

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>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</p>	<p>DOCKET NO. 10-035-124</p>
<p>In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism</p>	<p>DOCKET NO. 09-035-15</p>
<p>In the Matter of the Application of the Utah Association of Energy Users for a Deferred Accounting Order Directing Rocky Mountain Power to Defer Incremental REC Revenue for Later Ratemaking Treatment</p>	<p>DOCKET NO. 10-035-14</p>
<p>In the Matter of the Application of the Utah Industrial Energy Consumers for a Deferred Accounting Order Directing Rocky Mountain Power to Defer Incremental REC Revenue for Later Ratemaking Treatment</p>	<p>DOCKET NO. 11-035-46</p>
<p>In the Matter of the Application of the Utah Office of Consumer Services for a Deferred Accounting Order Directing Rocky Mountain Power to Defer all Bonus Depreciation Allowed for 2010 through 2011 by the Small Business Jobs Act as amended</p>	<p>DOCKET NO. 11-035-47</p>

SETTLEMENT STIPULATION

I. INTRODUCTION

1. This Settlement Stipulation (“Stipulation”) is entered into in Docket Nos. 10-035-124, 09-035-15, 10-035-14, 11-035-46 and 11-035-47 by and among the parties whose

signatures appear on the signature pages hereof (collectively referred to herein as the “Parties” and individually referred to as a “Party”).

2. The Parties have conducted settlement discussions over the course of several days and had meetings on July 21, 26 and 27, 2011 to which all intervening parties to the dockets that are the subject of this Stipulation were invited. In addition, drafts of this Stipulation were circulated to all intervening parties for review and comment on July 22, 26 and 27, 2011, and there have been further discussions among various parties. This Stipulation has been entered into by the Parties after consideration of the views of all intervening parties expressed during that process.

3. The Parties represent that this Stipulation is just and reasonable in result and will provide the Company a reasonable opportunity to earn its authorized return, and recommend that the Public Service Commission of Utah (“Commission”) approve the Stipulation and all of its terms and conditions. The Parties request that the Commission make findings of fact and reach conclusions of law based on the evidence and on this Stipulation and issue an appropriate order thereon.

II. BACKGROUND

A. Docket No. 10-035-124

4. On January 24, 2011, Rocky Mountain Power (“Rocky Mountain Power” or “Company”) filed an application in Docket No. 10-035-124 (“General Rate Case”), 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.

5. On February 23, 2011, the Commission issued an order establishing the procedural schedule for the General Rate Case. Hearings in the General Rate Case were scheduled to

begin on July 27, 2011 on revenue requirement issues and on August 8, 2011, on cost of service, rate spread and rate design issues.

6. On March 8, 2011, the Commission issued an order adopting the July 1, 2011, through June 30, 2012 test period, using average period rate base, in the General Rate Case.

7. On May 26, 2011, intervening parties in the General Rate Case filed their direct testimony on revenue requirement issues. In their testimony, the intervening parties proposed numerous adjustments to the Company's requested rate increase.

8. On June 30, 2011, the Company and intervening parties filed rebuttal testimony. The Company's rebuttal testimony reduced its requested rate increase to \$188.1 million, based on updates and corrections to its direct testimony and acceptance of certain adjustments proposed by intervening parties.

9. On July 14, 2011, the Company and certain intervening parties filed a Stipulation on Cost of Service, Rate Spread and Rate Design ("Cost of Service Stipulation").

10. On July 19, 2011, the Company and intervening parties filed simultaneous surrebuttal testimony.

11. The Parties have reached a compromise as specified herein on the rate increase that should be approved in the General Rate Case on the terms and conditions provided in this Stipulation.

12. This Stipulation and the Cost of Service Stipulation are intended to resolve all issues in the General Rate Case in accordance with their respective terms and conditions.

B. Docket No. 09-035-15

13. On March 16, 2009, the Company filed an application in Docket No. 09-035-15 for approval of an Energy Cost Adjustment Mechanism ("ECAM") that would allow the

Company to charge or credit differences between the net power costs included in setting rates and actual net power costs incurred during the rate-effective period (“ECAM Docket”).

