



New ETF Book by Larry Connors - [Click here to read more](#)

SEARCH

GO

LOGIN

Home PowerRatings Free Trials Products Stocks ETFs Options Forex Emini/Futures Quotes & Charts [PowerRatings FREE TRIAL](#)

Enter Symbol

News

Trading News

- Breaking News
- Most Read
- Stock News
- Stock Alert
- Market Analysis
- Stock Index
- All Trading News

PowerRatings

- Stock Ratings
- Upgrades
- Downgrades

Markets Worldwide

- Day Trading
- Stock Trading
- Stock Picking
- Swing Trading
- Forex Trading
- Futures Trading
- Emini Trading
- Options Trading
- Online Trading
- Stock Market Analysis
- Stock Rating
- View More Topics >>
- [View Trading Glossary >>](#)



[Saxo Bank – forex trading online](#)

Electric utility wants to change way it bills customers: Critics challenge Rocky Mountain Power's assertion that plan would be good for consumers.

Fri. December 11, 2009; Posted: 01:34 AM

[ADD THIS](#)

[Are you looking to increase you ETF knowledge?](#)

RMPC See the PowerRating of [RMPC](#) now and learn how it rates on a 1-10 scale. The higher the PowerRating, the greater potential short-term gain based on historical data.

Dec 10, 2009 (The Salt Lake Tribune - McClatchy-Tribune Information Services via COMTEX) -- [RMPC](#) | [Quote](#) | [Chart](#) | [News](#) | [PowerRating](#) -- Rocky Mountain Power wants to change the way it bills customers for the electricity they use.

Pre-Order Your Free Guide: "2010 Commodity Trading Guide"

The 2010 Trading Guide, published by The Hightower Report, will be shipping in December.

[Click to reserve yours now!](#)

RJO Futures

The [power company](#) says its proposed plan will help lower costs and allow Utahns to better track their electricity usage and respond to changing prices.

But critics such as consumers advocates, environmentalists and even big industrial users of electricity argue that the plan will force customers -- not Rocky Mountain Power -- to bear the risk of fluctuating energy prices.

"Since we no longer will have to file so many general rate cases, this will help us reduce our costs and keep prices low for our customers," said Dave Eskelsen, a Rocky Mountain Power spokesman.

The company's proposal centers around what is known as an "energy cost adjustment mechanism,"

or ECAM, for short.

It is an [account](#) the utility wants to set up to keep track of the difference between what Utahns pay for their power every month and what it costs the company for the fuel it needs to run its plants and any electricity it must to buy on the open market to meet demand.

Then, it wants to once a year be able to adjust its customer's monthly bills to recover those costs. Sometimes customers bills would go up after fuel and the cost of buying power on the open market rose, but they would be adjusted downward if those costs had fallen in the previous 12 months.

Rocky Mountain Power's proposed ECAM would operate similar to the account Questar Gas uses

to adjust the amount it charges customers for the natural gas it supplies -- typically twice a year.

As things now stand, Rocky Mountain Power must wait to recover those fuel and power-purchase expenses until it files a rate case with the state's Public Service Commission. But that often means the company has tens of millions off dollars tied up while it waits for state regulators to rule whether it is entitled to be reimbursed in its rates.

Critics, though, argue there is much more at stake than merely allowing the power company to more quickly recover its costs.

An ECAM could change the way the company does business and may make it more expensive for its customers in the long run, said Michele Beck, director of the Utah Office of Consumer Services, which oversees the state's Committee of Consumer Services.

"They (Rocky Mountain Power) really haven't demonstrated a need for such a mechanism," Beck said. "And we have concerns that it may change the incentives now in place that encourage the company to keep its costs down."

Under the current system, if Rocky Mountain Power is able to reduce its costs either through more efficient operations or through effective fuel-hedging practices, it gets to keep and use the money it saves until the next rate case.

An ECAM would take away that incentive, Beck said. Counters the utility's Eskelsen, "Our answer to that is right now the company spends money directly to serve customers and has to wait 18 to 24 months to recover it through a general rate case."

GET! Larry Connors' **Daily Battle Plan**
ETF Trading Score Card
since October, 2008

Total Trades	Winners	% Winners
54	44	81%

[Click Here to learn more](#)

Related News [RMPC]

Cold strains power grid: Rocky Mountain Power asks customers to conserve use during peak hours

BRIEF: Rocky Mountain Power asks customers to conserve

Rocky Mountain Power asks customers to keep close eye on their electricity use: Some customers recei...

Electric utility wants to change way it bills customers: Critics challenge Rocky Mountain Power's as...

UPCOMING EVENTS

Learn new strategies, how to trade in this market, and the [stocks](#) you should be focusing on each day. Join us for our **free** 20 minute tele-seminars during the week.

Thursday December 17 04:30 PM
[The TradingMarkets Swing Trading College Presentation](#)

Thursday December 17 12:30 PM
[Hear What Kevin Haggerty Sees in the Stock Market Today!](#)

Wednesday December 16 01:00 PM
[Hear What Gary Kaltbaum Sees in the Stock Market Today!](#)

* Attendance is strictly limited and are filled on a first-come, first-served basis.

