

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations	DOCKET NO. 10-035-124  <b>STIPULATION ON COST OF SERVICE, RATE SPREAD AND RATE DESIGN</b>
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**INTRODUCTION**

1. This Stipulation on Cost of Service, Rate Spread and Rate Design (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties”).
2. On January 24, 2011, Rocky Mountain Power (“Rocky Mountain Power” or “Company”) filed an application, together with supporting testimony and exhibits, requesting approval of an increase in its retail electric utility service rates in Utah in the amount of \$232.4 million.
3. On February 23, 2011, the Commission issued an order establishing the procedural schedule for this case. Hearings in this docket are scheduled to begin on July 27, 2011 on revenue requirement issues and August 8, 2011 on cost of service, rate spread and rate design issues.
4. Certain Parties have reached a compromise as specified herein on the rate spread that should be used in this case, as well as on all cost of service and rate design issues.

## **TERMS OF STIPULATION**

Subject to Commission approval and for purposes of this Stipulation only, the Parties agree as follows:

5. Rate Spread. For purposes of this Docket only, the Parties agree that any rate increase granted to the Company in this docket should be spread in accordance with the percentages of the revenue requirement increase reflected in the column labeled “Stipulated Percentage of Revenue Requirement Increase” of the attached Exhibit A. Rates for each special contract customer shall continue to be governed by the terms of the applicable contract.
6. Cost of Service. For purposes of this Docket only, the Parties agree to withdraw and not to contest any cost of service issues or disputes raised by parties to this Docket.
7. Rate Design. For purposes of this Docket only, the Parties agree that the applicable rate increases determined in accordance with the rate spread stipulation contained in Paragraph 5 and Exhibit A should be applied on an equal percentage basis to all rate elements of all Schedules receiving a rate increase, except as specified in the following sub-parts of this Section 7:
  - a. Schedule 1, 2 & 3 Customer Charge and Minimum Bill. For residential schedules 1, 2 and 3, the Parties agree that a customer charge of \$4.00 per month and a monthly minimum bill of \$7.00 per bill should apply. For customers on these schedules taking three-phase service, the Parties agree that a customer charge of \$8.00 per month and a monthly minimum bill of \$14.00 per bill should apply. All residential energy charges should be

adjusted on an equal percentage basis to achieve the targeted revenue requirement change. The Company has prepared corrected billing determinants for single- and three-phase residential customers, attached as Exhibit B to this stipulation. The Division agrees to request that the Commission schedule one or more technical conferences in this docket prior to the end of 2011 so that interested parties can explore issues, calculation methodologies and policies relating to residential customer charges and minimum bills.

- b. Schedules 1 & 3 Master Metering Language. The Parties agree that, in order to conform tariff language to the Company's current billing practice for master metered residential customers, the language in the "Application" Section of Schedules 1 and 3 should be changed as proposed by Company witness William R. Griffith in Exhibit RMP \_\_\_ (WRG-4), attached hereto as Exhibit C. In accepting this tariff language, the Parties are not endorsing or supporting the current practice, and all Parties agree that this issue may be addressed or revisited by any party in a subsequent docket.
  - c. Schedule 2 Time-of-Day Rate Design. The Parties agree that the design of the on-peak surcharge and the off-peak surcredit for Schedule 2 should be as proposed by DPU witness Lee Smith in Table 11 of DPU Exhibit 16.0D-COS and shall be follows: 4.13 cents/kWh per On-Peak kWh; (1.5487) cents/kWh per Off-Peak kWh.
8. Schedule 25. Consistent with the Non-Residential Rate Design Stipulation in Docket 09-035-23, the Company has proposed in this Docket to close Schedule 25,

Mobile Home and House Trailer Park Service, and to move those customers to Schedule 6 or Schedule 23. The Parties agree that Schedule 25 should be closed and customers currently on that schedule should be moved to schedules 6 or 23, as appropriate.