14. On February 9, 2010, the Company filed a Motion for Deferred Accounting Order in the ECAM Docket seeking an accounting order authorizing it to defer the difference between net power costs included in the rates set by the Commission in Docket No. 09-035-23 and actual net power costs incurred commencing February 18, 2010, the date rates set in Docket No. 09-035-23 were scheduled to go into effect.

15. On July 14, 2010, the Commission issued its Report and Order on Deferred Accounting Stipulation (“Deferred Accounting Order”) in the ECAM Docket and in Docket No. 10-035-14, granting the Company’s motion for deferred accounting of incremental net power costs.

16. Pursuant to the Deferred Accounting Order, the Company has deferred incremental net power costs in a deferred account (“Deferred NPC Account”) from February 18, 2010.

17. On March 3, 2011, the Commission issued its Corrected Report and Order in the ECAM Docket (“EBA Order”). In the EBA Order, the Commission approved an Energy Balancing Account (“EBA”) for the Company, and determined that the EBA would commence on the first day of the month following the date rates set in the General Rate Case go into effect.

- a. The EBA Order excluded financial swap transactions from the EBA.
- b. With regard to ratemaking treatment of the Deferred NPC Account, the

Commission concluded:

We will address the ratemaking issues associated with the stipulation on deferred net power cost separately from this order. We will also consider the balancing account treatment for the one percent premium above Utah’s rolled in share of total system costs approved in the last general rate case

in the course of the pending general rate case or other appropriate proceeding on the deferred net power cost balance. As to any deferred net power cost balance prior to the conclusion of the next general rate case, we will require use of the rolled-in allocation factors and appropriate treatment of the MSP stipulation mechanisms, unless the Company can demonstrate continued use of the MSP stipulation mechanisms is in the public interest. (EBA Order at 77-78.)

18. On March 16, 2011, the Commission issued an errata order regarding the EBA Order.

19. On April 15, 2011, the Company filed a petition for reconsideration of the EBA Order requesting, among other things, that the Commission reconsider its decision to exclude financial swap transactions from the EBA.

20. On May 9, 2011, the Commission issued its Order on Petition for Clarification and Reconsideration or Rehearing and Notice of Scheduling Conference (“Rehearing Order”). The Rehearing Order granted rehearing on the issue of whether financial swap transactions should be excluded from the EBA, clarified that the EBA Order did not foreclose consideration of a balancing account for REC revenues, and set a scheduling conference for the issues on rehearing.

21. On May 24, 2011, the Commission issued a Scheduling Order establishing a procedural schedule for rehearing the financial swap transactions issue. Hearings on that issue are scheduled to commence on November 1, 2011.

22. On June 2, 2011, the Company filed the Motion of Rocky Mountain Power for Determination of Ratemaking Treatment of Deferred Accounts (“RMP Deferred Account Motion”). The RMP Deferred Account Motion requested that the Commission determine the ratemaking treatment of the Deferred NPC Account and renewable energy credit (“REC”) revenue deferred pursuant to the Deferred Accounting Order either in the General Rate Case or

in another docket. The RMP Deferred Account Motion was also filed in Docket No. 10-035-14 and the General Rate Case. Certain intervening parties opposed the Company's motion.

23. The Parties have reached a compromise as specified herein on both the issue of inclusion of financial swap transactions in the EBA and the ratemaking treatment of the Deferred NPC Account in accordance with the terms and conditions provided in this Stipulation.

24. This Stipulation is intended to resolve the issues set for rehearing by the Commission in the Rehearing Order.

C. Docket No. 10-035-14

25. On February 22, 2010, the Utah Association of Energy Users ("UAE") filed an application in Docket No. 10-035-14 ("UAE REC Docket"). The application sought an accounting order requiring the Company to defer for later ratemaking treatment all REC revenues recovered by the Company in excess of the REC revenues included in setting rates in Docket No. 09-035-23, commencing February 22, 2010.

26. On July 14, 2010, the Commission issued the Deferred Accounting Order in the ECAM and UAE REC Dockets, granting UAE's application for deferred accounting of incremental REC revenues effective February 22, 2010.

27. Pursuant to the Deferred Accounting Order, the Company has deferred incremental REC revenues in a deferred account ("Deferred REC Account") from February 22, 2010.

