

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Voluntary Request of)
Rocky Mountain Power for Approval of) DOCKET NO. 12-035-102
Resource Decision to Acquire Natural Gas)
Resources) REPORT AND ORDER
)

ISSUED: April 19, 2013

SYNOPSIS

The Commission approves an uncontested settlement stipulation resolving Rocky Mountain Power's voluntary request for approval of a resource decision to acquire natural gas resources.

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APPEARANCES

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For PacifiCorp, dba Rocky Mountain Power

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" Division of Public Utilities

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" Office of Consumer Services

I. PROCEDURAL HISTORY

On October 24, 2012, pursuant to Utah Administrative Code (“UAC”) R746-440-1(2)(a), PacifiCorp, doing business as Rocky Mountain Power, (“Company”), filed with the Utah Public Service Commission (“Commission”) notice of its intent to file a voluntary request for approval of a resource decision resulting from its 2012 Natural Gas Request for Proposals issued May 14, 2012 (“2012 Gas RFP”).

On November 15, 2012, pursuant to Utah Code Ann. (“UCA”) § 54-17-401 et al. and UAC R746-440-1, the Company filed a voluntary request with the Commission for approval of the Company’s decision to enter into contracts to acquire natural gas resources (“Voluntary Request”) resulting from the 2012 Gas RFP. The Voluntary Request, filed in both confidential and redacted format, included supporting testimony of three witnesses. Specifically, the Company requested authority to execute contracts involving multiple bidders from the final short list of the 2012 Gas RFP, assuming the bids, as updated following Commission approval of the Voluntary Request, meet specified price parameters and a market ratio as defined in the Voluntary Request.

The statutory parties to this case include the Utah Division of Public Utilities (“Division”) and the Utah Office of Consumer Services (“Office”). In addition, the Commission granted the Utah Association of Energy Users and Questar Gas Company leave to intervene. On December 11, 2012, the Commission held a duly-noticed scheduling conference in this docket and on December 13, 2012, issued the Scheduling Order and Notice of Hearing. On January 2, 2013, and February 19, 2013, the Company filed errata direct testimony. On March 5, 2013, the Office and the Division filed direct testimony. No other parties filed testimony in this docket.

On March 19, 2013, the Company, the Division, and the Office, (collectively referred to as the “Parties”), filed an executed, confidential settlement stipulation. On March 21, 2013, as requested in the confidential settlement stipulation, the Commission vacated the remainder of the schedule in this docket, including the April 22nd and 23rd, 2013, hearing dates. Additionally, the Commission provided notice of a hearing to be held on April 1, 2013, to consider the settlement stipulation. On March 28, 2013, the Company filed a confidential, Amended Settlement Stipulation (“Stipulation”) in which the Parties agreed to add additional language to paragraph four of the Stipulation. On April 1, 2013, the Commission held a duly-noticed hearing to examine the Stipulation. At the hearing, the Company offered a clarification to Footnote 1, page 2, of the Stipulation and was asked by the Commission to file an updated page for the record.¹ At the conclusion of the hearing, the Commission issued a bench order approving the Stipulation, including the clarification described for Footnote 1. This Report and Order memorializes that ruling.

II. SETTLEMENT STIPULATION SUMMARY

A copy of the Stipulation is on file with the Commission, and is incorporated by reference in this Report and Order. The Stipulation is designated confidential and is available for review pursuant to UAC R746-100-16. For convenience, a summary of some of the terms in the Stipulation is provided below. This summary, and other discussion of the terms in this Report and Order, are not intended to modify the terms of the Stipulation, and the language in the Stipulation controls.

¹ On April 9, 2013, in response to Commission’s request, the Company filed a revised page 2 of the Stipulation, with new language for Footnote 1.