9. Special Contract Revenue Adjustment. In addition to all other revenue requirement adjustments accepted by the Company or ordered by the Commission in this docket, the Parties agree that the Company's Revenue Requirement should be reduced by \$1 million to reflect an assumed impact of additional contractual increases in test period revenues from special contract customers 1 and 2, for whom test period revenues in this case were assumed in Exhibit A to remain at 2011 levels.
10. Deferred REC Revenue. The Parties agree that, if and to the extent the Commission authorizes in this Docket ratepayer recovery of any deferred REC Revenues, such revenues should be allocated and credited to customers on the basis of the F10 allocation factor utilized in the Company's cost of service study sponsored by Company witness Craig Paice in this docket, and implemented through a negative surcharge via Schedule 98. Because a cost of service study analysis is not prepared for Schedule 21, Schedule 31, or Special Contract Customer 3, an F10 allocation factor is not available; therefore the system average percentage change should be applied to Schedule 21 and Schedule 31. The REC credit for Special Contract Customer 3 will be based on the percentage change applicable to Schedule 9. The results of the F10 allocation will be adjusted pro rata for all customer groups to accommodate these adjustments.

11. Cost of Service/Rate Design Schedule Suspended. The Parties agree that the cost of service rate spread, rate design schedule in this Docket should be suspended, other than a hearing for approval of this Stipulation, and that all cost of service, rate spread and rate design elements resolved in this Stipulation shall be deemed concluded upon entry of an Order approving this Stipulation.

#### **GENERAL TERMS AND CONDITIONS**

12. Not all Parties agree that each aspect of this Stipulation is warranted or supportable in isolation. Utah Code Ann. § 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. While the Parties are not able to agree on each specific component of this Stipulation, all of the Parties agree that this Stipulation is just and reasonable in result and in the public interest.
13. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation for purposes of this docket only, in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

14. The parties agree that no part of this Stipulation or the formulae and methodologies used in developing the same or a Commission Order approving the same shall in any manner be argued or considered as precedential in any future cost allocation case. This Stipulation does not resolve and does not provide any inferences regarding, and the Parties are free to take any position with respect to any issues not specifically called out and settled herein.
15. The Parties request that the Commission hold a hearing on this Stipulation. The Parties request that all of the prefiled testimony in this Docket on issues resolved in this Stipulation be admitted into the record without witnesses being called or sworn at the proceeding. Rocky Mountain Power, the Division, and the Office each will, and other Parties may, make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission's approval of this Stipulation. As applied to the Division and the 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 this Stipulation. As applied to the Division and the 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 four 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 presentation of testimony and cross-examination of witnesses, with respect to issues resolved by the Stipulation, and no party shall be bound or prejudiced by the terms and conditions of the Stipulation.
18. This Stipulation may be executed by individual Parties through two or more separate, conformed copies, the aggregate of which will be considered as an integrated instrument.

**RELIEF REQUESTED**

Based on the foregoing, the Parties request that the Commission schedule a hearing on this Stipulation and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation.

RESPECTFULLY SUBMITTED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ROCKY MOUNTAIN POWER

By: \_\_\_\_\_  
Mark C. Moench,  
Senior Vice President & General Counsel

UTAH DIVISION OF PUBLIC UTILITIES

By: \_\_\_\_\_  
Chris Parker, Director

OFFICE OF CONSUMER SERVICES

By: \_\_\_\_\_  
Michele Beck, Director

UAE INTERVENTION GROUP

By: \_\_\_\_\_  
Gary Dodge  
Hatch, James & Dodge

UTAH INDUSTRIAL ENERGY CONSUMERS

By: \_\_\_\_\_  
Bob Reeder  
Parsons, Behle & Latimer



KROGER CO.

By: \_\_\_\_\_  
Kurt Boehm, Esq.  
Boehm, Kurtz & Lowry

WAL-MART STORES, INC. AND SAM'S WEST, INC.