28. On December 21, 2010, the Commission issued its Order Approving Settlement Stipulation in the UAE REC Docket and Docket Nos. 10-035-13 and 10-035-89 ("MPA Dockets"). In connection with approving rate increases associated with the MPA Dockets, the order approved the Settlement Stipulation ("MPA Stipulation") dated November 29, 2010 that a

\$3.0 million monthly customer credit should begin January 1, 2011, representing incremental 2011 REC revenue not currently reflected in Utah rates. This credit was contingent on final disposition of the issue of the ratemaking treatment of the Deferred REC Account.

29. On March 3, 2011, the Commission issued the EBA Order. With respect to the Deferred REC Account, the Commission concluded:

We are not persuaded the revenue from RECs should be included in the balancing account. It is less directly related to net power costs as delineated in the Energy Balancing Account statute than, for example, wheeling revenues. It is more like SO₂ allowance revenue. Additionally, REC[]s can be banked, which adds further complexity to their regulatory treatment. We conclude REC revenues are better addressed in a general rate proceeding or other appropriate filing. Consequently, we will treat the deferred REC revenues accruing pursuant to any future decision in Docket No. 10-035-14 in a separate proceeding. (EBA Order at 72.)

30. In testimony filed May 26, 2011 in the General Rate Case, UAE and other intervening parties sought ratemaking treatment of the Deferred REC Account through a rate credit to be applied commencing September 21, 2011, the date new rates set in the General Rate Case are scheduled to go into effect.

31. The Parties have reached a compromise as specified herein on the ratemaking treatment of the Deferred REC Account in accordance with the terms and conditions provided in this Stipulation.

32. This Stipulation is intended to resolve all remaining issues in the UAE REC Docket, and satisfies and renders moot paragraphs 8-12 of the MPA Stipulation.

D. Docket No. 11-035-46

33. On March 21, 2011, Tesoro Refining & Marketing Co.; Malt O Meal; Praxair, Inc.; Proctor & Gamble; Holcim, Inc.; Kennecott Utah Copper LLC; Kimberly-Clark Corp.; and Western Zirconium (collectively the “Utah Industrial Energy Consumers” or “UIEC”) filed an application for a deferred accounting order for REC revenues received by the Company in excess

of REC revenues included in rates during the period from January 1, 2009 through February 21, 2010 in Docket No. 11-035-46 (“UIEC REC Docket”).

34. On May 16, 2011, the Commission issued its Scheduling Order, as amended, scheduling the filing of testimony and a hearing commencing on October 19, 2011.

35. The Parties have reached a compromise as specified herein on the issues raised in the UIEC REC Docket in accordance with the terms and conditions provided in this Stipulation.

36. This Stipulation is intended to resolve all issues in the UIEC REC Docket.

E. Docket No. 11-035-47

37. On March 21, 2011, the Utah Office of Consumer Services (“Office”) filed an application for a deferred accounting order for the impacts of bonus depreciation on the accumulated deferred income tax offset to rate base for 2010 and 2011 in Docket No. 11-035-47 (“Bonus Depreciation Docket”).

38. On May 16, 2011, the Commission issued its Scheduling Order scheduling the filing of testimony and a hearing commencing on October 17, 2011.

39. The Parties have reached a compromise as specified herein on the issues raised in the Bonus Depreciation Docket in accordance with the terms and conditions provided in this Stipulation.

40. This Stipulation is intended to resolve all issues in the Bonus Depreciation Docket.

III. TERMS OF STIPULATION

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

A. Revenue Requirement in General Rate Case

42. The Parties agree that, under this Stipulation and upon Commission approval, the Company's Utah revenue requirement and Utah customer rates will increase by \$117.0 million on September 21, 2011. The agreed to adjustments that reduce the Company's rebuttal revenue requirement included in RMP__ (SRM-1R) to the agreed upon increase are shown in Table 1 below:

Table 1

	Revenue Requirement Increase (\$ millions)
Company Rebuttal Case	\$ 188.1
ROE at 10.0%	(23.3)
Total Net Power Costs	(15.0)
Coal Inventory (50% of adjustment)	(1.2)
Special Contract Revenues	(1.0)
O&M Escalation	(1.9)
Klamath Postponement	(17.5)
All Other	(11.3)
Settlement Revenue Requirement	<u>\$ 117.0</u>

43. The increase shall be allocated to customer classes and applied to customer rates consistent with the Cost of Service Stipulation. The spread of the \$117.0 million rate increase is shown in Table 2 below and in Exhibit A to this Stipulation.

