

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 13-035-184

In the Matter of the
Application of Rocky Mountain
Power for Approval of Revisions
To Back-Up, Maintenance and
Supplementary Power Service
Tariff, Electric Service
Schedule 31

Docket No. 13-035-196

HEARING PROCEEDINGS

TAKEN AT:

Public Service Commission
Hearing Room 403
160 East 300 South
Salt Lake City, Utah

DATE:

Monday, June 30, 2014

TIME:

9:02 a.m.

REPORTED BY:

Teena Green, RPR, CSR, CRR, CBC

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BRUCE PLANK

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2 TRAVIS RITCHIE
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4 KURT BOEHM
5 MESHACH ROADES
6 JOELLE STEWART
7 GREG MEYER

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Hearing Proceedings

June 30, 2014

PROCEEDINGS

COMMISSIONER CLARK: Good morning, ladies and gentlemen. Can you all hear me? I'm David Clark.

We have someone on the phone, we'll have you identify yourselves in just a moment.

I'm David Clark, one of the three commissioners. Next to me is Chairman Ron Allen, next to him is Commissioner Thad LeVar. I'm going to be acting as the hearing officer for our hearing today.

This is the time and place duly noticed for a hearing in two dockets, first Docket No. 13-035-184, which is commonly referred to as Rocky Mountain Power's general rate case, and also Docket No. 13-035-196, which pertains to revisions to backup, maintenance, and supplementary power service tariff, electric service Schedule 31.

We're going to take the stipulation pertaining to the general rate case up first, and then the stipulation and the other docket will follow. We want to begin by having parties enter their appearances, identify their witnesses as they do so. And we'll begin first with those who are physically present in the hearing room and then we'll have those on the phone, who intend to participate, identify themselves as well.

And just so you're aware, after we have the counsel

1 enter their appearances, we thought it might be useful to have a
2 brief discussion of the scope of the hearing that will be held
3 commencing July 28 so that any who are present and
4 participating for that purpose only can then go on with the other
5 business that they have before them today, and then we'll take
6 up the stipulations.

7 If there's an objection to that, please let me know
8 when you enter your appearances.

9 Let's begin with the applicant, Ms. Hogle.

10 MS. HOGLE: Thank you. Good morning,
11 Commissioners, Chairmen. My name is Yvonne Hogle,
12 representing Rocky Mountain Power. With me here today is Mr.
13 Dave Taylor, who will be presenting a summary of the
14 settlement stipulation. Also with me today is Steve McDougal,
15 who was a witness in the case, and he's available for any
16 questions that you may have. On the phone with us today, also,
17 are Joelle Stewart and Mr. Greg Duvall, for the same reasons.

18 COMMISSIONER CLARK: Thank you.

19 One preliminary item, Ms. Hogle, PacifiCorp had a
20 motion pending before the Commission. I'm assuming your
21 intent is to withdraw that; is that correct?

22 MS. HOGLE: Rocky Mountain Power's intent is to
23 request that the Commission not act on that motion, so that
24 would be our request. Thank you.

25 And there's also another preliminary matter. I don't

1 know if you want to take that up right now or wait until
2 everybody introduces.

3 COMMISSIONER CLARK: Okay. Let's come back
4 to you as soon as we have all of the appearances. Thank you.

5 MS. HOGLE: Okay.

6 COMMISSIONER CLARK: Ms. Schmid?

7 MS. SCHMID: Good morning.

8 Patricia E. Schmid with the Attorney General's
9 Office, representing the Division of Public Utilities. And with
10 me, as the Division's witness, is Dr. William Artie Powell.

11 COMMISSIONER CLARK: Thank you.

12 MR. COLEMAN: Brent Coleman with the Attorney
13 General's Office, representing the Office of Consumer Services.
14 With me at counsel table is Michele Beck, the director of the
15 Office, who will provide the Office's position today.

16 COMMISSIONER CLARK: Thank you.

17 MR. JERRIGAN: Captain Jerrigan, representing the
18 Federal Executive Agencies. And attending by phone is Mr.
19 Meyers, our witness.

20 MR. DODGE: Gary Dodge on behalf of the UAE
21 Intervention Group and also on behalf of U.S. Magnesium, LLC.
22 Kevin Higgins is available in the audience as a witness if the
23 Commission has questions of him on the general rate case
24 stipulation.

25 MR. EVANS: William Evans for the Utah Industrial

1 Energy Consumers. And I apologize that I have let my witness
2 off this morning and don't have him available, but we can call
3 him on the phone. If you have questions, I think I might be able
4 to get him. We don't intend to offer any testimony from a
5 witness.

6 COMMISSIONER CLARK: Thanks, Mr. Evans.
7 Anyone else who's here with us in the room?

8 MR. MATTHEIS: Yes, sir. Mr. Commissioner, Peter
9 Mattheis on behalf of Nucor Steel. We don't have a witness in
10 the case. I'm just here as an observer today.

11 COMMISSIONER CLARK: Thank you, Mr. Mattheis.
12 Anyone else?

13 MS. HAYES: Sophie Hayes on behalf of Utah
14 Clean Energy.

15 COMMISSIONER CLARK: Thank you.
16 Anyone else?

17 Those on the phone, would you please, if you
18 intend to participate, identify yourselves and the party you
19 represent.

20 MR. DUVALL: This is Greg Duvall, director of Net
21 Power Costs, for the Company.

22 COMMISSIONER CLARK: Thank you.

23 MR. PLANK: This is Bruce Plank, I'm an attorney
24 appearing on behalf of TASC, The Alliance for Solar Choice.

25 MR. RITCHIE: This is Travis Ritchie, I'm an

1 attorney with the Sierra Club. In Phase I, we submitted the--of
2 Dr. Jeremy Fisher. Dr. Fisher is available by phone today if you
3 have any questions for him. We also have Phase II testimony,
4 but I understand that that's not an issue today.

