office contends that the ratepayer impact is complicated by carrying charges attached to deferrals, which has the impact perhaps of materially increasing the cost to the ratepayer.

The competing proposals, Rocky Mountain Power's and UIEC's, are to either increase rates in January 2011 and again 240 days later in a general rate case, or as UIEC would have it, assess carrying costs and raise rates for MPA I and II and in a general rate case in approximately August 2011. The Office agrees that deferring the cost of service portion of the major plant addition cases until the general rate case may be more efficient and may enable work groups to complete their work. However, avoiding a waste of regulatory resources may not benefit the ratepayer. The Office's preliminary analysis reveals that the incremental costs associated with the carrying charges approach a level of materiality that outweighs

any potential gains from process efficiencies. If those charges are shown to be significant as a percentage of current rates in combination with recent historical general rate case outcomes, that reason alone should influence against deferral and in favor of recovery through a rider.

Since it is not clear that the interests of residential or small commercial customers represented by the Office are better served by one or the other of the methods of collection proposed, the Office offers this framework of analysis for the Commission's consideration.

RESPECTFULLY SUBMITTED this 9th day of September 2010.

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above Reply was served upon the following by electronic mail sent on September 9, 2010:

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