1. The Parties conducted settlement discussions over the course of several days.
2. The Parties recommend the Commission approve the Stipulation, and all of its terms and conditions, and request the Commission make findings of fact and reach conclusions of law based on the evidence, and on the Stipulation, and issue an appropriate order thereon.
3. The Parties agree the Stipulation resolves all issues in this docket.
4. The Company should execute one or more contracts with the lowest cost bid(s) as determined by comparison to the Company's forward price curves subject to the terms, maximum prices and limitations identified in the Stipulation.
5. The Parties will convene a workshop prior to the end of October 2013 to discuss potential changes to the Company's bid evaluation process for future gas request for proposals and to address the issues identified in the Stipulation.
6. No part of the Stipulation, or the formulae and methodologies used in its development or a Commission order approving the Stipulation, shall in any manner be argued or considered as precedential in any future case except with regard to issues expressly called-out and resolved by the Stipulation.
7. The Stipulation as a whole is just and reasonable in result and in the public interest.

III. PARTIES' POSITIONS

The Parties provided witnesses at hearing to support the Stipulation. No intervening party provided testimony opposing approval of the Stipulation.

The Company testifies in support of the Stipulation and believes it is in the public interest and was negotiated in good faith. While not all intervening parties in this docket signed the Stipulation, the Company is not aware of any parties opposing it. The Company states the Parties agree to convene a workshop prior to October 31, 2013, to discuss potential changes to the Company's bid evaluation process for future gas request for proposals. A list of the specific issues to be addressed at the workshop, although not exhaustive, is provided in the Stipulation.

The Division supports the Company's effort to secure long-term natural gas resources and supports the Stipulation. The Division testifies the "execution of the proposed contract would represent a small portion of the total natural gas requirement each year and would not adversely impact the hedging percent guidelines established through the collaborative process."² The Division believes the Stipulation is in the public interest and recommends the Commission approve the Stipulation.

The Office states it conducted a full review of the Company's Voluntary Request and retained expert consultants to review the bidding and evaluation process used by the Company in the 2012 Gas RFP. These consultants concluded the Company conducted a robust and reasonable process. The Office supports the acquisition of long-term natural gas contracts as described in the Stipulation and asserts the Company has adequately demonstrated sufficient benefit to customers and the Stipulation will result in just and reasonable rates. The Office testifies it supports the Stipulation, and recommends the Commission approve it.

²Transcript of Hearing, April 1, 2013, at 19; lines 2-5.

IV. DISCUSSION, FINDINGS, AND CONCLUSIONS

The Parties signing the Stipulation represent a diversity of interests and agree the Stipulation, as a whole, is just and reasonable in result and in the public interest. As we have noted in previous orders, settlements of matters before the Commission are, by statute, encouraged at any stage of our proceedings.³ The Commission may approve a stipulation or settlement after considering the interests of the public and other affected persons, if it finds the stipulation or settlement “is just and reasonable in result.”⁴ Our consideration of the Stipulation is guided by Utah statutory provisions in UCA § 54-7-1, et seq., encouraging informal resolution of matters brought before the Commission. Our consideration of the Voluntary Request is also guided by UCA § 54-17-401 et al. and UAC R746-440-1.

Based on our consideration of the evidence before us, the Voluntary Request of the Company, the testimony and recommendations of the parties, and the applicable legal standards, we find the Stipulation, and all of its terms and conditions, are just and reasonable in result and in the public interest, and therefore it is approved. We also find the calculation of projected costs, as included in the Stipulation and described by the Company at hearing, are reasonable. We base this finding on the unopposed support for the Stipulation.

V. ORDER

Wherefore, pursuant to the foregoing discussion, findings and conclusions, we
order:

³ See Utah Code Ann. § 54-7-1. See also, *In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah, et al.*, Docket Nos. 04-057-04, 04-057-11, 04-057-13, 04-057-09, 05-057-01, Report and Order issued January 6, 2006, at 26.

⁴ See Utah Code Ann. § 54-7-1(3) (d).

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The terms and conditions of the Stipulation filed in this matter on March 28, 2013, with the clarifications noted at hearing to Footnote 1, are hereby approved, effective April 1, 2013.

DATED at Salt Lake City, Utah, this 19th day of April, 2013.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#243462

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30 days after final agency action. Any petition for review must comply with the requirements of §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 19th day of April, 2013, a true and correct copy of the foregoing was served upon the following as indicated below:

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