5 COMMISSIONER CLARK: Thank you.

6 MR. WOOLLY: This is David Woolly, also for the
7 Sierra Club.

8 MR. BOEHM: This is Kurt Boehm, appearing on
9 behalf of the Kroger Company.

10 MS. RHOADES: Meshach Rhoades, appearing on
11 behalf of Wal-Mart. Thank you.

12 MS. STEWART: Joelle Stewart, witness for Rocky
13 Mountain Power.

14 COMMISSIONER CLARK: Pardon me just a
15 second.

16 Did you have a question about spelling?

17 THE COURT REPORTER: Yeah. The spellings
18 would be good.

19 COMMISSIONER CLARK: Mr. Coleman, can you
20 help with spellings?

21 MR. COLEMAN: I can help her.

22 COMMISSIONER CLARK: Okay. You've got them
23 all in your records?

24 MR. COLEMAN: I think I have the one that she --

25 COMMISSIONER CLARK: Okay. Thank you.

1 All right. We're going to continue, and it would
2 help if you'd spell your name as you identify yourselves. For
3 those who have already done that, we think we have the
4 spellings on other documents here in the hearing room and we'll
5 make sure we have them correct in the record.

6 So now back to those on the phone. Is there
7 anyone else who would like to identify themselves?

8 MR. MEYER: This is Greg Meyer, M-E-Y-E-R,
9 consultant for the FEA.

10 COMMISSIONER CLARK: Thank you.

11 Anyone else?

12 Thank you very much.

13 Ms. Hogle, you mentioned you had a preliminary
14 matter.

15 MS. HOGLE: Yes, Commissioner. I just wanted to
16 note that although the net metering issue in the cost-of-service
17 phase is not at issue here today, Rocky Mountain Power would
18 like to note that we, Rocky Mountain Power, were never served
19 with Mr. Michael Rossetti's--representing UCARE, his testimony
20 when it was due in June, I believe. And we noted that in the
21 testimony that we filed just recently and would like the
22 opportunity to respond to that testimony in surrebuttal on the
23 date that surrebuttal is due.

24 I contacted Mr. Rossetti, knowing that he is not
25 represented by counsel, he is representing UCARE on his

1 behalf, and he indicated to me that that would be fine.

2 COMMISSIONER CLARK: And as far as I'm aware,
3 Mr. Rossetti isn't present today or on the phone; is that correct?

4 Okay. Thank you, Ms. Hogle, for that
5 representation. And on the basis of the representation, we'll
6 permit the company to respond as you indicated.

7 MS. HOGLE: Thank you.

8 COMMISSIONER CLARK: I believe, assuming the
9 stipulations that are before us are accepted and things go
10 forward as the parties plan, then the one issue that will remain
11 for hearing in the week of July 28 will be the net metering issue;
12 is that correct? Is there any addition or correction to that
13 statement that the party would like to make?

14 That being the case, we note that the direct
15 testimony of the parties has net metering testimony sort of
16 commingled in it. And our thought would be, you've asked us to
17 receive all of the testimony that's been provided or filed into
18 evidence. And we would intend to do that today, but to receive
19 all of the testimony and exhibits that pertain to the net metering
20 issue provisionally, subject to any objections that might come
21 before us in that hearing.

22 Does any party have a comment on that process?

23 MS. SCHMID: That's acceptable to the Division.

24 COMMISSIONER CLARK: Okay. I'm going to
25 assume it's acceptable to everyone else, given the silence that

1 I'm perceiving.

2 Okay. Thank you.

3 Next, is there anyone present or on the phone who
4 intends to question witnesses that are going to offer testimony
5 in support of the stipulation today or is there anyone who
6 intends to offer testimony in opposition to the stipulations,
7 either of them?

8 That's as we expected. So what we would intend to
9 do, then, is to hear the witnesses first for the general rate case
10 stipulation as a panel. And we would have them make their
11 individual statements in support of the stipulation, but then be
12 subject to questions by the Commission as a panel.

13 Is there any objection or comment on that process?

14 Okay. Any other preliminary matters that we ought
15 to take up before we swear the witnesses who are going to offer
16 testimony in support of the stipulation?

17 MR. PLANK: Commissioner Clark, this is Bruce
18 Plank, attorney for TASC. I wanted to see if you would be
19 inclined to determine the witness sequence for the net metering
20 hearing, commencing on July 28, to allow for scheduling of
21 out-of-town witnesses. Would you be inclined to--I'm assuming
22 the order would be Company, Division, Office, and then others.

23 Is that the Commission's intention with the net
24 metering phase of the hearing?

25 COMMISSIONER CLARK: That would be our

1 typical practice and our intention, subject to an objection. And
2 if it would be helpful to the parties to identify the order beyond
3 that, we could attempt to do that now for a moment.

4 Is there any opposition to taking a moment to
5 consider order of witnesses for the hearing?

6 MR. COLEMAN: Mr. Commissioner, I think the
7 parties probably could work that technicality or that
8 administrative issue out amongst themselves. Not all the
9 parties to participate in the net metering portion of the case are
10 present, so I think it might be a little premature to try to address
11 groupings or order of presentations. So I think it might be more
12 efficient to allow the parties an opportunity, as a whole, to work
13 out the presentation order amongst themselves rather than here
14 today.

15 COMMISSIONER CLARK: Thank you, Mr. Coleman.
16 Why don't we at least conclude that it would be
17 Company, Division, and Office, and then the order beyond that--
18 could we look to you, Mr. Coleman, and to the Office, generally,
19 to work with the parties and to assist them in achieving an order
20 that accommodates their need and desire not to have their
21 experts unduly--their time unduly taken up here?

22 MR. COLEMAN: Sure. I will be happy to
23 spearhead that issue.

24 COMMISSIONER CLARK: Thank you. That would
25 be very helpful.

1 MR. PLANK: Thank you, Commissioner Clark.
2 That's certainly adequate for my witness, and I'd be happy to
3 work with Mr. Coleman and the other parties to get that
4 straightened out.

5 With that behind us, I would ask to be excused. My
6 client's not interested in participating in the remainder of the
7 hearing today.

8 COMMISSIONER CLARK: Thank you for being with
9 us for this opening segment.

10 So which parties intend to offer witnesses in
11 support of the stipulation?

12 We have Mr. Taylor.

13 MS. HOGLE: Yes.

14 COMMISSIONER CLARK: Dr. Powell.

15 MR. COLEMAN: The Office.

16 COMMISSIONER CLARK: Ms. Peck.

17 Anyone else?

18 Then would the three of you please raise your right
19 hand?

20 Do you solemnly swear that the testimony you are
21 about to give shall be the truth, the whole truth, and nothing but
22 the truth?

23 DR. POWELL: I do.

24 MS. BECK: Yes.

25 MR. TAYLOR: Yes.

1 COMMISSIONER CLARK: Thank you. So in that
2 order of Mr. Taylor, Dr. Powell, and Ms. Beck, you can make any
3 summary statements you'd like to and then we'll have questions.

