



PUBLIC MEETING

Utah Committee of Consumer Services

Utah Department of Commerce

March 18, 2009



Welcome & Business



Case Updates

Michele Beck



Case Updates

Questar Rate Case Final Order

- PSC reversed its decision regarding the \$11 M in question
 - Accounting difference between being collected in rates or through the CET
- PSC reversed its decision regarding Wexpro gas in NGV rates
 - Inadequate evidence, will be addressed in NGV docket
- PSC changed decision on NGV rates, raising them partway to cost of service



Case Updates

Natural Gas Vehicles

- Presumably this docket will move forward now that the rate case docket is closed
 - Significant interest in participation
 - Format still unknown
- Recommendations for CCS participation
 - Continue to advance ideas about cost-based rate design and concerns that subsidized rates will not lead to robust NGV industry
 - Wait to take stand on Wexpro gas until appropriate time



Case Updates

RMP Resource Acquisition Dockets

- RMP withdrew request for approval of Lake Side 2 plant (result of 2012 RFP)
- RMP also requested permission to suspend the 2008 RFP
- CCS concerns
 - Large deficits remain
 - Processes do not appear to be yielding resources
 - Although pursuing resources is ultimately a Company decision, dockets need to remain open to properly evaluate the circumstances for future treatment



Case Updates

RMP Integrated Resource Plan

- IRP is also delayed
 - Incorporate new resource decisions
 - Incorporate new forecast
- Concerns
 - Which processes are driving the others?
 - What are the plans to meet the significant needs prior to 2014?
- As these issues become clearer, we will discuss further



2009 Legislation

Michele Beck



2009 Legislation

SB214 Passed with Amendments

- Creates Office of Consumer Services
 - Independent division within Dept. of Commerce
 - Committee placed within office
 - Director given term
 - Requires committee member expertise (“to the extent possible”)
 - Authorizes intervention in federal proceedings
- Committee powers
 - Bill amendments restored “concurrence” on director selection
 - Committee may direct policy objectives
 - Committee may advise on a duty or power of the office



2009 Legislation

Legislation that will Impact our Work

- **SB75 (RMP Negotiated Bill)**
 - Establishes new process for large plant additions
 - Expands low income programs
 - Authorizes PSC to approve other mechanisms, if found to be in public interest
 - Strengthens 240-day timeline for rate cases
 - Requires rulemaking on complete filings



2009 Legislation

Legislation that will Impact our Work

- SB216 (Telecommunications Pricing Flex.)
 - Removes cap on basic residential service
- HB392 (Natural Gas for Vehicles)
 - Allows less than full cost of service rate for natural gas vehicles
- SB41 (Siting of High Voltage Power Lines)
 - Requires additional communication and notice
 - Gives more authority to Facilities Siting Board



2009 Legislation

Energy Policy Legislation

- HJR 9 Resolution Supporting Energy Efficiency
- SJR 16 Resolution Supporting Nuclear Power
- HJR 12 Resolution Supporting Hydrogen Power from Adv. Coal and Carbon Capture and Sequestration Technology
- HR 3 Resolution on Energy Policy (urges that Utah withdraw from Western Climate Initiative)
- SJR 1 Joint Resolution – Renewable Energy System (supports model ordinances for local governments addressing renewable energy technology)
- HB 412 Energy Policy Amendments (requires cost/ben for Utah before state or federal climate change initiatives and promotes passthrough pricing for carbon costs)



2009 Legislation

Misc. Legislation

- HB 430 Economic Development Incentives for Alternative Energy Projects (includes renewables and nuclear)
- SB76 (creates special independent entity with bonding authority to fund transmission for renewable projects)
- SB99 REC Revisions (minor language change)
- SB188 (allows inter-local to provide electric service in certain area of Southern Utah)
- SB269 Public Utility Easement (clarifies requirements pertaining to easements)



2009 Legislation

Items for Interim Study

- HVAC licensing
- Carbon credits for sequestration
- Definition of renewable to include methane gas (from coal mines)
- Nuclear power corporation compliance
- Renewable energy from trust lands
- USF contributions
- Renewable energy in schools



Rocky Mountain Power General Rate Case

Cheryl Murray



RMP Rate Case Cost of Capital

- Parties reached agreement on allowed Cost of Capital & Capital Structure
- Results in approximately \$23 million reduction to the Company's revenue requirement
 - 10.6 % Return on Equity
 - Equivalent to the 10.5% in our analysis (due to changed in capital structure)
- There was a hearing on the Settlement on March 12
- Commission approved the Settlement from the Bench



RMP Rate Case

Revenue Requirement

- On March 9 parties filed revenue requirement rebuttal testimony
- Party positions changed as follows:

	Direct	Rebuttal
RMP	\$116.1 M	\$57.4 M
DPU	\$52.5 M	\$46.2 M
CCS	\$15.6 M	\$35 M approximate

- Rebuttal positions include a correction to deferred income tax, new Cost of Capital and adjustments based on other parties direct testimony



RMP Rate Case

Revenue Requirement

- New starting revenue requirement at rebuttal was \$75,278,915
 - Included effects of cost of capital settlement & tax correction
- CCS rebuttal position includes:
 - O&M related adjustments: (\$9 million)
 - NPC related adjustments: (\$18 million)
 - Rate base related adjustments: (\$6.5 million)
 - JAM effect & rate mitigation cap (\$3.8 million)



RMP Rate Case

Revenue Requirement

- Surrebuttal Testimony is due March 23, 2009
- Our revenue requirement number will change based on rebuttal testimony of other parties and responses to data requests



Closed Session



Open Session



Other Business/Adjourn