Table 2

Customer Class	GRC Change	
	(\$000)	%
Residential (Schs. 1, 2, 3)	\$ 45,785	7.3%
General Service (Schs. 6, 6A, 6B)	\$ 29,081	6.3%
General Service > 1 MW (Sch. 8)	\$ 10,140	7.3%
Lighting (Schs. 7,11,12)	\$ -	0.0%
General Service - High Voltage (Schs. 9, 9A)	\$ 18,287	8.5%
Irrigation (Schs. 10, 10 TOD)	\$ 866	7.1%
Metered Outdoor Lighting (Sch. 15)	\$ -	0.0%
Traffic Signals (Sch. 15)	\$ 38	7.3%
Electric Furnace (Sch. 21)	\$ 24	8.5%
General Service - Small (Sch. 23)	\$ 7,687	6.3%
Back-Up, Maint., & Suppl. Service (Sch. 31)	\$ 58	7.3%
Security Area Lighting Contracts (PTL)	\$ -	0.0%
Street Lighting Contracts (77)	\$ -	0.0%
Contract Customer 1	\$ -	0.0%
Contract Customer 2	\$ -	0.0%
Contract Customer 3**	\$ 4,267	9.3%
Contract Customer 4**	\$ 768	7.3%
AGA/Revenue Credit	\$ -	0.0%
Total Utah	\$ 117,000	6.9%
Total Utah (excl. Customer 1, 2, & AGA)	\$ 117,000	7.1%

** The actual change will be based on the terms of the contract.

44. The revenue requirement decrease associated with the return on equity of 10.0 percent includes acceptance of the Company's proposed capital structure, including 51.9 percent equity, resulting in an overall rate of return of 7.94 percent derived as follows in Table 3:

Table 3

	Capital Structure	Cost of Capital	WACC
Debt	47.80%	5.71%	2.73%
Preferred	0.30%	5.43%	0.02%
Common Equity	51.90%	10.00%	5.19%
Total			<u>7.94%</u>

45. The Parties agree that a base net power cost amount of \$1,475 million, or \$629.1 million on a Utah-allocated basis, should be established upon Commission approval of this Stipulation as the basis for the in-rates level of net power costs beginning October 1, 2011, for purposes of the EBA. The Parties agree that wheeling revenues in the amount of \$70,500,682, or \$30,461,769 on a Utah-allocated basis, should be established as the basis for the in-rates level of wheeling revenues for purposes of the EBA. The following Table 4 reflects the level of base net power costs, less wheeling revenues, in rates by month for EBA measurement. Exhibit B to this Stipulation provides details supporting the dollars per megawatt hour (“\$/MWh”) calculations.

Table 4

	Utah EBA \$/MWh
Jul-2011	\$ 23.533
Aug-2011	26.103
Sep-2011	24.430
Oct-2011	21.518
Nov-2011	21.167
Dec-2011	21.488
Jan-2012	22.166
Feb-2012	22.076
Mar-2012	21.884
Apr-2012	23.109
May-2012	23.407
Jun-2012	22.444
Total	<u>\$ 22.824</u>

46. The “Klamath Postponement” adjustment as shown in Table 1 is based on the Parties’ agreement, for purposes of the General Rate Case only, that (a) existing plant assets associated with the Klamath Hydroelectric Project will continue to be depreciated using previously-approved depreciation schedules, (b) issues relating to the Klamath Hydroelectric Settlement Agreement raised by the Company and intervening parties in the General Rate Case shall be postponed to a future proceeding, and (c) relicensing and settlement process costs shall continue to be deferred and accrue a carrying charge based on the AFUDC rate and shall not be amortized or included in rate base unless ordered by the Commission in a future proceeding. Parties shall be free to present any proposed adjustments to cost recovery associated with the Klamath Hydroelectric Settlement Agreement in future cases without regard to this Stipulation.

B. Other General Rate Case Issues

47. Contentions made by the signatories to this Stipulation in the General Rate Case regarding the Company's environmental control investments are resolved by this Stipulation. For purposes of compromising and settling this case, the Parties agree and recommend that the Commission make findings that the investments included in the General Rate Case are prudent and used and useful for purposes of the General Rate Case and future cases.

