

## **LARGE UTAH ENERGY USERS RESPOND TO ROCKY MOUNTAIN POWER'S PRESS RELEASE DATED SEPTEMBER 2, 2008**

The Utah Association of Energy Users and the Utah Industrial Energy Users, two groups who represent the majority of Utah's largest Rocky Mountain Power (RMP) customers, feel the need to respond to the September 2, 2008 press release issued by RMP concerning the recent general rate case. Utahns enjoy reasonably priced and reliable electric services in part because of the excellent job that has been done by the Commission in regulating Utah's utilities. RMP enjoys a natural monopoly -- it has no competitors to ensure that rates remain reasonable. The only thing that stands between the requests of RMP for higher rates and the rates actually paid by captive Utah customers is the Commission, assisted by the Utah regulatory agencies and ratepayer groups who appear before the Commission to evaluate requests for changes in utility rates.

UAE believes the recent order of the Commission granting RMP a rate increase of more than \$36 million is fair. It reflects a just and reasonable resolution, based on the record developed in the proceeding, of a contested request by RMP for a significant rate increase. It is the reasoned result of an eight-month process which included dozens of expert witnesses, hundreds of exhibits and lengthy hearings. The Commission carefully analyzed every aspect of RMP's request to raise rates and issued an order that reasonably resolved the disputed issues by carefully balancing the private interest of RMP against the public interest that the Commission is entrusted to protect. The Order carefully considered the evidence on the record and resolved the issues on a point-by-point basis based on facts, logic, statutory requirements and proper procedure. The Order is fair and does not warrant the kind of dramatic statements recently issued by RMP.

RMP has signaled its intent to appeal the Commission's order, which it has every right to do. Utah law ensures that the Commission's order can be reviewed for correctness by the Utah Supreme Court. This is the statutorily-authorized, and only proper, means for contesting a Commission order. Beyond pursuing these legal rights, however, RMP launched a press statement that appears designed to cause fear and concern among Utah ratepayers and to criticize Utah's regulatory community. Like a

court, the Commission cannot adequately defend itself against these types of statements levied in the press. The Commission can speak only through official rulings.

Many of the statements in RMP's press release are of concern. For example, the Commission has not signaled that low rates are more important than reliable service in Utah. To the contrary, the Commission has consistently allowed RMP to recover its costs reasonably incurred in ensuring reliability. Also, the Commission is not responsible to set a "budget" within which RMP must live. Rather, the Commission looks at the best information available on the record, reaches a reasonable estimate of the rates that will likely be necessary to fund RMP's operations at a reasonable level, and leaves it to the utility to administer its business. RMP has consistently recovered its reasonably-incurred costs in serving Utah customers, as well as a return on its invested capital. The recent Commission order will allow it to continue to do so.

As customers, we applaud the efforts announced in the press release by RMP to control costs by reviewing current operations and expenses, examining employee levels, curtailing unnecessary use of contractors and reviewing spending and contribution priorities. Indeed, forcing aggressive utility cost-cutting measures is one of the primary ratepayer benefits of Utah's regulatory process.

However, we reject any statements in the press release intended to stymie economic development in Utah or suggesting that outages will be left un-restored for longer than necessary or that customer services will be reduced beyond reasonable levels. Such statements must not be countenanced. The most basic obligation of a regulated utility is to provide reliable, low-cost utility services.

We commend the Utah Public Service Commission, Utah's utility regulatory agencies and the regulatory process for protecting the interests of Utah ratepayers, while also protecting the legitimate interests of the utility. It is RMP's responsibility to provide all appropriate utility services to its customers and to comply with Commission orders and requirements.

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