By: \_\_\_\_\_  
Holly Rachel Smith  
Holly Rachel Smith, PLLC

AARP

By: \_\_\_\_\_  
Bruce Plenk

SALT LAKE COMMUNITY ACTION PROGRAM

By: \_\_\_\_\_  
Catherine Caputo Hoskins

NUCOR STEEL-UTAH

By: \_\_\_\_\_  
Peter J. Mattheis  
Brickfield, Burchette, Ritts & Stone, P.C.

The Federal Executive Agencies

By: \_\_\_\_\_  
Ms. Karen S. White  
AFLOA/JACL-ULFSC

**Relief Requested**

Based on the foregoing, the Parties request that the Commission schedule a hearing on this Stipulation and, thereafter, enter an order approving the terms and conditions set forth in this Stipulation.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of July, 2011.

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**RELIEF REQUESTED**

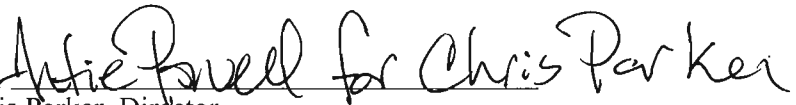
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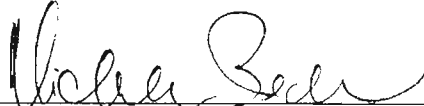
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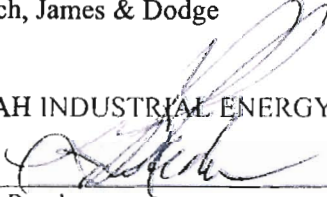
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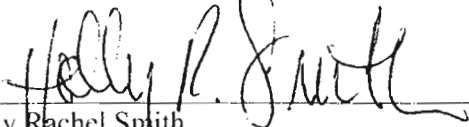
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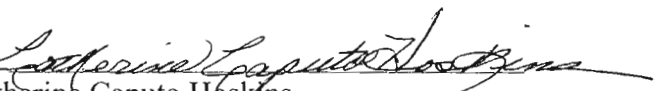
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Exhibit A  
Stipulation Rate Spread

<u>Customer Class</u>	<u>Stipulated Percentage of Revenue Requirement Increase</u> %	<u>Illustrative Percentage Increase Variation from Midpoint Assuming \$100 Million Increase</u> %
Residential (Schs. 1, 2, 3)	39.1328%	0.20%
General Service (Schs. 6, 6A, 6B)	24.8554%	-0.68%
General Service > 1 MW (Sch. 8)	8.6664%	0.16%
Lighting (Schs. 7,11,12)	0.0000%	-6.08%
General Service - High Voltage (Schs. 9, 9A)	15.6296%	1.17%
Irrigation (Schs. 10, 10 TOD)	0.7400%	0.01%
Metered Outdoor Lighting (Sch. 15)	0.0000%	-6.08%
Traffic Signals (Sch. 15)	0.0325%	0.16%
Electric Furnace (Sch. 21)	0.0204%	1.16%
General Service - Small (Sch. 23)	6.5700%	-0.68%
Back-Up, Maint., & Suppl. Service (Sch. 31)	0.0495%	0.16%
Security Area Lighting Contracts (PTL)	0.0000%	-6.08%
Street Lighting Contracts (77)	0.0000%	-6.08%
Contract Customer 1	0.0000%	-6.08%
Contract Customer 2	0.0000%	-6.08%
Contract Customer 3*	3.6471%	1.85%
Contract Customer 4*	0.6563%	0.14%
AGA/Revenue Credit	0.0000%	-6.08%
Total Utah (excl. Customer 1, 2, & AGA)	100.0000%	

\* Per their special contract terms, the rates charged to customer 3 and 4 are derived from other tariff schedules. The contract terms will govern the actual increase assigned to these two customers. The percentage of revenue increase shown for these two customers is an estimate and will vary somewhat depending on the final overall revenue increase approved in this docket. Per the terms of this stipulation, the percentage of revenue increase assigned to other classes will not change.

