



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, January 8, 2009**

Members of the Committee in Attendance:

Betsy Wolf	Robert McMullin	Roz McGee
Andrew Riggle	Franz Amussen	

Staff in Attendance:

Michele Beck	Ronnie Drake	Cheryl Murray
Dan Gimble	Paul Proctor	

Members of the Public in Attendance:

Jerry Fenn, Qwest
Eric Isom, Qwest
Jim Farr, Qwest
Michael Williams, Qwest
Kelly Mendenhall, Questar

This meeting was accompanied by a power point presentation which is attached and incorporated by reference into these minutes.

1. Welcome and Business

Franz Amussen opened the meeting and welcomed members of the public in attendance.

2. Minutes

No minutes were available for review.

3. Public Comment

No members of the public offered comment.

4. Case Updates

Michele Beck briefed the Committee on the Questar rate design Order and two recent RMP tariff filings: changes to cool keeper and a new dispatchable irrigator load tariff.

5. 2009 Legislation

Michele Beck introduced three pieces of legislation that will be addressed in the 2009 session: an expansion of the use of Universal Service Funds, removal of the exception to Qwest's pricing flexibility, and the results of the negotiations with Rocky Mountain Power regarding RMP's legislative priorities.

The expansion of the Universal Service Funds would allow excess USF funds to be used for broadband expansion into unserved areas and for route diversity. The funds could only be used for up to half of the total costs and would have to be approved by the PSC. It also specifies that these new uses could not be the sole driver of an increase in the USF surcharge and imposes a cap on the surcharge. The Committee discussion included some concerns that this would just be a windfall to certain telecom carriers and also that it takes a regulated fund and uses it to create an unregulated monopoly (in the case of the expansion of broadband.) The Committee also noted that bringing broadband to unserved parts of the state would be a desired outcome.

The removal of the pricing flexibility exception for basic residential service raised a lot of concerns with Committee members. Representatives from Qwest were in attendance to answer questions. The Committee was concerned that Qwest agreed to this restriction in exchange for moving to a competitive market and that no real alternatives exist for the basic residential service. Qwest indicated that the measured service rate exists and offered to keep the rate constant for three years in response to Committee concerns. It was also noted that the exception was never seen to be permanent. Qwest indicated that they needed the flexibility because the basic residential service (their 1FR rate) was an element of all other rates. The Committee questioned whether that was an internal restriction or a different interpretation of the statutes. The Committee also requested additional information on the number of current customers on the 1FR rates, specific available alternatives for basic residential service and other evidence of the level of competition faced by Qwest. No action was taken and the issue will be addressed again at the next Committee meeting.

Michele also reported back to the Committee that the negotiations with Rocky Mountain Power regarding legislation had been successful. The current draft of legislation, which has been sent to the sponsor (Sen. Urquhart) does not include the objectionable provisions contained in the first draft, works out the details on a mechanism to recover net costs on new large capital projects (which staff finds acceptable from the consumer perspective), provides specific legislative authorization for certain regulatory mechanisms (which the Committee believes the PSC already has the authority to do) and incorporates some process clarifications that benefit both the utilities and consumers.

6. Rocky Mountain Power Acquisition of New Large Power Resource

Cheryl Murray provided an overview of the new generating plant, Lakeside 2, for which

Rocky Mountain Power has requested approval. She also provided background on the lengthy process leading to this choice. Staff will provide its analysis and recommendations at the next meeting.

7. Other Business/Adjourn

Michele Beck distributed some Christmas cards that were sent directly to the Committee members and also forwarded an invitation to a kickoff meeting at which initial results will be presented from an economic development study related to energy efficiency and renewable energy.

The next Committee meeting will be held on January 29th; the Committee discussed waiting to set the start time until after seeing the legislative calendar. The February meeting has been canceled and will be rescheduled if necessary. The March 12th meeting remains scheduled.

Robert McMullin made a motion to adjourn with a unanimous supporting vote. The Committee adjourned at approximately 11:35.