

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**In the Matter of Rocky Mountain Power
Advice No. 09-08, seeking an Adjustment to
the DSM Tariff Rider, Schedule 193.**

Docket No. 09-035-T08

RMP Advice No. 09-08

**Stipulation Regarding Phase I –
Recovery of the Balance in the Demand-
Side Management Deferred Account and
the Company’s Forecast of Future DSM
Expenditures**

1. This Stipulation (“Stipulation”) is entered into by and among the Parties, as of July 31, 2009, whose signatures appear on the signature pages hereof: Rocky Mountain Power (“RMP” or the “Company”); the Utah Division of Public Utilities (the “Division”); the Utah Office of Consumer Services (the “Office”); Utah Association of Energy Users (“UAE”); Utah Industrial Energy Consumers (“UIEC”); Southwest Energy Efficiency Project (“SWEEP”); Wal-Mart; Western Resource Advocates (“WRA”); Utah Clean Energy; and Salt Lake Community Action Program (collectively referred to herein as the “Parties” or “Party”).

I. INTRODUCTION

2. The terms and conditions of this Stipulation are set forth herein. The Parties represent that this Stipulation is in the public interest and recommend that the Public Service Commission of Utah (the “Commission”) approve the Stipulation and all of its terms and conditions.

II. BACKGROUND

3. On June 11, 2009, Rocky Mountain Power filed an advice letter with the Public

Service Commission of Utah requesting an increase in Schedule 193 – Demand-Side Management Cost Adjustment (DSM tariff rider). The Company requested the current DSM tariff rider be increased from 2.1% to 6.16%. The requested increase is needed to 1) retire the current balance in the demand-side management deferred account within 12 months and 2) recover the actual and projected costs of ongoing Commission approved programs.

4. In response to the Company's Advice No. 09-08, UAE and UIEC each filed petitions to intervene with the Commission, protested the Company's request and requested a hearing.

5. On July 14, 2009, the Parties met with Commission staff at a Scheduling and Technical Conference to discuss the scope of the proceeding and establish a procedural schedule. At that meeting, the Parties agreed to bifurcate the proceeding to evaluate the Company's immediate recovery of the balance in the demand-side management deferred account in Phase I of the proceeding, and defer all other issues to Phase II, the scope of which will be determined by the Commission at a later date. According to the Commission's Scheduling Order, issued July 28, 2009, Parties are to file initial testimony on August 3, 2009, rebuttal testimony is due August 10, 2009, and a hearing will be held August 12, 2009. All Parties will file proposals on the scope of the Phase II proceedings on August 18, 2009, and a Scheduling Conference will be held September 9, 2009. Certain of the Parties have requested a hearing for Phase II issues to be held in early November 2009, which request is awaiting Commission action.

6. On July 21, 27 and 29, 2009, the Parties met to discuss the settlement of the issues associated with the Company's request to increase the DSM tariff rider.

7. As a result of the settlement negotiations, the Parties have reached a compromise on cost recovery and certain other issues, as described in the terms of the Stipulation below.

III. TERMS OF STIPULATION

8. Schedule 193. The Parties agree that Rocky Mountain Power's Schedule 193 will be increased to an average rate of 4.6%, effective September 1, 2009 and collected from customer classes as reflected in Attachment 1.

9. DSM Deferred Balance.

a) Rocky Mountain Power agrees to reduce the balance in the demand-side management deferred account by \$10.85 million, which represents the net present value of the Sacramento Municipal Utility District ("SMUD") imputed contract revenue agreed to by the Parties subject to paragraph 9.d.

b) The adjustment will be made on February 18, 2010, reflecting the termination of the SMUD imputation adjustment in net power costs in base rates as an offset to the demand-side management deferred account balance.

c) The Parties agree that the revenue requirement being requested in Docket No. 09-035-23 should be increased by \$2.0 million, which represents the elimination of the SMUD contract imputation in net power costs. No further contract price imputation adjustments will be made by the Parties to the SMUD contract in any ratemaking setting for the duration of the existing contract.

d) The Parties agree not to propose or support any imputation adjustments to the SMUD contract in Docket No. 09-035-23 or any other future rate proceeding. Should Rocky Mountain Power fail to receive an order in Docket No. 09-035-23 reflecting the elimination of the SMUD imputation adjustment, the adjustment to the demand-side management deferred account for SMUD will be reversed by the net present value of any revenue imputation remaining in base rates.

e) While the Parties recognize that the revenue collected through Schedule 193, as described in paragraph 8 and the offset outlined in paragraph 9 above, are intended to recover the costs associated with ongoing programs and to retire the deferred DSM account balance as of September 1, 2009, they also recognize that further adjustments to Schedule 193 may be required.

f) Nothing in this Stipulation prohibits the Company or any other Party from seeking other adjustments to Schedule 193 to reflect changes in ongoing program costs and projections. However, all Parties agree to support amortization over approximately 24 months of the current deferred DSM balance net of paragraph 9 impacts, ending approximately in August 2011.

