

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

In the Matter of the Application of PACIFICORP for Approval of Its Proposed Electric Service Schedules & Electric Service Regulations	DOCKET NO. 03-2035-02 STIPULATION
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1. This Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to as the “Parties” and individually as “Party”).

I. INTRODUCTION

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

II. BACKGROUND

3. On May 6, 2003, the Commission issued its order establishing a procedural schedule for this case and approving a stipulation which resolved test period and rate effective date issues (“Test Period Stipulation”).

4. After several days of settlement negotiations, parties reached an agreement on revenue requirement issues in this proceeding and filed a Revenue Requirement Stipulation on December 9, 2003. The net effect of the Revenue Requirement Stipulation is an average jurisdictional revenue requirement increase of \$65 million. The Commission approved the Revenue Requirement Stipulation orally at a hearing on December 17, 2003 (“Order”).

5. On September 15, 2003, in accordance with the terms of the Test Period Stipulation, PacifiCorp filed direct class cost of service, rate spread and rate design testimony. On October 31, 2003, PacifiCorp filed updates to its class cost of service and rate spread exhibits to update its case to reflect the known and measurable adjustments proposed by PacifiCorp in its October 15, 2003 revenue requirement filing. On December 9 and 11, 2003, parties exchanged their initial lists of proposed cost of service, rate spread and rate design issues. Settlement negotiations began on December 18, 2003 and continued on December 22 and 23, 2003. The settlement negotiations were open to all parties. As a result of those discussions, and based on their examination of testimony and data, and information disclosed through discovery, the Parties whose names appear on the signature pages hereof have resolved by settlement the issues identified below.

III. TERMS OF THE STIPULATION

6. Rate Spread. The Parties could not agree on a cost of service approach or study, and the Parties acknowledge generally that the rate increases agreed to herein may not fully reflect cost of service. The Parties have agreed to spread the rate increase on an even percentage basis to most classes, with certain exceptions described in this paragraph, and subject to an agreement that in PacifiCorp's next Utah general rate case, PacifiCorp and other interested parties will undertake a thorough review of cost of service, rate spread and rate design issues. The Parties agree that the rate increase approved in the Order will be spread to customer classes in accordance with Exhibit A, attached hereto and incorporated herein. Specifically, the rate increase approved in the Order will be spread on an even percentage basis to all customer classes with the following exceptions:

- (a) The increase for Schedules 10 and 10 Time-of-Use (Irrigation) is the overall average jurisdictional increase as specified in Exhibit A;
- (b) There is no increase for Schedule 12 (Outdoor Lighting) and Schedule 21 (Electric Furnace Operations); and
- (c) The increase for Schedule 23 (General Service – Distribution - Small) is one-half (1/2) of the overall average jurisdictional increase as specified in Exhibit A.

7. Schedule 1 - Residential Inverted Block Rates. The Parties agree that PacifiCorp will offer an inverted block rate with three blocks for the months May through September. The rate for the first block (first 400 kWh of monthly usage) will be \$0.06663 per kWh; the intermediate block rate (the next 600 kWh of monthly usage) will be \$0.076 per kWh; and the tail block rate (all additional kWh of monthly usage) will be \$0.09 per kWh. For the remaining months (October through April), the residential rate will be a flat rate of \$0.06663 per kWh for all kWh of monthly usage.

8. Schedule 2 - Residential Time-of-Use Rates.

- (a) The Parties agree that the optional, experimental residential time-of-use rate (Schedule 2) will be available during the months of May through September. During those months, the On-Peak period shall be the hours of one PM (MT) to eight PM (MT) Monday through Friday, except holidays. The Off-Peak period shall be all other hours. Holidays include only New Year's Day, President's Day, Memorial Day, Independence Day, Pioneer Day, Labor Day, Thanksgiving Day, and Christmas Day.

When a holiday falls on a Saturday or Sunday, the Friday before the holiday (if the holiday falls on a Saturday) or the Monday following the holiday (if the holiday falls on a Sunday) will be considered a holiday and consequently Off-Peak.

- (b) The Parties further agree that Schedule 2 will be available to up to 1000 customers on a first-come, first-served basis. PacifiCorp agrees, however, that once 750 customers have signed up for Schedule 2, it will engage in discussions with the Division of Public Utilities, Committee of Consumer Services and other interested parties regarding changes to Schedule 2. After such discussion, if it is deemed necessary by those parties and the Company, PacifiCorp will voluntarily and expeditiously file with the Commission for reasonable changes to relax the limitation on the number of customers who can sign up for Schedule 2.
- (c) The Parties agree to implement the Time-of-Use experimental tariff using the Company's proposed rate method of applying surcharges and surcredits to standard residential service Schedule 1. PacifiCorp agrees that after September 2005, it will review program results with the Parties and may propose changes to this rate design based on these results.

