



# State of Utah

DEPARTMENT OF COMMERCE  
Committee of Consumer Services

APPROVED

**Minutes of the Meeting of the Committee of Consumer Services held at the Heber M Wells Building, Room #401, 160 East 300 South, Salt Lake City, Utah, on Thursday, May 21, 2009**

**Members of the Committee in Attendance:**

Kelly Casaday	Betsy Wolf	Robert McMullin
Andrew Riggle	Franz Amussen	Roz McGee

**Staff in Attendance:**

Michele Beck	Ronnie Drake	Cheryl Murray
Dan Gimble	Eric Orton	Paul Proctor

**Members of the Public in Attendance:**

None

A power point presentation accompanied this meeting and is incorporated into these minutes by reference.

**1. Welcome & Business**

Kelly Casady called the meeting to order and welcomed attendees. The Committee discussed upcoming meeting schedules while waiting for a quorum to be in attendance. The Committee noted that this would be Roz McGee's final meeting and that new members had not yet been appointed to the Committee, making it difficult to achieve a quorum at upcoming meetings. The Committee tentatively scheduled a meeting for either June 15 or 16, depending on some additional feedback. The Committee also tentatively scheduled a meeting for September 3. Other meetings will be called in the summer, only if needed and if a quorum can be achieved. The details of these meetings will be confirmed by email notification to the Committee members and also posted on the website.

**2. Minutes**

After a quorum was present, the Committee reviewed minutes from the March 18<sup>th</sup> meeting. Robert McMullin made a motion to approve the minutes and Betsy Wolf seconded the motion. The minutes were approved by unanimous vote.

### 3. Case Updates

Michele Beck provided an update on the following issues:

Rocky Mountain Power 2008 general rate case: A settlement was reached in both the revenue requirement and rate spread portions of the case, consistent with the direction provided by the Committee in its last meeting. The total revenue requirement ended up at a \$45 million increase, resulting in an average rate increase of 3.34%. The rate spread agreement resulted in the small commercial and irrigation rate classes receiving that increase, but the residential consumers receiving an increase of only 2.32% (and large commercial and industrial receiving a higher increase). These varying percentages were based on the evidence and analysis done to date in this case, were in the public interest and consistent with policy priorities of the Committee.

Rocky Mountain Power 2009 general rate case:

The next case is anticipated to be filed around June 15<sup>th</sup>, with rates going into effect in February. The Company has also requested an Energy Cost Adjustment Mechanism to be implemented in this case and that portion of the case has already begun. The test year to be used for establishing rates (usually a contested issue) has been settled by parties in advance of the filing. Part of that settlement includes an agreement that the subsequent rate case will be filed no sooner than January 2011 and an agreement regarding the number of "major plant additions" (recently allowed by SB75) that will be filed.

Questar Cases:

Questar filed for a \$50 million refund in the passthrough account, rather than a rate decrease. This returns the money to customers more quickly and will better balance the account. Questar also filed for an extension of the CET pilot program through the end of 2010, which will likely delay the filing of their next rate case until spring of 2010.

Telecom Cases:

The Office is monitoring the Manti Telecom and All West rate cases. The Office is also monitoring the Bresnan case, in which Bresnan has been granted a CPCN to serve in the UBTA territory, but has been unable to get an interconnection agreement with UBTA. The Office will monitor the CPCN request of Beehive into Citizens territory. Earlier, Beehive was denied an interconnection agreement with Citizens because of the lack of a CPCN. Finally, the Office has been participating in the administrative processes underway in an All American case. In this case, All American had been serving outside the territory granted in its CPCN and came back for an adjustment to its CPCN. All American requested an informal process in which to make this change and other parties objected. There are ongoing motions. If any of the telecom cases raise significant policy issues, the Office will include briefings in future Committee meetings.

Other Cases:

There has been recent media attention to utility rebate programs for insulation. These programs have been good performers within the DSM portfolios of both RMP and

Questar and over time have created market transformation. Therefore, both utilities have requested (and been granted) changes to the levels of rebates they offer. The Office also raised significant issues about proper advanced notice for these types of changes to ensure that consumers have adequate notice of upcoming changes. Regarding the Natural Gas Vehicle issue, both the PSC and the Governor's office has held an initial workshop/technical conference. The interaction and next steps for these groups is unclear.

#### 4. Rocky Mountain Power General Rate Case: Rate Design

Dan Gimble provided an overview of the residential rate design issues in the 2008 RMP rate case. He reviewed the earlier phases of the case, rate design general principles, current residential rate design and the Company's proposal for this case. The Office has concerns about the Company's proposal because it has a disproportionate impact in low use residential customers, is contrary to the goals of conservation, and appears to place the Company's private interest goal of revenue stability above key public interest goals. Dan discussed the Office's ideas for rate design including: gradually increasing the customer charge to cost of service, retain the inverted three-block summer rate and raising the final block's price, increase the flat winter energy rate but decrease the summer first block rate, and increasing customer education. Testimony will be filed on June 4<sup>th</sup> with subsequent rebuttal and surrebuttal later in June and July. Since hearings aren't until August, the rate changes will not be implemented in time for this summer's usage. The Office has raised concerns about the negative public interest impact of implementing rate design changes after the summer has ended and other intervening parties have recently been concerned about this issue. For that reason, settlement discussions are underway to see if an agreement can be reached in time to be implemented for the peak months of July and August.

5. Discussion of strategy in litigation pending before the Utah Public Service Commission: in Docket 08-035-38 (RMP General Rate Case), Docket 08-035-15(RMP request for energy adjustment mechanism), Docket 09-035-20 (US Mag application for service), and Docket 08-2469-01 (All American petition to amend authority as CLEC)

*Please note the issues related to Docket 09-035-20 were intended to be removed from this agenda and were not addressed in the closed meeting.*

Roz McGee made a motion to go into closed session. The motion was seconded by Robert McMullin and passed unanimously.

Robert McMullin made a motion to go back into public session. The motion was seconded by Roz McGee and passed unanimously. No additional motions were made.

#### 6. Other Business

No other business was addressed by the Committee. Robert McMullin made a motion to adjourn. The motion was seconded by Roz McGee and passed unanimously.