48. Additional wheeling revenues that may result from the Company's transmission rate case, Docket No. ER11-3643, before the Federal Energy Regulatory Commission ("FERC") are not reflected in the agreed upon revenue requirement. Any such additional revenues resulting from increased price or utilization that accrue from the time the new FERC transmission rates go into effect through the end of the test period in the General Rate Case (i.e. June 30, 2012) shall be deferred and credited to customers in the 2013 EBA annual filing without application of the 30 percent sharing mechanism.

49. Contentions made by intervening parties in the General Rate Case that the Company's investment in the Populus to Terminal transmission line was not prudent or that the line is not used and useful are resolved by this Stipulation. For purposes of compromising and settling this case, the Parties agree and recommend that the Commission make findings that the Populus to Terminal transmission project is prudent, and is currently used and useful in providing service to both retail customers and others. This compromise and the potential findings shall not preclude any party from challenging such project on used and useful grounds in any other pending docket not resolved by this Stipulation or any future rate proceeding or contending that the costs or revenue requirements should be allocated differently. Neither PacifiCorp nor Rocky Mountain Power shall contend that this compromise and such finding preclude such a challenge.

50. No Party shall be barred from participating in the Company's current FERC rate case, Docket No. ER11-3643, by virtue of entering into this Stipulation.

51. Contentions made by Parties in the General Rate Case regarding the Company's decision to terminate negotiations to acquire the Apex Plant in December 2010 in the Company's All-Source Request for Proposals ("RFP") are resolved by this Stipulation, and the Parties agree to assert no future claims regarding that decision.

52. The Parties agree all other revenue requirement issues in the General Rate Case are resolved by this Stipulation.

C. Hedging

53. The Parties agree to convene a collaborative process ("Collaborative Process") to discuss appropriate changes to the Company's hedging practices to better reflect customer risk tolerances and preferences, and the Company agrees to implement appropriate policy changes on a going-forward basis that result from agreement in the Collaborative Process or Commission order. The Division shall, and other Parties may, file reports for informational purposes with the Commission within six (6) months of approval of this Stipulation with a general explanation of the results of the Collaborative Process, including a description of any agreements reached and any remaining areas of disagreement. The issues to be addressed in the Collaborative Process include, without limitation:

a. Moving the hedging program requirement targets that are currently in the Company's Front Office Procedures and Practices to the limits section of the Risk Management Policy, to be subject to the same governance requirements as other Risk Management Policy limits.

b. A new maximum hedge volume percentage limit or range for forecast natural gas requirement for forward periods.

- c. Exceptions to the hedge volume percentage limit or range and response to changing circumstances.
- d. Risk tolerance bands based on TEVaR or VaR limits or otherwise.
- e. The dollar VaR limit for the hedging horizon.
- f. The Risk Management Policy position limits.
- g. The risk management or hedging time horizon.
- h. A process for review of hedging transactions outside of accepted guidelines, including natural gas reserves or storage.
- i. Liquidity, transparency and other risks of different hedging tools such as financial swaps, fixed price physical forward contracts, and options.
- j. A Company semi-annual confidential report on hedging status.
- k. The implications on stakeholders in the Company's other jurisdictions.
- l. Coordination and implementation issues relating to the inclusion of financial swap transactions in the EBA, as specified in Paragraph 56.

54. The Company represents that its current natural gas hedged position as a percent of the Company's forecast gas requirement for the period of August 2012 through July 2013 using instruments comparable to the hedge transactions reviewed in the General Rate Case is the percent disclosed on a highly confidential basis to the Parties during a settlement meeting on July 27, 2011. The Parties agree, based on such representation and in consideration of the Company's compromises reached in this Stipulation, that hedging transactions entered into before July 28, 2011 will not be challenged for prudence on the grounds that they:

- a. Do not comply with the policy changes implemented through the Collaborative Process, Commission order or as a result of this Stipulation;

- b. Result in over-hedging of natural gas or power positions;
- c. Were entered into for a period of time beyond a reasonable horizon for hedging transactions; or
- d. Were comprised of too great a portion of financial products relative to fixed price physical transactions.

55. The Company agrees that before implementing materially inconsistent hedging policy changes required by another state, it will attempt to resolve the conflict with the Parties and such other state.

