

BACKGROUND

3. On June 16, 2015, Rocky Mountain Power (“Company” or “Rocky Mountain Power”) filed its Application for Approval of Subscriber Solar Program (“Program”).

4. Generally, the Company requested that the Commission approve its proposal to implement the Program, an optional subscriber solar pilot program, which would allow Utah customers the opportunity to buy kilowatt-hour blocks of electricity from Company solar resources at a fixed price and subsequently use that purchased energy to offset a portion of their own billed energy usage.

5. On June 16, 2015, the Commission issued its action request to the Division of Public Utilities (“DPU”), and on June 17, 2015, it issued the Notice of Filing and Scheduling Conference. On June 18, 2015, the Commission issued its Amended Notice of Filing and Scheduling Conference.

6. On June 29, 2015, the Commission issued its Scheduling Order and Notice of Hearing.

7. On July 10, 2015, there was a Technical Conference, at which the Company presented information related to the Program, and responded to questions from interested parties.

8. In addition to the DPU and the Office of Consumer Services (“OCS”), Utah Clean Energy, Salt Lake City Corporation, and Utah Association of Energy Users filed comments on August 12, 2014.

9. On August 28, 2015, Rocky Mountain Power filed Comments Responding to Intervenors (“Response Comments”). In its Response Comments, the Company included a matrix describing the major Program components, including updates to the

Company's position on Program administration costs. The Company also responded to comments from the Parties and made adjustments to align the Company's request with some of the Parties' comments.

10. The Parties have held a series of settlement discussions commencing on July 23, 2015 and continuing through September 3, 2015. All intervenors in the docket have been invited to participate in these settlement conferences, to the extent they had intervened on the date the settlement discussions were held, and Utah Association of Energy Users ("UAE") has authorized the Parties to represent that UAE does not oppose the Stipulation. With the exception of UAE, all intervenors are Parties to the Stipulation.

11. The Parties have now reached agreement on the issues raised in this matter, including program eligibility, program mechanics, administration costs, and regulatory treatment, and agree that the following settlement terms are in the public interest and will result in rates that are just and reasonable.

SETTLEMENT TERMS

Eligibility and Size

12. The Parties agree that the Program size will be 20 megawatts ("MW"), initially split between customer classes as follows: 30% residential (Schedules 1, 2 and 3), 30% commercial (Schedule 23), and 40% industrial (Schedules 6, 6A, 6B, 8, 9, and 9A). Six months after the initiation of the Program, the Company will open enrollment to any eligible customer within any customer class, irrespective of the initial program split.

Program Mechanics

13. The Parties agree that the Company will implement the following Program mechanics:

- the subscription term will be evergreen; customers with less than 2,000 kW of subscription may cancel within the first three years for a \$50 fee per block and, for no fee, after three years. Customers of 2,000 kW or more may negotiate specific contract terms and must provide six months' notice of termination, or pay the equivalent cost of the solar blocks for six months;
- the subscription size may not exceed 100% of the customer's prior 12 months' usage; however, at least one block subscription is allowed for each eligible customer regardless of usage;
- industrial customers' (Schedules 6, 6A, 6B, 8, 9, and 9A) subscription may not exceed the lesser of 100% of the prior 12 months' usage or 2,000 kilowatts; six months after the initiation of the Program, the 2,000 kW cap will be eliminated;
- subscriptions will be awarded on a first-come first served basis;
- a subscriber may assign its subscription to another service location in the Company's Utah service territory, but the subscriber (i.e. customer) must stay the same and stay on the same rate schedule;
- PacifiCorp will retain all renewable energy credits ("RECs") associated with the program, and will retire the RECs on behalf of the Program; however, a customer may instead request to have RECs deposited in their own Western Renewable Energy Generation Information System account at their own expense;
- customers on Schedules 1, 2, 3, 23, and Schedules 6, 6A, and 6B that do not have an interval meters may bank excess energy on a month-to-month

basis. The banked or excess energy will be cleared every 12 months on the anniversary of the start of subscription, will be valued at the then-current Schedule 37 avoided cost rate for the applicable time period, and will be donated to the Low Income Program. If a customer cancels their subscription and has banked or excess energy at the time of cancellation, the excess will be credited to the low income program at avoided cost.

- For Schedules 8, 9 and 9A and Schedules 6, 6A and 6B (that do have interval meters), charges will be determined under Schedule No. 32. The kWh from the Subscriber Solar Energy Blocks will be netted against the customer's metered usage on a fifteen (15) minute basis. Excess solar energy block kWh in any given fifteen (15) minute period cannot be rolled to future periods. If there are more solar energy kWh than customer load in any given 15 minute period, the customer's load will be set to zero for that fifteen (15) minute period; and the amount of solar energy kWh that exceeds the load (prior to setting the load to zero) will be credited to the customer at the then-current Schedule 37 avoided cost rate for the applicable time period

