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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Voluntary Request of  
Rocky Mountain Power for Approval of  
Resource Decision to Acquire Natural Gas  
Resources

Docket No. 12-035-102

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**SETTLEMENT STIPULATION**

This Settlement Stipulation (“Stipulation”) is entered into in Docket No. 12-035-102 by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties” and individually as a “Party”).

1. The Parties have conducted settlement discussions over the course of several days.

2. The Parties 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.

3. The Parties agree that this Stipulation resolves all issues in this Docket.

4. The Parties agree that Rocky Mountain Power (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 for a total of [REDACTED] MMBtu per day for [REDACTED]. The Parties agree that the Commission should issue an order approving the transaction as outlined herein for a price of not to exceed a [REDACTED]

[REDACTED] The Parties

agree that two business days after receipt of Commission approval, the Company will request updated pricing from the bidders for the following business day. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. The Parties agree that the Company shall execute a transaction only if: (a) internal credit quality requirements are met; (b) refreshed pricing yields a market ratio below 100 percent calculated from the Company's most current forward price curve at the time bid prices are refreshed, and (c) updated bids are not more than [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

6. The Parties agree to convene a workshop prior to the end of October 2013 to discuss potential changes to the Company's process in evaluating bids for future gas request for proposals, if any, to secure additional long-term natural gas resources. The issues to be addressed in the workshop include, without limitation:

- a. the possibility of establishing a standard approach to bid evaluation based on specific terms or product definition such that the bids within specific product definitions or bids for specific terms can compete against each other;
- b. a review of whether a change in the process related to the evaluation of the cost of credit is required and, if so, the type of changes that should be

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[REDACTED]

implemented, i.e., changes to the methodology, changes to the timing of the cost imputation, or other similar changes; and

- c. a discussion seeking and understanding the data that would be used to evaluate a costless collar beyond the 48 months of market data.

7. 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 resolved by this Stipulation.

8. Utah Code Annotated Section 54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. The Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

9. 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 Administrative 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 acknowledgement 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.

10. The Parties request that the Commission hold a hearing on this Stipulation at its earliest convenience but no later than April 1, 2013. 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. The Company, the Division and the

Office each will, and any other Party that has intervened in these proceedings may, make one or more witnesses available to explain and offer further support for this Stipulation. As applied to the Division and the Office, the explanation and support shall be consistent with their statutory authority and responsibility.

11. 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.

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

DATED this 28<sup>th</sup> day of March, 2013.

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