4 Ms. Hogle?

5 DAVID L. TAYLOR, called as a witness for and on
6 behalf of Rocky Mountain Power, being first duly sworn, was
7 examined and testified as follows:

8 EXAMINATION

9 BY-MS.HOGLE:

10 Q. Can you please state your name and position with
11 Rocky Mountain Power.

12 A. My name is David L. Taylor. I'm employed by
13 Rocky Mountain Power as the manager of regulatory affairs for
14 the State of Utah. My business address is 201 South Main,
15 Suite 2300, Salt Lake City, Utah, 84111.

16 Q. And what is the purpose of your testimony today?

17 A. I will briefly review the key elements that led up to
18 the stipulation, as well as the significant elements of the
19 stipulation itself. This was the stipulation in Docket No.
20 13-035-184, referred to more frequently as the 2014 general
21 rate case. Stipulation was entered into by eight signing parties.

22 I'll also reconfirm Rocky Mountain Power's support
23 of the stipulation and the Company's belief that the stipulation is
24 in the public interest.

25 Q. Please proceed with a history of the events that led

1 to the stipulation.

2 A. On January 3 of 2014, Rocky Mountain Power filed
3 a general rate case requesting an increase of \$76.3 million.

4 On January 22 of this year, the Commission issued
5 a scheduling order setting the procedural schedule in three
6 separate phases for cost of capital, revenue requirement, and
7 cost of service, rate spread, and rate design issues.

8 Since that date, Rocky Mountain Power and
9 intervening parties have filed several rounds of testimony in the
10 case. And over the course of this proceeding, Rocky Mountain
11 Power filed testimony of 18 witnesses. That included over 2400
12 pages of testimony and exhibits in support of its request. The
13 13 intervening parties filed the testimony of 35 witnesses.

14 In addition to 160 filing requirement responses that
15 were provided with our application, the Company also responded
16 to over 2400 data requests, as intervening parties prepared the
17 responses to the Company's case.

18 I point this out just to show that prior to entering
19 into settlement discussions, the Company presented a
20 significant amount of evidence in the case, that the parties in
21 the case have thoroughly reviewed all of that evidence and
22 made determinations upon that review.

23 Over the last several weeks, the parties in the case
24 have engaged in settlement discussions. And based upon those
25 discussions, the parties have reached an agreement to the

1 terms and conditions that are set forth in the stipulation that's
2 being presented before the Commission today.

3 In reaching that stipulation, various parties
4 considered and relied upon a number of different factors and
5 considerations. Included in that was the evidence that the
6 Company provided with its rate case filing, our providing support
7 for a two-step rate increase. The parties considered the
8 in-service date of the Sigurd-Red Butte transmission line and
9 other timing considerations and other factors.

10 In reviewing each of these issues, individual parties
11 may have placed greater weight on different issues in getting
12 comfortable with the agreement. I will let those parties present
13 before you any of those issues with significance for them, if they
14 choose to do so.

15 The signed stipulation was filed with the
16 Commission on June 25 of this year. The settlement is intended
17 to resolve most of the issues in the general rate case, in
18 accordance with the respective terms and conditions as laid out
19 in the stipulation itself.

20 The stipulation does not, however, resolve the net
21 metering facilities charge that was proposed by the Company in
22 its direct filing. That issue is ongoing and will continue on the
23 schedule, as laid out by the Commission.

24 While not all parties in the case have signed the
25 stipulation, we're not aware of any party that opposes it. Most

1 of the parties that have not signed the stipulation are those who
2 continue to be involved in the net metering issues in that portion
3 of the case.

4 Q. Mr. Taylor, can you proceed with the key terms of
5 the stipulation?

6 A. Yes, I will. I'll walk through some of the key
7 elements of the stipulation.

8 I'm certain the Commission has read it, so I'll try to
9 be brief as I touch on these terms. And in doing so, I don't
10 intend to modify any of the terms of the stipulation in any way.
11 And if, by chance, I misspeak the language of the stipulation,
12 not the words that I say represent the combining agreement of
13 the parties. And as I walk through, I'll trust you'll let me know if
14 I'm giving you too much or not enough detail as we go forward.

15 So the parties agree and recommend that the
16 Commission approve the following--and we're now to about
17 paragraph 18 of the stipulation. They agree that a multiyear
18 rate plan be established. A multiyear rate plan will provide a
19 measure of rate certainty for customers and it will also afford
20 the Company a reasonable opportunity to earn and authorize a
21 rate of return and recover its cost of service.

22 With that, the multiyear plan includes the following
23 components: Rocky Mountain Power should be permitted to
24 implement a Step 1 general rate case in the amount of \$35
25 million, to be effective September 1 of 2014. The parties have

1 agreed that the Sigurd-Red Butte transmission line investment is
2 prudent but cost recovery of that line will not begin until the
3 Step 2 rate change.

4 The Step 2 rate change: Rocky Mountain Power
5 should be permitted to implement a Step 2 rate increase in the
6 amount of 19.2 million. That will include the cost of the
7 Sigurd-Red Butte line and that increase will be effective on the
8 later of September 1, 2015, or the in-service date of the
9 Sigurd-Red Butte transmission line. If that transmission line is
10 not in service by September 1 of 2015, the Step 2 rate increase
11 will be delayed until the Sigurd-Red Butte line is placed in
12 service.

13 In paragraph 23, Rocky Mountain Power is allowed
14 to keep its currently effective 9.8 percent return on equity. The
15 cost of capital, both structure and the rates of equity and debt,
16 are shown in Table 1 of the stipulation. And that stipulated cost
17 to capital will be in force both through Step 1 and Step 2 of the
18 rate plan.

19 Moving on to paragraph 24, which discusses net
20 power costs, base net power cost in the amount of
21 \$1,495,800,000 annually on the total company basis or \$630
22 million annually on the Utah-allocated basis will become the
23 base net power cost, beginning on September 1 of 2014, in
24 effect during Step 1 of the rate plan.

25 Table 2, in the stipulation, shows the stipulated

1 level of EBA costs. Now, those are both base net power costs
2 less wheeling revenue that's shown in dollars per megawatt hour
3 by month. And that will be the amounts used in the EBA
4 measurement throughout the Step 1.

5 Exhibit A to the stipulation provides the details of
6 that dollar per megawatt calculation for EBA cost. It shows,
7 also, how those EBA costs will be allocated among rate
8 schedules. And that's based on the composite NPC allocated,
9 which is also presented in Exhibit A.