10. Reporting. The Parties agree that Monthly DSM reports will continue as currently provided by the Company. Rocky Mountain Power shall provide a DSM deferred account analysis similar to that in Advice No. 09-08 to the Commission and the Demand-Side Management Advisory Group every six months. The first such analysis shall be provided no later than November 1, 2009.

11. Forecast of Program Expenditures. No later than November 1st of every year, Rocky Mountain Power shall provide the Commission, the Parties to this agreement and the Demand Side Management Advisory Group a forecast of expenditures for approved programs and their acquisition targets (in MWh and MW) for the next calendar year. In the event that expenditures for the Company's demand-side management programs reach 90% of the forecasted level prior to December 1st of that year, Rocky Mountain Power shall notify the Office, Division, Commission and Demand Side Management Advisory Group, and any Party is free to take any action or seek any changes not inconsistent with any term of this Stipulation that it deems appropriate.

12. Flexible Tariff for the Home Energy Savings Program. Rocky Mountain Power will file, contemporaneously with the filing of this Stipulation, a revised Schedule 111 for the Home Energy Savings program provided as Attachment 2 and consistent with the process outlined in Attachment 3. The Parties agree not to oppose the filing and approval of the flexible tariff. At the end of 12 months from the effective date of the revised Schedule 111, the Company will review the flexible tariff format with the Demand Side Management Advisory Group.

13. Issues Deferred to Phase II. Parties have raised issues in this Docket beyond those resolved by this Stipulation. The Parties agree that this Stipulation does not impair the rights of any Party to continue to pursue any issues in Phase II of this Docket other than those that are resolved by this Stipulation in paragraphs 8 and 9.

IV. GENERAL TERMS AND CONDITIONS

14. All negotiations related to this Stipulation are privileged and confidential and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an admission or acknowledgment by any Party of any liability, the validity or invalidity of any claim or defense, the validity or invalidity of any principle or practice, or the basis of an estoppel or waiver by any Party other than with respect to issues resolved by this Stipulation; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except a proceeding to enforce the approval or terms of this Stipulation.

15. The Company, Division and Office agree to, and other parties may, make one or more witnesses available to explain and support this Stipulation to the Commission. Such witnesses will be available for examination. As applied to the Division and Office, the explanation and support shall be consistent with their statutory authority and responsibility.

16. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation. As applied to the Division and Office, the phrase “use its best efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review opposed to the Stipulation.

17. Except with regard to the obligations of the Parties under the two immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission. This Stipulation is an integrated whole, and any Party may withdraw from it if it is not approved without material change or condition by the Commission or if the Commission’s approval is rejected or materially conditioned by a reviewing court. If the Commission rejects any part of this Stipulation or imposes any material change or condition on approval of this Stipulation or if the Commission’s approval of this Stipulation is rejected or materially conditioned by a reviewing court, the Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, any Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and no Party shall be bound or prejudiced by the terms and conditions of the Stipulation.

18. The Parties may execute this Stipulation in counterparts each of which is deemed an original and all of which only constitute one original.

IN WITNESS WHEREOF, the Parties hereto have caused this Stipulation to be executed by their duly authorized representatives as of the date first herein written.

ROCKY MOUNTAIN POWER:

By: _____
Mark C. Moench
Senior Vice President & General Counsel

Date: _____

DIVISION OF PUBLIC UTILITIES:

By: _____
Patricia Schmid
Assistant Attorney General

Date: _____

OFFICE OF CONSUMER SERVICES:

By : _____
Paul H. Proctor
Assistant Attorney General

Date : _____

UTAH ASSOCIATION OF ENERGY USERS

By : _____
Gary A. Dodge
Hatch, James & Dodge

Date : _____

UTAH INDUSTRIAL ENERGY CONSUMERS

By : _____

F. Robert Reeder
Vicki M. Baldwin
Parsons Behle and Latimer
Attorneys for UIEC, an Intervention Group

Date : _____

WESTERN RESOURCE ADVOCATES

By: _____

Steve Michel
Chief Counsel

SOUTHWEST ENERGY EFFICIENCY PROJECT

By: _____

Howard Geller
Executive Director

UTAH CLEAN ENERGY

By: _____

Kevin Emerson

WAL-MART

By: _____

Holly Rachel Smith
Attorney for Wal-Mart Stores, Inc.

SALT LAKE COMMUNITY ACTION PROGRAM

By: _____

Dale Canning
Acting Director