He said that time lag represents a tremendous disincentive for Rocky Mountain power to make those investments. It also impacts the company's cost of [financing](#) those investments and expenditures.

But Beck argues that in making it easier for the company to recover the cost of the energy it purchases on the open market, an ECAM could be a disincentive for the utility to construct its own generating facilities.

Because the capital cost of those projects could be tied up for a long time until another rate case is filed and decided, it may be easier for the company to just buy the power it needs on the open market and get a quick recovery of those costs.

"We've been concerned for quite awhile that the company already is relying too heavily on open-market purchases of electricity," Beck said.

Others also have concerns.

Gary Dodge is a Salt Lake attorney who represents the Utah Association of Energy Users, a group of large industrial utility customers. He contends that Rocky Mountain Power already uses hedging to protect itself from fluctuating fuel and energy prices.

Hedging is a technique employed by [traders](#) to minimize the risk of losses by locking in a long-term price for products, which in Rocky Mountain's case would be coal and natural gas. This is achieved by taking equal and opposite positions in cash and in the [futures market](#).

"They can and do use hedging to protect themselves," Dodge said. "So they are not any significant risk if they don't have an ECAM in place."

Dodge pointed out that prior to 1990 a predecessor company to Rocky Mountain Power -- Utah Power & Light -- had an adjustment mechanism similar to ECAM in place and asked state regulators for permission to end the practice because it wasn't in the public interest.

At that time, UP&L President Verl R. Topham testified that because the account placed the risk of fluctuating power costs on the customer, the utility instead was willing to bear that responsibility.

"The company is willing to accept this risk because we believe the risk is manageable," Topham testified.

Dodge said the company's request was granted, and "in retrospect it was a good move. The early 1990s was the start of a long-term downward trend in power prices. And that is another reason why we oppose the ECAM. When prices were declining, the customers didn't get the full benefit. It just isn't fair to have one now when (long-term) energy prices are rising."

Beck at the Office of Consumer Protection expressed much the same sentiment.

"The company has not explained why its philosophy has changed such that it now believes the risk should be borne by customers who have no input on management's business decisions," she said.

Rocky Mountain Power's Eskelsen counters that the power company's decision to end its account in 1990 was "19 years and two owners ago" and was taken amid a "vastly different industry and economic environment."

The company in 1990 was part of Oregon-based PacifiCorp. Today it is owned by billionaire Warren Buffett's MidAmerican Energy Holdings Co.

"In the 1990s many in the utility industry, and also those in the regulatory [community](#), assumed that the industry was about to undergo substantial change and move to a deregulated, market competition system," Eskelsen said. "That didn't happen."

Nancy Kelly, a senior policy adviser for Western Resource Advocates, also is among those concerned about the "incentives and disincentives" an ECAM might have on utility decisions when it comes to securing generating capacity.

She argues that an ECAM would provide an incentive for the company to secure "fossil-fuel resources," while creating disincentives to acquire and develop renewable resources, such as wind and solar power.

She reasons that an ECAM would make it easier for the company to recover its fuel costs. Renewable resources, however, have little or no fuel costs but they require a lot of money to develop. Those [capital investments](#) would then have to be recaptured by the utility through a general rate case, where recovery would be less certain.

But Karl A. McDermott, a professor of business and government at the University of Illinois at Springfield, told state regulators in written testimony submitted on behalf of the utility that Rocky Mountain Power, from a [profit](#) perspective, will be no better off running a coal plant as opposed to a wind farm.

"While some may feel the utility should build more wind or solar (or coal for that matter), denying the utility cost of recovery for prudently incurred costs is not the proper public policy to promote any generation resource over another," he said.

In the six states where Rocky Mountain Power and sister company Pacific Power operate, four have ECAM in place. Also McDermott pointed out that in all the states that regulate [investor](#)-owned utilities, 35 have some type of fuel-adjustment-charge mechanism in place, with Utah the lone jurisdiction in the country that does not have an ECAM.

steve@sltrib.com

To see more of The Salt Lake Tribune, or to subscribe to the newspaper, go to <http://www.sltrib.com>. Copyright (c) 2009, The Salt Lake Tribune Distributed by McClatchy-Tribune Information Services. For reprints, email tmsreprints@permissionsgroup.com, call 800-374-7985 or 847-635-6550, send a fax to 847-635-6968, or write to The Permissions Group Inc., 1247 Milwaukee Ave., Suite 303, Glenview, IL 60025, USA.

For full details for RMPC [click here](#).

RJO Futures

Pre-Order
Your Free
Guide:
"2010
Commodity
Trading
Guide"



The 2010 Trading Guide, published by The Hightower Report, will be shipping in December.

Click to reserve yours now!

RESERVE NOW



More News: [Market Updates](#) | [Stock Alerts](#) | [All Trading News](#) | [Stock Index](#)



Enhance Your ETF Trading Skills

High Probability
ETF Trading

by: Larry Connors
Cesar Alvarez
Connors Research

NEW BOOK!