10 The EBA cost allocated to special contracts,
11 whether or not they're included in these components in Exhibit
12 A, will be subject to the terms of those contracts. And the
13 monthly EBA costs shown in Table 2 will remain in place until
14 they are reestablished in the Step 2 rate change.

15 Base net power cost in the amount of
16 1,491,100,000 million annually on the total company basis, or
17 628 million annually on a Utah-allocated basis, will be
18 established for the base cost beginning September 1, 2015, or
19 concurrent with the Step 2 rate increase.

20 Those rates, as above, are shown in Table 3 below.
21 And Exhibit B to the stipulation contains the same information
22 as in Exhibit A, only as it relates to the Step 2 element of the
23 rate plan.

24 Moving on to paragraph 26, the parties request that
25 the Commission approve an extension of the current EBA pilot.

1 It's currently scheduled to end December 31, 2015. We
2 requested that be extended for one year, through December 31
3 of 2016. The parties also agree that the final report from the
4 Division of Public Utilities on the EBA pilot, which currently is
5 due within four months--the conclusion of the third year of the
6 pilot, that that report be extended for one year as well, so that it
7 would be due within four months after the conclusion of the
8 fourth calendar year of the pilot.

9 The EBA findings will continue on their established
10 schedule, subject to this one-year extension as we've just
11 discussed.

12 Moving on to paragraph 27, effective November 1,
13 2014, all deferral balances currently being collected in the EBA
14 over--there's three separate tranches with three separate
15 amortization periods. Those amounts will be added together
16 and they will be combined with the approved balance from the
17 currently pending EBA adjustment. And that is in Docket No.
18 14-035-31.

19 That total balance will be then collected over one
20 year, beginning November 1, 2014. The prior EBA balances will
21 continue to be collected without interest during the collection
22 period, but the Commission-approved balance from the pending
23 EBA docket, again Docket No. 14-035-31, will accrue interest
24 throughout the collection period, unless otherwise ordered by
25 the Commission or agreed to by stipulation in that docket.

1 In essence, what this means is we're going to
2 greatly simplify the collection and amortization periods of all
3 these EBA tranches into a one-year amortization beginning in
4 November of this year.

5 Moving on to a discussion of Naughton unit 3. For
6 the purposes of the revenue requirement calculation in this
7 case, Naughton unit 3 is assumed to continue to operate as a
8 coal-fueled resource through December 31 of 2017.

9 If the Company does not obtain the amended
10 permit, as necessary, in 2014 to continue to operate on coal,
11 the Company would be allowed to continue to operate--if we
12 don't get the permit that allows us to continue to operate
13 Naughton as a coal-fired plant through December 17, the
14 Company will be entitled to request. And the parties have
15 agreed not to oppose a deferred accounting order for the
16 revenue requirement impact of that event.

17 The potential recovery from customers will be
18 pursuant to a Commission order in the future rate case. And the
19 parties may contest recovery of those costs, notwithstanding
20 their agreement not to oppose the deferred accounting
21 treatment.

22 Moving on to a discussion of renewable energy
23 credits, and this is paragraph 29, base REC revenue rates for
24 the REC balancing account purposes will be set at \$2 million.
25 That's a Utah-allocated number, effective with the September 1

1 rate increase, Step 1 rate increase on September 1 of 2014.
2 They will continue at this level until they are set through a
3 subsequent general rate case filing on or after January 1 of
4 2016.

5 The \$2 million base REC amount in base rate is net
6 of the 10 percent incentive per paragraph 39 of the stipulation in
7 Docket 11-035-200. And the REC balancing account mechanism
8 will continue to operate on the normal schedule.

9 Moving to a discussion of the energy imbalance
10 market, this is now paragraph 30, the parties request the
11 Commission enter a deferred accounting order to permit the
12 Company to begin to defer Utah's allocated portion of energy
13 imbalance market, or EIM, related operation and maintenance
14 expenses incurred after September 1, 2014, and depreciation
15 expense related to capital investments necessary to implement
16 EIM recorded on or after September 1 of 2014.

17 These will be dealt with for recovery in the future
18 case pursuant to Commission order in that case. And, again,
19 any EIM deferred costs should be determined in the future case.
20 And the parties may contest recovery of those costs,
21 notwithstanding the agreement not to oppose a deferred
22 accounting of those issues now.

23 Moving on to paragraph 31, the parties agree that
24 any deferred EIM-related labor cost will be limited to positions
25 that are exclusively created as a result of the Company's

1 participation in the energy imbalance market that are in excess
2 of the full-time equivalent employees that are reflected in the
3 Company's direct finding in this case.

4 The next paragraph talks about the timing of the
5 next rate case. The Company agrees that it will not file a
6 general rate case or a major plant addition case or seek
7 otherwise a rate increase in Utah prior to January 1, 2016, with
8 an effective date prior to September 1 of 2016.

9 The Step 2 increase in this docket and other
10 commission-approved and currently existing rate adjustment
11 mechanisms are exempt from that provision.

12 Moving on to cost of service, rate spread, and rate
13 design portion of the stipulation, paragraph 32 indicates that the
14 Step 1 and Step 2 rate increases set forth above shall be
15 allocated as set forth in Exhibit C and D to this stipulation.

16 Exhibit C and D also include the monthly
17 comparisons for Step 1 and Step 2 rate changes. Special
18 contract rates are not established by this stipulation and will be
19 governed by the terms of the applicable contract approved by
20 the Commission.

21 Moving on to paragraph 34, the residential
22 customer charge should be increased to \$6 per month for
23 single-phase residential customers and \$12 a month for
24 three-phase residential customers until there is a change to the
25 customer charge established by a Commission order.

1 The remainder of the revenue requirement
2 increases assigned to Schedules 1, 2 and 3 should be applied to
3 the Tier 2 winter rates for the residential class.

4 And in Step 2 of Schedule 1 rate, increase will also
5 be applied to Tier 2 winter rates.

6 Moving on to paragraph 35, the parties agree that
7 the residential minimum bill should be \$8 a month for
8 single-phase residential customers and \$16 a month for
9 three-phase residential customers.

10 Moving on to paragraph 36, as I have alluded to
11 earlier, no agreement was reached with regard to the net
12 metering facilities charge proposed by the Company in its
13 finding.

