



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held at the Heber M Wells Building, Room #210, 160 East 300 South, Salt Lake City, Utah, on Thursday, May 8, 2008

Members of the Committee in Attendance:

Dee Jay Hammon
Andrew Riggle

Kelly Casaday
Franz Amussen

Betsy Wolf
Robert McMullin

Staff in Attendance:

Michele Beck
Eric Orton

Chris Keyser
Cheryl Murray

Members of the Public in Attendance:

Steve Oberbeck (SL Tribune)

Barrie McKay (Questar)

Note: There is no presentation slides associated with this meeting. Also, due to technical failure, there is no recording of the portion of the meeting prior to the closed session. To accommodate these issues, this month's minutes are intended to be more detailed.

1 Welcome and Business

Dee Jay Hammon called the meeting to order at 2:35 p.m. and welcomed all those in attendance. The next Committee Meeting is scheduled for Thursday, June 12, 2008 at 9:30 a.m., Heber M. Wells Building, room #210.

2 Minutes

Betsy Wolf made a motion to approve the February 14th Meeting minutes. Franz Amussen seconded the motion and it passed unanimously.

Robert McMullin made a motion to approve the March 13th Meeting minutes. Kelly Casaday seconded the motion and it passed unanimously.

3 Public Comment

No public comments received.

4. Rocky Mountain Power (RMP) Resource Acquisition

Michele Beck presented an overview of RMP's resource acquisition processes, which included the following five requests for proposals (RFP): (1) RFP for short-term renewables; (2) RFP for long-term renewables, resulting from SB 202; (3) RFP 2012; (4) RFP all source; and (5) RFP for a waiver of the solicitation process and approval for significant energy

resource decision.

Michele explained that both renewable RFPs are outside of the regulatory process. In the long term renewable RFP, a record will be maintained by an Independent Evaluator (hired by the PSC) to facilitate future prudency review in rate cases. Committee staff is optimistic that this is part of the improvements of the process resulting from SB202. The RFP 2012 has been ongoing for more than a couple of years, but may have results soon. Staff will closely analyze any results and bring the issues to the Committee at future meetings. The new all source RFP has been presented in draft form, Committee staff has submitted comments for revisions to better protect consumers, and the Commission has held a hearing to consider this issue. The Committee and staff will not have significant additional involvement for several months until initial results are released, but staff will monitor the process and ensure that we have better access to documents than has been the case in the past.

Michele also provided additional detail on the request for waiver of an RFP. Utah's energy procurement act allows for a waiver in the case of emergency or time limited economic opportunity. The Company requested the waiver for the project identified as Project Blue on the issue of time limited economic opportunity. There was no opposition on that issue and the Commission has already issued an order approving the waiver. Michele explained that staff's concerns about this project were not with the request for waiver, but rather with the accompanying requests for deferred accounting treatment of certain related costs and the assumption that it would be allowed to go through the approval process. The Committee's recollection of the legislative process creating the waiver from the RFP was that Rocky Mountain Power was willing to take on the associated rate recovery risk. This is not how the process is now moving forward. Committee members specifically agreed with the proposal to move forward in analyzing the costs and prudency of the project, but also to make clear our views that the process is not consistent with previous representations from the Company.

5. Case Updates

Michele Beck updated the Committee on the investigation in Questar Gas transponder back-billing issue. She indicated that the scope has been determined and the investigation is underway. The DPU will file its report on July 9th and other parties, including the Committee, will file comments August 9th. The Committee staff has been working closely with the DPU to date, but may ultimately raise different policy concerns. Michele also noted several recent filings for the Committee to be aware of including: a filing by Rocky Mountain Power for a Certificate of Public Convenience and Necessity authorizing construction of the Populus-to-Terminal 345 kV Transmission Line Project, as well as three telecom rate case issues involving Manti, Direct, and Emery telephone companies and a related proceeding examining telecom capital structure treatment. The Committee will hear more details on all of those issues at subsequent meetings. Finally, Michele provided updates on both the Questar Gas Company and Rocky Mountain Power rate cases. In both cases, the Return on Equity (ROE) and Revenue Requirements (RR) are underway. The ROE hearings are later this month. The RR hearings for RMP are early June and for Questar are late June.

6. Closed Meeting

Robert McMullin made a motion to enter into a closed session pursuant to the Utah, Section 52-4-205 (1)(c); strategy sessions to discuss pending or reasonably imminent litigation. Kelly Casaday seconded the motion and it passed unanimously.

Betsy Wolf made a motion to return to open session. Andrew Riggle seconded the motion and it passed unanimously. The Committee was in closed session 52 minutes.

7 Motion on Matters Discussed in Closed Session

Franz Amussen made the motion that the staff move to resolving the issues consistent with the protections of the consumers as discussed and resolving the issues [regarding the revenue requirement in Questar Gas Company's general rate case] consistent with consumer protections. Dee Jay amended the motion by clarifying that this motion authorizes staff to do those things that are required to do that would commit the Committee to close negotiating sessions with Questar. A vote was taken and the motion carried unanimously in favor.

8 Other Business

No other business was discussed.

Robert McMullin made a motion to adjourn, meeting adjourned at 4:20 p.m.