C. Rehearing in ECAM Docket

56. The Parties request that the Commission resolve the issues on rehearing in the ECAM Docket by modifying the EBA Order to remove the language excluding financial swap transactions from the EBA. The Parties agree that broker fees, premiums and settlement costs of financial hedge transactions, including swaps, may be included in the EBA to the extent consistent with (a) prudent risk management and hedging policies and (b) following the completion of the Collaborative Process, any accepted risk management and hedging policies resulting from that process. Based on the representation set forth in Paragraph 54 above and in consideration of the Company's compromises reached in this Stipulation, the Parties agree not to challenge the prudence of existing financial hedge transactions, including swaps, entered into before July 28, 2011 for the reasons identified in Paragraph 54 above, but Parties reserve the right to challenge such transactions for reasons other than those identified in Paragraph 54 above. Other costs arising from the use of financial hedges shall not be included until further order of the Commission. The Parties agree to use the Collaborative Process to address EBA implementation issues relating to such transactions, as well as coordination with the risk management and hedging policies to be addressed in the Collaborative Process.

D. RFP Process Improvements

57. The Company agrees to hold a stakeholder workshop in advance of the issuance of its next RFP to consider process improvements and to revisit the approved evaluation process to assess and implement improvements to address how opportunities outside the defined parameters of the RFP, such as the Apex Plant, should be evaluated.

58. The Company agrees that the RFP protocol should be modified to require the Company to (a) notify the Division of Public Utilities (“Division”) and the Independent Evaluator (“IE”) and (b) allow them to review the Company’s analysis prior to cancellation of negotiations with any bidder on the final short list in an RFP. If the Division or IE does not agree with the Company’s decision to cancel negotiations, the issue will be immediately presented to the Commission for resolution.

E. Deferred Net Power Costs

59. Taking into consideration (a) litigation, financial and other risks associated with litigation of the ratemaking treatment of the Deferred NPC Account and the Deferred REC Account and claims in the UIEC REC Docket and the Bonus Depreciation Docket, (b) the parameters set forth in the EBA Order (e.g., 70/30 sharing and rolled-in interjurisdictional allocations), and (c) other factors, the Parties agree the Company should be allowed to recover \$60.0 million of the \$157.0 million projected by the Company to be in the Deferred NPC Account as of September 20, 2011 from Utah customers. The Parties agree that this \$60.0 million amount should be recovered through an annual \$20.0 million surcharge over three years without a carrying charge applied as a line item in the EBA surcharge commencing June 1, 2012. The surcharge shall be allocated to rate schedules relying on the Cost of Service Stipulation consistent with the EBA Order.

60. The surcharge will terminate when the \$60.0 million deferred balance has been collected from customers and a final true-up to the \$60.0 million amount shall occur in the EBA.

F. REC Balancing Account and Deferred REC Revenues

61. The Parties agree that a balancing account should be established for REC revenues (“RBA”) that will track the difference between REC revenues included in rates and actual REC revenues received by the Company and to credit or surcharge 100 percent of the difference to Utah customers on an annual basis through Schedule 98 using the allocations specified in the Cost of Service Stipulation, until otherwise ordered by the Commission. The balance in the RBA shall accrue interest at the Company’s cost of debt approved in the Company’s most recent general rate case (i.e., 5.71 percent currently) compounded monthly.

62. For purposes of the RBA, Parties agree that REC revenues included in base rates as a result of the agreed revenue requirement in the General Rate Case are \$50.9 million on a Utah-allocated basis beginning September 21, 2011. The base level of REC revenues in rates will be reset in future rate proceedings.

63. The Parties agree that the timing of annual RBA true-up filings should be consistent with annual EBA filings. The annual RBA filings will be based on the prior calendar year data.