14 Exhibit D, that's provided with the stipulation,
15 shows the impact to residential rates designed under two
16 scenarios. The first scenario showing the residential rate
17 design, assuming that the Company's proposed net metering
18 facilities charge is adopted and put in place, and another
19 example showing the Utah residential rates, assuming that that
20 charge is excluded and not approved.

21 The parties agree that the outcome could be
22 different for either of these two scenarios after the net metering
23 phase of the case is completed, but the same process will
24 continue, that the residential rate will reflect whatever any
25 facility charge, if any, is adopted by the Commission in this

1 case.

2 As it relates to rate Schedule 6, a facilities charge
3 has been created for rate Schedule 6 and 6B. They've taken
4 the current power charge and separated that between a facilities
5 charge and a power charge.

6 The Step 1 revenue requirement increase for
7 Schedule 6 will be applied to both the power charge and the
8 facilities charge and the Step 2 revenue requirement increase
9 for Schedule 6 will be applied to the power charge only. And
10 those are also shown in Exhibit C to the stipulation.

11 Current, the EBA and RBA rates, which are
12 Schedules 94 and 98, as they apply to Schedule 6 and 6B, will
13 be recalculated so that the previously allocated and collective
14 amounts will be revised to collect those amounts based on the
15 new power charge only. So it will collect the same amount of
16 revenues but just be applied to a different element of the bill, so
17 that rate will be changed to accommodate that. That rate will
18 stay in place until new EBA and RBA rates are set.

19 And the compliance finding that Rocky Mountain
20 Power will make this case and this stipulation will reflect those
21 changes to the EBA rates for rate Schedule 6 at that time.

22 Speaking of Schedule 31, Exhibit C also reflects
23 the agreed-upon rates for Schedule 31 that were reached by the
24 parties in the stipulation in Docket 13-035-196 that will be
25 discussed later this morning.

1 Moving on to just some of the other items in the
2 stipulation. The parties agree to admit all of the prefiled
3 testimony into evidence and the parties also are very clear that
4 the admission of testimony into evidence does not represent an
5 agreement by the parties to any position taken in such
6 testimony.

7 Paragraph 39 states that the stay-out provision
8 discussed in paragraph 32 above will not prevent Rocky
9 Mountain Power from seeking deferred accounting orders for
10 costs related to the impacts of disposition through the sale,
11 closure, or other means of the Deer Creek Mine or mining
12 assets or the impact of the possible sale of the company's
13 ownership interest in the Craig and Hayden generating plants.

14 Again, an agreement to not oppose deferred
15 accounting does not represent any position by the companies to
16 be taken on those deferred accounting orders.

17 Paragraph 40 to 44 contain information about
18 certain pieces of information that the Company has agreed to
19 file with its next general rate case filing.

20 Moving on to the general terms and conditions of
21 the stipulation, the remaining paragraphs contain the general
22 terms and conditions which are associated with most
23 stipulations presented before the Commission, that they
24 represent the obligations of the party, both to the stipulation
25 and to each other as the stipulation is being processed and

1 approved.

2 Let me just point out a couple of items.

3 As with most stipulations, this agreement was
4 reached through negotiation and there's a fair amount of
5 compromise from the parties in the final agreement. While all of
6 the parties agree to the rate increase and the resolutions of
7 deferred accounting dockets, each party got there in a different
8 way and they may have used different assumptions, different
9 evaluations, and different adjustments. That's typical of many
10 stipulations.

11 And with that background, the parties agree that
12 this stipulation as a whole is just and reasonable and in the
13 public interest. The stipulation is an integrated whole and any
14 party may withdraw from it if it's not approved without material
15 change or condition by the Commission --

16 Q. Mr. Taylor, do you have any final comments?

17 A. Yes. I want to thank the parties for working
18 together to reach an agreement that works for all of the parties.
19 As with most settlements, getting here took a lot of hard work
20 from everybody involved, so I appreciate that.

21 I want to restate the Company's support for the
22 stipulation. It was negotiated in good faith by the parties and I
23 believe the stipulation is in the public interest and I recommend
24 that the Commission approve the stipulation as it was filed.

25 And that concludes my comments. Thank you.

1 COMMISSIONER CLARK: Thank you, Mr. Taylor.
2 Ms. Schmid?

3 MS. SCHMID: Thank you.

4 WILLIAM A. POWELL, called as a witness for and
5 on behalf of the Division of Public Utilities, being first duly
6 sworn, was examined and testified as follows:

7 EXAMINATION

8 BY-MS.SCHMID:

9 Q. Just a couple of preliminary questions.

10 Dr. Powell, by whom are you employed and in what
11 capacity?

12 A. I'm employed by the Division of Public Utilities. I'm
13 a manager of the energy section.

14 Q. As manager of the energy section, did you
15 participate in this docket, including settlement?

16 A. Yes, I did.

17 Q. Do you have a statement to provide concerning the
18 stipulation?

19 A. Yes, a brief one.

20 Q. Please proceed.

21 A. Good morning. Thank you for this opportunity and
22 patience to listen to us this morning.

23 If I could draw your attention to paragraph 2, I'll be
24 fairly brief in my comments.

25 Mr. Taylor, for the Company, has gone through the

1 stipulation in quite a bit of detail, but it says here in paragraph
2 2, the parties represent -- and this includes the Division, that
3 this stipulation is just and reasonable and results--et cetera, et
4 cetera, will result in rates that are just and reasonable. And the
5 Division recommends that the Commission adopt the stipulation
6 as being in the public interest as it's been filed.

7 I would like to just make a few comments on some
8 of the terms and conditions of the stipulation that led the
9 Division to agree and to sign the stipulation.

10 The Division believes that the compromises that
11 you see are the results and the stipulation are reasonable
12 compromises of the issues that were raised by various parties in
13 the case. Overall, we believe that the rates contained in the
14 stipulation are just and reasonable and in the public interest.

15 If we could set aside, for just a second, the return
16 on equity. The revenue requirement is approximately--or at
17 least the Division believes that the revenue requirement that's
18 represented in the stipulation is approximately where our
19 surrebuttal position would have been. We did withdraw a couple
20 of our adjustments in our rebuttal testimony. And based on the
21 Company's testimony--their rebuttal testimony, there were likely
22 other adjustments that we would have withdrawn on surrebuttal
23 testimony.

24 The cost then--I'll come back to the return on equity
25 in just a minute.

1 The cost of service in the rate design, other than a
2 few issues that Mr. Taylor pointed out, are pretty much status
3 quo, which we think is a reasonable outcome in this particular
4 case. As the Commission is aware, there's ongoing discussions
5 at the state level on interjurisdictional allocations. Those are
6 scheduled to be concluded sometime in the next year, in 2015.