Exhibit B  
Corrected Billing Determinants

**Rocky Mountain Power - State of Utah**  
**Blocking Based on Adjusted Actuals and Forecasted Loads\***  
**Historical Test Period 12 Months Ending June 2010**  
**Forecast Test Period 12 Months Ending June 2012**

	<b>Adjusted Actual Units</b>	<b>Forecasted Units</b>
<b>Schedule No. 1- Residential Service</b>		
Customer Charge	7,995,935	8,178,019
Customer Charge - 1 Phase	<b>7,987,456</b>	<b>8,169,347</b>
Customer Charge - 3 Phase	<b>8,479</b>	<b>8,672</b>
First 400 kWh (May-Sept)	1,214,510,836	1,283,234,719
Next 600 kWh (May-Sept)	1,001,916,381	1,058,610,469
All add'l kWh (May-Sept)	548,870,017	579,928,183
All kWh (Oct-Apr)	3,469,656,771	3,665,989,548
Minimum 1 Phase	76,138	77,872
Minimum 3 Phase	385	394
Minimum Seasonal	0	0
kWh in Minimum	162,635	171,837
kWh in Minimum 1 Phase - Summer	67,327	71,137
kWh in Minimum 1 Phase - Winter	71,446	75,489
kWh in Minimum 3 Phase - Summer	12,239	12,932
kWh in Minimum 3 Phase - Winter	11,623	12,279
Unbilled	49,973,129	0
<b>Total</b>	<b><u>6,285,089,769</u></b>	<b><u>6,587,934,756</u></b>
<b>Schedule No. 3- Residential Service</b>		
Customer Charge	343,172	376,337
Customer Charge - 1 Phase	<b>342,957</b>	<b>376,102</b>
Customer Charge - 3 Phase	<b>215</b>	<b>235</b>
First 400 kWh (May-Sept)	52,379,160	58,115,255
Next 600 kWh (May-Sept)	32,883,162	36,484,230
All add'l kWh (May-Sept)	8,802,425	9,766,387
All kWh (Oct-Apr)	132,052,132	146,513,295
Minimum 1 Phase	867	951
Minimum 3 Phase	4	4
Minimum Seasonal	0	0
kWh in Minimum	2,042	2,266
kWh in Minimum 1 Phase - Summer	726	806
kWh in Minimum 1 Phase - Winter	935	1,037
kWh in Minimum 3 Phase - Summer	0	0
kWh in Minimum 3 Phase - Winter	381	423
Unbilled	1,813,418	0
<b>Total</b>	<b><u>227,932,339</u></b>	<b><u>250,881,433</u></b>

\*Following the final Commission order in this docket, the residential billing determinants will be updated to reflect ordered revenues, minimum bills and the rate design agreed to in this stipulation.

Exhibit C  
Tariff Language

Rocky Mountain Power  
Exhibit RMP\_\_\_\_(WRG-4)  
Docket No. 10-035-124  
Witness: William R. Griffith

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Exhibit Accompanying Direct Testimony of William R. Griffith

Discussion of Revised Tariff Language

January 2011

### **Schedule 1 and Schedule 3 Housekeeping Billing Change**

The Company proposes to correct an oversight in the Application section of current Schedule 1 and Schedule 3. Currently the Application section for Schedule 1 and Schedule 3 states,

“When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the minimum charges by the maximum number of dwelling or apartment units that may be served.”

The Company proposes to change this language to the following

“When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the number of kWh in each applicable usage block, the Customer Charge and the minimum charges by the maximum number of dwelling or apartment units that may be served”.

The proposed language is similar to language the Company first introduced effective January 1, 1945, when a three block energy rate structure was adopted, along with minimum charges for residential Schedule 1. It stated “When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the number of kWh in each block and the minimum charges by the maximum number of dwelling or apartment units that may be served.” Clearly, the intent of this addition was to bill multiple unit customers as if each unit was individually metered and billed.

On November 1, 1982, the Company replaced the three block energy rate structure with a single flat energy rate. The Applicability paragraph was revised and the currently effective language went into effect. Since then, this paragraph has not been changed even though changes to the rate structure have occurred. For example, on September 23, 1985, a Customer Charge was added to Schedule 1; there was no change made to the Application section to reflect that new rate component. On November 2, 2001, the energy rate structure for Schedule 1 was changed from a single flat rate to a multiple block rate, and, similarly, there was no change made to the above paragraph in the Application section.