64. The Parties agree that the following provisions shall apply to the initial credit balance in the RBA and Schedule 98:

a. An initial credit balance of \$39.5 million shall be established in the RBA representing the Deferred REC Account balance deferred from February 22, 2010 through December 31, 2010.

b. The \$39.5 million credit balance shall be adjusted for the difference in the projected January 1, 2011 through September 20, 2011 deferred REC revenues offset by

the \$3.0 million monthly credit already being provided to customers for the same period under the MPA Stipulation. The current estimate is that \$6.5 million will be over-credited to customers. Therefore, the \$39.5 million will be reduced by \$6.5 million, for an initial RBA credit balance of \$33.0 million. Any final true-up of these balances, including the estimated \$6.5 million over-credit, based on final actual amounts will be captured and reflected in the 2012 RBA filing.

c. The net amount of \$33.0 million shall be allocated and credited to bills consistent with the Cost of Service Stipulation and will be credited through Schedule 98 from September 21, 2011 through May 31, 2012. With interest, the credit to customers will be \$33.6 million over this time period. Any final true-up of these balances based on final actual amounts will be captured and reflected in RBA. The spread of the REC credit is shown in the following Table 5 and in Exhibit A to this Stipulation.

Table 5

Customer Class	REC Change*	
	(\$000)	%
Residential (Sch. 1, 2, 3)	\$ (11,661)	-2.7%
General Service (Sch. 6, 6A, 6B)	\$ (9,320)	-2.9%
General Service > 1 MW (Sch. 8)	\$ (2,989)	-3.1%
Lighting (Sch. 7,11,12)	\$ (62)	-0.6%
General Service - High Voltage (Sch. 9, 9A)	\$ (5,608)	-3.7%
Irrigation (Sch. 10, 10 TOD)	\$ (238)	-2.8%
Metered Outdoor Lighting (Sch. 15)	\$ (12)	-1.5%
Traffic Signals (Sch. 15)	\$ (7)	-1.9%
Electric Furnace (Sch. 21)	\$ (6)	-2.9%
General Service - Small (Sch. 23)	\$ (2,202)	-2.6%
Back-Up, Maint., & Suppl. Service (Sch. 31)	\$ (16)	-2.9%
Security Area Lighting Contracts (PTL)	\$ -	0.0%
Street Lighting Contracts (77)	\$ -	0.0%
Contract Customer 1	\$ -	0.0%
Contract Customer 2	\$ -	0.0%
Contract Customer 3**	\$ (1,197)	-3.7%
Contract Customer 4**	\$ (282)	-3.8%
AGA/Revenue Credit	\$ -	0.0%
Total Utah	\$ (33,600)	-2.8%
Total Utah (excl. Customer 1, 2, & AGA)	\$ (33,600)	-2.9%

*Effective September 21, 2011 through May 31, 2012.
** The actual change will be based on the terms of the contract.

65. All issues raised by Parties in UAE REC Docket and the General Rate Case regarding the deferral of REC revenues commencing February 22, 2010 and the ratemaking treatment of the Deferred REC Account are resolved by this Stipulation, and the Parties agree to assert no future claims regarding those issues.

G. Other Dockets for Deferred Accounting Orders

66. All issues raised in the UIEC REC Docket and the Bonus Depreciation Docket are resolved by this Stipulation. The Parties agree that the petitions in those dockets shall be dismissed with prejudice.

67. Ratemaking treatment of the Deferred NPC Account and Deferred REC Account addressed in the RMP Deferred Account Motion and paragraphs 8-12 of the MPA Stipulation are resolved by this Stipulation. No further proceedings shall be held in connection with either account.

H. Next General Rate Case

68. The Company agrees that it will not file its next general rate case in Utah prior to February 15, 2012.

69. The Parties agree that in the Company's next general rate case application in Utah, the Company will use, and the Parties will not oppose use of, a forecast test period ending no later than fifteen months beyond the end of the month in which the rate case application is filed with a thirteen-month average rate base.

70. The Company agrees to update its forecast of rate base plant additions and revenue requirement included in its initial application to the most current information available to the Company at the time of its rebuttal filing in the next general rate case.

IV. GENERAL TERMS AND CONDITIONS

71. 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.

72. 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, 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.

73. 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 resolved 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.

74. The Parties request that the Commission hold a hearing on this Stipulation. The Parties request that all of the prefiled testimony in these dockets 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.

75. 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.

76. 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.

77. 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.

78. 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.

V. RELIEF REQUESTED

79. 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: July 28, 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: _____
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WAL-MART STORES, INC. AND SAM'S WEST,
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FEDERAL EXECUTIVE AGENCIES

By: _____
Karen S. White
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CERTIFICATE OF SERVICE

I hereby certify that on July 28, 2011, a true copy of the foregoing **SETTLEMENT STIPULATION** was served by email on the following:

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