Subscriber Solar Energy Blocks

14. The Parties agree that: (1) each Subscriber Solar Energy Block will be 1 kilowatt ("kW"), which for the Program's purpose will be simplified to 200 kilowatt-hours ("kWh") per month for residential/small commercial customers taking service under Schedules 1, 2, 3, and 23 and Schedules 6, 6A, and 6B that do not have an interval meter. Schedules 8, 9 and 9A and Schedules 6, 6A and 6B that do have interval meters will receive the actual output from 1 kW; (2) the block charge includes costs related to the power purchase agreement, utility generation costs (not applicable to customers on

Schedule 32), and program costs. The Solar Block Generation Charge will not change for the term of the Program; (3) the Solar Block Generation Charges are 7.7250 cents for Schedules 1, 2, and 3, 7.4250 cents for Schedule 23, 7.1250 cents for Schedules 6, 6A, and 6B that do not have an interval meter, 5.9250 cents for Schedules 6, 6A and 6B that do have an interval meter, and 5.9250 cents for Schedules 8, 9, and 9A.

Solar Block Delivery Charge

15. The Parties agree that: (1) all non-generation related charges in rates for the applicable class will be included in calculating the Solar Block Delivery Charge; (2) the Solar Block Delivery Charge will adjust consistent with rate changes for the class, and will be included in the filing with any rate changes for the class; (3) the initial Solar Block Delivery Charge will be 3.9783 cents for Schedules 1, 2, and 3 and 2.9294 cents for Schedule 23; (4) there is no Solar Block Delivery Charge for Schedules 6, 6A, and 6B that do have an interval meter because those schedules already include a Facilities Charge and a Demand Charge; and (5) there will be no Solar Block Delivery Charge for customers on Schedule 32 because Schedule 32 includes a Facilities Charge and a Demand Charge.

Program Administration Costs

16. The Parties agree that Program costs will include administration, marketing and billing cost components, defined as follows:

- *Administration Costs.* Administrative costs are directly tied to the employee resources that are required to manage the Program operations including: development and management of an in-house reservation system; processing subscriber transactions; customer and regulatory reporting; budget management; customer relations; and delivering training to personnel.

- *Marketing Costs.* Marketing costs include materials and outreach activities performed to advertise and promote the Program.
- *Billing Costs.* Billing costs include costs related to information system upgrades required to automatically bill customers and in some instances costs related to manually billing customers for their participation in the Program.

17. The Parties agree that Attachment 1 represents a detailed calculation of the projected Program Administration Costs.

Billing/Tracking

18. The Parties agree that customers on Schedules 1, 2, 3, and 23 and Schedules 6, 6A, and 6B that do not have an interval meter will remain on their otherwise applicable rate schedule. Subscriber solar costs will be added to the bill, and subscriber solar kWhs will be removed from total usage before customers are billed on their otherwise applicable schedule.

19. Customers on Schedules, 8, 9, 9A, and 6, 6A, and 6B that do have an interval meter will be billed under Schedule 32; excess generation each hour will be credited at the avoided cost rate with no separate qualifying facility contract required. The Company will file an amended Schedule 32 to reflect the eligibility for Subscriber Solar customers.

Regulatory Treatment

20. The Parties agree that there will be no load adjustment and no change in allocation factors due to the Program. The solar resource will be included as a Utah-situs resource in net power costs.

21. The Parties agree that Program costs will be assigned to a non-revenue requirement account and that the revenue beyond Program costs will be assigned to class cost of service revenues or general Utah revenues. Program costs, consisting of marketing, administration and billing will be tracked separately (similar to the Blue Sky program) and not included in the Company's revenue requirement. The parties agree that Program costs not recovered by subscriber revenue can be deferred and recovered through general rates provided they are consistent with initial Program cost estimates as detailed in Attachment 1. Deferrals may begin upon Commission approval of the Program. Carrying charges may begin upon Commission approval of the Program. Program costs that exceed initial estimates will be subject to Commission approval prior to recovery in general rate cases.

22. Parties agree that the utility generation cost represents the amount that makes non-participants whole, based on 100% subscription and current forecasted net power cost impact of the solar resource. Customers billed under Schedule 32 pay these costs under the facilities charge and the daily demand charges in that tariff.

23. The Company agrees to file a report updating the Program subscription rate and other material program statistics six months after Program launch, and annually thereafter.

24. The Program description, costs, and all other terms of service under the Program are reflected in the Schedule 73 tariff sheets, attached to this Stipulation as Attachment 2. The parties agree that Schedule 73 should be implemented.

GENERAL TERMS AND CONDITIONS

25. 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 that each specific component of this Stipulation is just and reasonable in isolation, all of the Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

26. 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, and in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor any 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.

27. 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 case except with regard to issues expressly called-out and intended to be resolved on an ongoing basis by this Stipulation. 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.

28. The Parties request that the Commission hold a hearing on this Stipulation. Rocky Mountain Power, the DPU, and the OCS 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 DPU and the OCS, the explanation and support shall be consistent with their statutory authority and responsibility.

29. 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 reasonable efforts to support the terms and conditions of this Stipulation. As applied to the DPU and the OCS, the phrase "use reasonable 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 proceeding in opposition to the Stipulation.


30. Except with regard to the obligations of the Parties under the five 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.

31. 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.

32. 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.

DATED this 21st day of September 2015.

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