7 And we thought it would be premature, at this time,
8 to make any radical changes on the class cost of service with
9 the anticipation or with the possibility, I should say, that we
10 would have to make further changes at the next rate case based
11 on the outcome of those discussions at the state levels.

12 We did implement, in Schedule 6, as Mr. Taylor
13 pointed out, a facilities charge, which we reviewed the bill
14 impacts, which are included in the exhibits to the stipulation.
15 And we find those bill impacts are reasonable for that particular
16 class.

17 From the Division's point of view, if you look at the
18 rate spread, there was some movement to full cost of service by
19 some rate schedules. And we believe that this is a good
20 outcome of the stipulation.

21 Moving back to the rate of return for just a second,
22 it's possible--not too mysterious or not too surprising, that the
23 Division, in isolation, would never have agreed to a 9.8 rate of
24 return in this particular case. However, we did evaluate some of
25 the other terms and conditions and believe that the 9.8 is

1 well-balanced with the outcomes of those particular terms.

2 We calculated that if the Company were to file a
3 rate case, for example, in 2015, that there are approximately
4 \$21 million worth of capital additions. That's a revenue
5 requirement value that we know about today. These include the
6 Sigurd-Red Butte transmission line and other capital additions
7 that were in the rate case--in this particular rate case for only
8 part of the test year. Obviously, there would have been other
9 capital additions in a 2015 rate case that the company would
10 have brought forward also.

11 We also note that the Company anticipates that the
12 Sigurd-Red Butte line will be completed and in service in June
13 of 2015, but yet, the stipulation delays the amortization--or the
14 collection of those revenue requirement costs until September
15 or when the line actually does come into place, whichever date
16 is later.

17 That would basically conclude my supporting
18 comments for the stipulation at this time.

19 COMMISSIONER CLARK: Thank you, Dr. Powell.
20 Mr. Coleman?

21 MR. COLEMAN: Thank you.

22 MICHELE BECK, called as a witness for and on
23 behalf of the Office of Consumer Services, being first duly
24 sworn, was examined and testified as follows:

25 EXAMINATION

1 BY-MR.COLEMAN:

2 Q. Ms. Beck, will you please state your title for the
3 record?

4 A. I'm the director of the Office of Consumer Services.

5 Q. And as the director, I presume that you directed
6 and oversaw the preparation of testimony and participated in the
7 settlement on behalf of the office in this case?

8 A. Yes, I did.

9 Q. Do you have a position statement from the Office
10 about the stipulation?

11 A. Yes, I do.

12 The Office reviewed all aspects of this case and
13 submitted testimony of seven witnesses in the areas of cost of
14 capital, revenue requirement, net power costs, cost of service,
15 and residential rate design. The Office also participated in all
16 settlement discussions on behalf of the customers it represents,
17 specifically the residential schedules, irrigators taking service
18 under Schedule 10, and small commercial Schedule 23
19 customers.

20 My purpose today is to speak in favor of the
21 settlement before the Commission. I will first address the
22 revenue requirement increase.

23 The parties agreed upon an increase of \$35 million
24 to occur on September 1, 2014, if approved. The Office
25 believes that this \$35 million is a reasonable outcome for this

1 case, given the evidence presented in this case in recent
2 relevant Commission orders.

3 Although the Office's initial position included a
4 negative revenue requirement, additional evidence became
5 known through testimony and discovery that allows us to support
6 the 35 million increase, which is, of course, substantially lower
7 than what the Company originally requested.

8 Next, I'd like to address the concept and specifics
9 of a two-step rate increase. The Office believes that any rate
10 increase coming from this case, or really any one case, must be
11 supported by evidence presented within that particular case.
12 The Step 2 rate increase here of 19.2 million scheduled for
13 September 1, 2015, is tied both in calculation and
14 implementation to the Sigurd-Red Butte transmission line and
15 the supporting evidence for which is included in this case at
16 hand.

17 The Office believes that it is in the public interest
18 to agree to the increase associated with this increase rather
19 than have the Company pursue a full general rate case next
20 year.

21 The Office supports the rate spread included in the
22 stipulation as representing a reasonable compromise among a
23 wide range of competing cost of service proposals. The office
24 notes that the settlement moves all customer classes in the
25 direction towards closer alignment with actual cost to service

1 classes.

2 The Office specifically focused its analysis on the
3 residential irrigator and small commercial classes that it
4 represents and testifies that the settlement results in just and
5 reasonable rates for those customers.

6 Finally, I'd like to speak in favor of the residential
7 rate design. The Office asserts that the increase in customer
8 charge by \$1 to \$6 for six single-phase customers and a
9 corresponding increase to \$12 for three-phase customers is
10 supported by the cost of service evidence put forward by the
11 Office. The Office recommended and supports the remainder of
12 the increase for the residential class being assigned to the
13 second energy tier for winter rates.

14 As we noted in a prior case where a second energy
15 tier was first implemented for winter, the rate was deliberately
16 set lower due to gradualism. The outcome of this case will bring
17 the second tier winter rate much closer to the second tier
18 summer rate.

19 The Office is pleased with the residential rate
20 design outcome and asserts the resulting price signal and bill
21 impact to be fair, reasonable, and consistent with key rate
22 principles.

23 Of course, the Office notes that a key element to
24 the residential rate design is left to be determined at next
25 month's hearing.

1 Other important elements of the stipulation include
2 the Company's agreement regarding the timing of the filing and
3 PC updates and also the agreement to complete and file a
4 marginal cost study in the next general rate case.

5 In conclusion, in the Office's view, this settlement
6 is in the public interest and will result in just and reasonable
7 rates, thus we recommend Commission approval.

8 COMMISSIONER CLARK: Thank you, Ms. Beck.

9 Earlier, it was determined that there wouldn't be
10 any questions for the panel, except from the Commission, but if
11 the statements have altered any party's position on that, now is
12 the time to speak up.

13 And hearing no comment, we'll turn to the
14 Commission.

15 Any questions?

16 COMMISSIONER LEVAR: No.

17 COMMISSIONER CLARK: Okay. I have a couple
18 of questions. And I'm going to direct these to the panel at
19 large, but, Mr. Taylor, probably it would be efficient if you'd
20 begin the responses to these.