High Probability
ETF Trading
7 Professional Strategies to
Improve Your ETF Trading

Larry Connors
Cesar Alvarez
Connors Research

[Read More...](#)

www.HighProbabilityETFTrading.com

**Pre-Order Your Free Guide:
"2010 Commodity
Trading Guide"**

Commodity Trading Guide

The 2010 Trading Guide, published by The Hightower Report, will be shipping in December.

[Click to reserve yours now!](#)

RJO Futures [RESERVE NOW](#)

PREMIER SPONSORED LINKS

- Get all the support, resources and education for trading Forex you'll need with the best bonuses on the web by UFX Bank
- Practice No Risk Trading at optionsXpress
- North American Derivatives Exchange - Indices, Forex, Commods
- Reserve Your Copy Of The 2010 Commodity Trading Guide Now
- Get stock trades for only \$4.50 each at Zecco Trading
- Download a free Options Basics Podcast.
- Become an Introducing Broker at UFX Bank and get the best deal on the planet, we will provide you with full control, online, at all times!
- Saxo Bank – forex trading online

TRADE CENTER



Siemens Energy Solutions

135 Years of Electrical Engineering Discover the Latest Innovations.

www.siemens.com/energy/services

Just Energy ®

Protect From Volatile Energy Rates. Gift with Enrollment. Call Today!

www.JustEnergy.com

Illinois Electricity

Electricity Savings For Businesses In Ameren & ComEd Service Territory

FirstEnergySolutions.com/Illinois

Ads by Google

The TradingMarkets Directory			
Stocks	Forex	How to Trade	PowerRatings
Quotes	How to Trade	Stocks	Stock PowerRatings
Charts	Forex Momentum Index	Options	ETF PowerRatings
How to Trade	Pivots	Forex	PowerRatings Charts
Commentary and Analysis		E-mini/Futures	PowerRatings Strategies
PowerRatings	E-mini/Futures	Glossary	Search PowerRatings
Training Classes	Quotes		
Tools	Charts	Tools	Blogs
Stock Scanner	How to Trade	Stock PowerRatings	The Money Blogs
Daily Market Bias	Daily Market Bias	ETF PowerRatings	David Penn's Market Moods
		Stock Screener	Larry Connors on Short Term Trading
Options		Quotes & Charts	
Quotes		Stock Indicators	Premium Subscription Services
Charts		Market bias Indicators	Stock PowerRatings Free Trial
How to Trade			ETF PowerRatings Free Trial
Commentary and Analysis			TradingMarkets Subscription Free Trial
			Daily Battle Plan Free Trial
			Gary Kaltbaum - Intraday Breaking Alerts Free Trial
			Kevin Haggerty Professional Trading Service Free Trial

RELATED SITES



Please call 1-213-955-5858 ext. 1

[About TradingMarkets](#) | [Contact](#) | [Advertise](#) | [Careers](#) | [Link to Us](#) | [Site Map](#) | [Help](#) | [Terms & Conditions](#) | [Privacy Policy](#) | [Return Policy](#) | [Testimonials](#) | [Feedback](#)

Disclaimer:

The Connors Group, Inc. ("Company") is not an investment advisory service, nor a registered investment advisor or broker-dealer and does not purport to tell or suggest which securities or currencies customers should buy or sell for themselves. The analysts and employees or affiliates of Company may hold positions in the stocks, currencies or industries discussed here. You understand and acknowledge that there is a very high degree of risk involved in trading securities and/or currencies. The Company, the authors, the publisher, and all affiliates of Company assume no responsibility or liability for your trading and investment results. Factual statements on the Company's website, or in its publications, are made as of the date stated and are subject to change without notice.

It should not be assumed that the methods, techniques, or indicators presented in these products will be profitable or that they will not result in losses. Past results of any individual trader or trading system published by Company are not indicative of future returns by that trader or system, and are not indicative of future returns which be realized by you. In addition, the indicators, strategies, columns, articles and all other features of Company's products (collectively, the "Information") are provided for informational and educational purposes only and should not be construed as investment advice. Examples presented on Company's website are for educational purposes only. Such set-ups are not solicitations of any order to buy or sell. Accordingly, you should not rely solely on the Information in making any investment. Rather, you should use the Information only as a starting point for doing additional independent research in order to allow you to form your own opinion regarding investments. You should always check with your licensed financial advisor and tax advisor to determine the suitability of any investment.

HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING AND MAY NOT BE IMPACTED BY BROKERAGE AND OTHER SLIPPAGE FEES. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER- OR OVER-COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN.

The Connors Group, Inc.
10 Exchange Place, Suite 1800
Jersey City, NJ 07302

© Copyright 2009 The Connors Group, Inc.

All analyst commentary provided on TradingMarkets.com is provided for educational purposes only. The analysts and employees or affiliates of TradingMarkets.com may hold positions in the stocks or industries discussed here. This information is NOT a recommendation or solicitation to buy or sell any securities. Your use of this and all information contained on TradingMarkets.com is governed by the [Terms and Conditions of Use](#). Please click the link to view those terms. Follow this link to read our [Editorial Policy](#).

© 2009 The Connors Group, Inc.