9. Cool Keeper Program. The Parties agree that PacifiCorp, the Division of Public Utilities and other interested parties will meet as part of the DSM Taskforce by no later than the end of January 2004 with the Cool Keeper program manager and the contracted program

providers to discuss whether there are additional incentives, based on the economics of this program, that could be provided to replace the structure of the current program.

10. Schedules 6 and 9:

- (a) The Parties agree that PacifiCorp will apply the applicable portion (as specified in Exhibit A attached hereto) of the \$65 million price change approved in the Order entirely to the demand charge as described in this paragraph. The demand charge for Schedules 6 and 9 is designed to provide for a seasonal rate differentiation between Summer (defined for purposes of this Stipulation as the period May through September inclusive) and Winter (defined for purposes of this Stipulation as the period October through April inclusive). The Summer and Winter demand charges are designed so that PacifiCorp will collect 50 percent of the Schedules 6 and 9 total demand revenues through the five Summer months and 50 percent of the Schedules 6 and 9 total demand revenues through the seven Winter months.
- (b) The Parties agree to establish a taskforce with a separate docket number to discuss alternative time and/or season-differentiated rate designs for Schedules 6 and 9 that might be proposed in PacifiCorp's next Utah general rate case. The taskforce will have as one of its goals the development of cost-based rate designs for Schedules 6 and 9 which send proper price signals to manage peak demands on the PacifiCorp Utah system. The taskforce will meet as often as the parties determine is

necessary, however, at a minimum the parties agree to the following schedule:

April 30, 2004: Parties file initial rate design proposals

June 15, 2004: Parties file responses to initial rate design proposals

July 31, 2004: Taskforce files a consensus report to the Commission regarding its proposal regarding rate designs for Schedules 6 and 9. If the Taskforce does not reach a consensus position, the Parties may file individual reports with the Commission.

11. Schedule 23. The Parties agree to implement summer and winter seasonal demand rates for Schedule 23 (General Service-Distribution-Small). The Summer demand rate will collect 50 percent of the Schedule 23 demand revenues through the five Summer months, and the Winter demand rate will collect 50 percent of the Schedule 23 demand revenues through the seven Winter months. In addition, because small customers on Schedule 23 are not demand metered, the Parties agree to apply the price increase on a uniform percentage of revenue basis to both demand and energy revenues.

12. Schedule 33. PacifiCorp agrees to withdraw its request to eliminate Schedule 33 (Generation Replacement Service) in this case.

13. Schedule 300 and Regulation Changes. The Parties agree to increases in the Schedule 300 residential reconnection charges to \$30 during normal business hours and \$75 during all other hours. The Parties also agree to implement in Schedule 300 a new \$15 field

visit charge as described in the September 15, 2003, PacifiCorp prefiled testimony of Carole Rockney.

14. HELP Program. The Parties agree that no changes to the HELP Program should be made in this proceeding. The Parties further agree that issues raised regarding the HELP Program should be severed from this proceeding and addressed in Docket No. 03-035-01. In so agreeing, the Parties do not waive their legal rights to contest or support the HELP Program or its terms or conditions in Docket No. 03-035-01. The Parties agree that such assessment should take place in Docket No. 03-035-01 after the Division of Public Utilities files its third report on the program.

15. Obligations of the Parties. The Parties agree that their obligations under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions.

16. Recommendation and Support. The Parties recommend that the Commission adopt this Stipulation in its entirety. No Party shall appeal any portion of this Stipulation and no Party shall oppose the adoption of this Stipulation pursuant to any appeal filed by any person not a party to the Stipulation. PacifiCorp and the Division shall make witnesses available to provide testimony in support of this Stipulation, including testimony to explain the basis of their support for this Stipulation, and other parties may make such witnesses available. In the event other parties introduce witnesses opposing approval of the Stipulation, the Parties agree to cooperate in cross-examination and in providing testimony as necessary to rebut the testimony of opposing witnesses.

17. Reservation of Right to Withdraw from Stipulation. In the event the Commission

rejects any or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or conditioned in whole or in part by an appellate court, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding delivered no later than five (5) business days after the issuance date of the applicable Commission or court order, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to undertake any steps it deems appropriate.

18. Public Interest. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

19. Waiver. No Party is bound by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgement by any Party of the validity or invalidity of any particular method, theory or principle of regulation, cost recovery, cost of service or rate design, and no Party shall be deemed to have agreed that any method, theory or principle of regulation, cost recovery, cost of service or rate design employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

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20. Signatures. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

Dated this _____ day of _____, 200_.

PACIFICORP

D. Douglas Larson
Vice President, Regulation
PacifiCorp

UTAH DIVISION OF PUBLIC UTILITIES

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