To be consistent with the current effective rate structure of residential Schedules 1, 2 and 3, the Company believes that the correct language in the Application section should be revised as proposed. The proposed change will reflect current billing practices for customers with multiple dwelling units. The current method is consistent with the billing determinants and rates established in all recent general rate cases. It benefits customers since, along with the Customer Charge, each rate block is increased by the number of units. Currently the Company multiplies the Customer Charge by the dwelling unit count. It also multiplies the kWh for each rate block by the dwelling unit count. There are around 900 customers with multiple dwelling units in Utah, and the proposed change would have no bill impacts on those customers.



P.S.C.U. No. 47

**Third Revision of Sheet No. 1.1**  
**Canceling Second Revision of Sheet No. 1.1**

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**ROCKY MOUNTAIN POWER**  
**ELECTRIC SERVICE SCHEDULE NO. 1**

**STATE OF UTAH**

\_\_\_\_\_  
**Residential Service**  
\_\_\_\_\_

**AVAILABILITY:** At any point on the Company's interconnected system where there are facilities of adequate capacity.

**APPLICATION:** This Schedule is for alternating current electric service supplied at approximately 120 or 240 volts through one kilowatt-hour meter at a single point of delivery for all service required on the premises for residential purposes.

When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the number of kWh in each applicable usage block, the Customer Charge and the minimum charges by the maximum number of dwelling or apartment units that may be served.

(C)  
|  
(C)

When a portion of a dwelling is used regularly for business, professional or other gainful purposes and 50 percent or more of the electrical energy supplied to that dwelling is being used for residential purposes, the premises shall be subject to this or other residential rates. If 50 percent or more of the electrical energy supplied to the premises is used for other than residential purposes, the premises will be classified as non-residential and electric service shall be provided under the appropriate non-residential schedule. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Schedule will be applied to such service.

**MONTHLY BILL:**

**Customer Charge:**  
\$ 3.75 per Customer

(continued)

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Issued by authority of Report and Order of the Public Service Commission of Utah in Docket No. 10-035-124

**FILED:** January 24, 2011

**EFFECTIVE:** September 21, 2011





**P.S.C.U. No. 47**

**Third Revision of Sheet No. 3.1  
Canceling Second Revision of Sheet No. 3.1**

**ROCKY MOUNTAIN POWER**  
**ELECTRIC SERVICE SCHEDULE NO. 3**

**STATE OF UTAH**

**Low Income Lifeline Program - Residential Service  
Optional for Qualifying Customers**

**AVAILABILITY:** At any point on the Company's interconnected system where there are facilities of adequate capacity.

**APPLICATION:** This Schedule is for alternating current electric service supplied at approximately 120 or 240 volts through one kilowatt-hour meter at a single point of delivery for all service required on the premises for residential purposes.

When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the number of kWh in each applicable usage block, the Customer Charge and the minimum charges by the maximum number of dwelling or apartment units that may be served.

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When a portion of a dwelling is used regularly for business, professional or other gainful purposes and 50 percent or more of the electrical energy supplied to that dwelling is being used for residential purposes, the premises shall be subject to this or other residential rates. If 50 percent or more of the electrical energy supplied to the premises is used for other than residential purposes, the premises will be classified as non-residential and electric service shall be provided under the appropriate non-residential schedule. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Schedule will be applied to such service.

**MONTHLY BILL:** The Monthly Bill shall be the sum of the Electric Service Charge, the Low Income Lifeline Credit and the Life Support Assistance Credit Option, if applicable.

**ELECTRIC SERVICE CHARGE:**

**Customer Charge:**

\$ 3.75 per Customer

(continued)

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Issued by authority of Report and Order of the Public Service Commission of Utah in Docket No. 10-035-124

**FILED:** January 24, 2011

**EFFECTIVE:** September 21, 2011