21 First, regarding paragraph 21, which addresses the
22 Sigurd-Red Butte transmission line investment, paragraph 21
23 states that this investment is prudent and that cost recovery will
24 occur in the Step 2 rate change.

25 That characterization, does that apply to the

1 investment as it exists today, to the investment as it will exist at
2 the conclusion of construction? How do the parties interpret this
3 statement?

4 MR. TAYLOR: I believe that statement says that
5 the cost of the line, as they were presented in this case by
6 Rocky Mountain Power, which is a projection of what those
7 costs would be upon completion, that level of cost was found to
8 be prudent, but any cost recovery, that will not begin until Step
9 2.

10 COMMISSIONER CLARK: Is Mr. Taylor's
11 clarification there consistent with the understanding of the
12 Division and the Office?

13 DR. POWELL: Yes, it is, with the understanding, I
14 would add, to what Mr. Taylor has said, in our position that we
15 took in the CPC for the Sigurd-Red Butte section, we also had
16 Division analysts that reviewed the costs of the line in the rate
17 case and our consultant also reviewed those costs. And so we
18 agree with Mr. Taylor's characterization of those.

19 COMMISSIONER CLARK: Thank you.

20 Ms. Beck, anything to add?

21 MS. BECK: We agree as well.

22 COMMISSIONER CLARK: Thank you.

23 And in the event that the completion of construction
24 is delayed beyond September 1, 2015, is there a process for
25 informing the Commission and the parties as to the date of

1 completion? Have you thought about that, Mr. Taylor?

2 MR. TAYLOR: I don't know that there was a formal
3 process laid out in the stipulation, but we will certainly inform all
4 the participants if, No. 1, we believe there is a delay and what
5 the anticipated in-service date is. We will also inform them the
6 date upon which it goes into service. I just will say, at this
7 point, we fully expect the line to be in service well before
8 September 1 of 2015.

9 COMMISSIONER CLARK: Okay. Thank you.

10 Now, inviting you to look at paragraph 27 for a
11 couple of moments, the dockets referred to in the first sentence,
12 which each pertain to a deferral balance, am I correct in
13 understanding that, absent this provision, the recovery of those
14 balances wouldn't have been achieved on or before November
15 1, 2014?

16 MR. TAYLOR: I don't believe that's the case. I
17 think some of them would extend beyond that date. And so
18 what we've agreed to here is the remaining balance, as of
19 November 2014, will then be combined and amortized over one
20 year. The intent of that is they all have staggered ending dates,
21 which results in a number of rate changes throughout the next
22 couple of years. This is just to simplify that into one collection
23 period.

24 COMMISSIONER CLARK: And as the parties
25 discussed this provision, was there any kind of rough

1 understanding of what the cumulative effect of this might be? I
2 mean I recognize that some of these values are still
3 prospective.

4 Let's be off the record.

5 (A recess was taken.)

6 COMMISSIONER CLARK: On the record.

7 MR. TAYLOR: Those amounts of those different
8 amortization periods were discussed in Mr. Steven McDougal's
9 testimony in the currently pending EBA document, and so that
10 information is contained there.

11 COMMISSIONER CLARK: Thank you.

12 Now to paragraph 30. The first sentence begins,
13 "The parties agree that the Commission may enter a deferred
14 accounting order," and my question really just addresses the
15 word "may."

16 Is it that the parties are hesitant to direct the
17 Commission to do something, but that you intend that in order to
18 effectuate the party's intents related to the stipulation, that the
19 Commission will implement this, or is this truly discretionary for
20 the Commission within the contemplated meaning of the
21 stipulation?

22 MR. TAYLOR: It's Rocky Mountain Power's
23 understanding that the Commission will; however, we're always
24 reluctant to specifically direct the Commission to do things.

25 COMMISSIONER CLARK: And is that --

1 DR. POWELL: I think that it was just a caution not
2 to appear to be telling the Commission what they had to do, but
3 the intent was that the Commission would enter into a deferred
4 accounting order and allow the Company to start deferring those
5 costs subject to the conditions laid out here.

6 COMMISSIONER CLARK: Ms. Beck, anything to
7 add to that?

8 MS. BECK: No.

9 COMMISSIONER CLARK: And so is it the approval
10 of the stipulation that would constitute, in the parties' minds, the
11 approval of the deferred accounting order, I mean assuming our
12 order mentions that in some way, or was there some further
13 process contemplated by the parties?

14 MR. TAYLOR: No. I believe that approval of the
15 stipulation, with a specific statement by the Commission to that
16 effect, would be adequate.

17 DR. POWELL: That would be acceptable to us.

18 COMMISSIONER CLARK: Okay. Thank you.

19 That concludes my questions.

20 Is there anything else to come before the
21 Commission at this time?

22 MR. COLEMAN: Mr. Commissioner, I have one
23 point of administrative business, I suppose.

24 The Office provided testimony in this present
25 docket, in the 13-35-184 docket, and specifically testimony from

1 Messrs. Gimball and Chernick, that were filed under the cover of
2 the 184 docket. Intermingled with that testimony is Schedule
3 31-196, related testimony.

4 So as testimony in the 13-35-184 docket is
5 accepted into the record, as stipulated by the parties, I would
6 need and ask for the Commission to also take Mr. Gimball's and
7 Chernick's testimony that was filed under the 184 cover into the
8 196 docket.

9 I recognize that not all of it will be directly related
10 to the 196, but due to the intertwining nature of the testimony, I
11 think if that's acceptable to the Commission, I would make that
12 humble request.

13 COMMISSIONER CLARK: Is there any objection to
14 that?

15 We will do as you've asked, Mr. Coleman--

16 MR. COLEMAN: I appreciate that. Thank you.

17 COMMISSIONER CLARK: --consider the testimony
18 in the appropriate docket.

19 And if that applies to any other witnesses who are
20 addressing both of these dockets, we'll take the same approach
21 there.

22 Anything further in this docket?

23 Then just before we conclude, let me acknowledge,
24 on behalf of the Commission, our understanding, at least to
25 some level of the great effort that it takes on all the parties'

1 parts to negotiate and achieve a stipulation in a case as
2 complex as this one is.

3 And we appreciate the diligence and the
4 contributions of all the participants in the proceeding. Thank
5 you very much.

6 With that, we'll turn our attention to the stipulation
7 in Docket No. 13-035-196.

8 And let's take a--we'll be in recess until ten after
9 10:00. And everyone can take that opportunity to get the right
10 paper in front of them, and we'll be recessed for seven minutes.
11 Thank you.

12 (A recess was taken.)

13 COMMISSIONER CLARK: We're on the record.

14 Before we take up Docket No. 13-035-196, I just
15 want to go back to a question regarding the rate case stipulation
16 and question I asked, just so you'll understand where I was
17 coming from and that I'm now clearer on the subject.

18 I've got the table in front of me that is from Mr.
19 McDougal's testimony that relates to paragraph 27, and so I can
20 see now that this answers my question. I think I misspoke
21 myself when I asked the question referring to November 1,
22 2014, rather than 2015. And what I was attempting to determine
23 was that the amortizations in those dockets that are referred to
24 in the first sentence of paragraph 27, but for that paragraph,
25 would have been over shorter periods than otherwise. And I can

1 see that from the table, so thank you for referring me to that. I
2 hope I haven't further confused any of you.

3 Now to Docket No. 13-035-196.

4 Does any party intend to address this stipulation
5 besides the Company, the Division, and the Office?

6 Apparently not.

7 And we have the same witnesses, it appears to me,
8 is that correct, from each of those parties?

9 So let me just remind the witnesses they're under
10 oath, and let's begin with Ms. Hogle and Mr. Taylor.

11 MS. HOGLE: Thank you, Your Honor.

12 Preliminarily, I don't believe that the parties
13 indicated in the stipulation in the Schedule 31 for the admission
14 of their direct testimony in this proceeding. And accordingly, I
15 hereby move for the admission of the direct testimony of Rocky
16 Mountain Power, with exhibits, into the record in the case.

17 COMMISSIONER CLARK: And let's broaden that to
18 apply to all of the testimony that's been filed.

19 Is there any objection to the Commission receiving
20 all of the prefiled testimony and exhibits into evidence?

21 Then they will all be received.

22 (All prefiled testimony and exhibits received into evidence.)

23 COMMISSIONER CLARK: Thank you, Ms. Hogle.

24 MS. HOGLE: Thank you.

25 DAVID L. TAYLOR, called as a witness for and on

1 behalf of Rocky Mountain Power, being first duly sworn, was
2 examined and testified as follows:

3 EXAMINATION

4 BY-MS.HOGLE:

5 Q. Can you please state your name and employment
6 for the record?

7 A. My name's David L. Taylor. I'm the same David L.
8 Taylor that testified in the last hour before this Commission.

9 Q. And what is the purpose of your summary here
10 today?

11 A. I'll briefly review the stipulation that's presented
12 before the Commission today. I'll review some of the history
13 that led up to it, as well as discuss the key elements of the
14 stipulation.

15 The stipulation has been reached by six signing
16 parties. And I'll also confirm Rocky Mountain Power's support
17 for the stipulation and the Company's belief that the stipulation
18 is in the public interest.

19 Q. Mr. Taylor, please proceed with the history of the
20 stipulation.

21 A. On December 4 of 2013, Rocky Mountain Power
22 filed an application requesting to revise Utah Schedule 31,
23 backup, maintenance, and supplemental power service. The
24 Company proposed to require, rather than to offer as an option,
25 for customers with certain levels of onsite generation to take

1 service under this schedule. The Company, in that filing, also
2 proposed a methodology for calculation of rates for backup
3 service under Schedule 31.

4 On December 12 of 2013, the Commission issued a
5 scheduling order, setting the procedural schedule for the case.

6 And then on January 22 of 2014, the Commission
7 revised that schedule to coincide with the cost of service, Phase
8 II, schedule in the general rate case Docket 13-035-184.

9 On May 22 of 2014, five intervening parties filed
10 direct testimony in the case. And there has been no rebuttal
11 testimony filed in this case.

12 Over the last few weeks, those parties have
13 entered into settlement discussions on rate Schedule 31. And
14 based upon those discussions, the parties have agreed to the
15 terms and conditions set forth in the stipulation, as presented
16 here this morning. That signed stipulation was filed with the
17 Commission on June 25, 2014. The stipulation is intended to
18 resolve all of the issues in this case, in accordance with the
19 respective terms and conditions as laid out therein.

20 All parties that filed testimony in the case have
21 signed the stipulation and we are not aware of any intervening
22 party that opposes the stipulation.

23 Q. Mr. Taylor, please summarize the key terms of the
24 stipulation for the Commission.

25 A. Certainly. And as I said earlier this morning, as I

1 attempt to do this, if by chance I misspeak, the words and the
2 terms of the stipulation are the binding document, not what I say
3 this morning.

4 The parties, again, for the purpose of this
5 stipulation, agree and recommend that the Commission approve
6 the following--this is in paragraph 11. This is a change to the
7 application paragraph within the tariff.

8 This says that all customers with onsite generation
9 of 1,000 kilowatts, up to and including 15,000 kilowatts,
10 regardless of their generation type, will be required to take
11 service under this schedule. All customers with onsite
12 generation exceeding 15,000 kilowatts will be served under a
13 special contract that will be negotiated by those parties and
14 approved by the Commission.

15 I will point out that this only applies to customers
16 that actually require backup service. If they have that
17 generation that provides emergency service to them in case of a
18 power outage, they do not need to take service under Schedule
19 31.

20 Paragraph 12 lays out and states that the
21 agreed-upon monthly backup facilities charge was calculated
22 based on the portion of generation planning reserves, a portion
23 of demand-related transmission costs and distribution costs,
24 where applicable. There was no agreement reached as to the
25 appropriate methodology to arrive at that agreed-upon backup

1 facilities charge. What we agreed to is what the charges are,
2 not how we got there.

3 Paragraph 13, demand-related generation and
4 transmission costs that are not included in the backup facilities
5 charge are included in the agreed-upon daily power charge.
6 And it's designed in such a way that if a customer requires
7 backup service from the Company every day of the month, that
8 customer would pay essentially the same under rate Schedule
9 31 as they would under the applicable general service schedule.
10 Either that would be Schedule A for distribution voltage
11 customers or Schedule I for transmission voltage customers.

12 In paragraph 14, the charges and other terms
13 agreed upon by the parties are reflected in the Schedule 31
14 tariff that's attached as Exhibit A to the stipulation. The rates
15 under Schedule 31 will become effective on September 1, 2014.
16 That's concurrent with the Step 1 rate change in the 2014
17 general rate case, and there will be an additional change on
18 September 1, 2015. Again, that's concurrent with the Step 2
19 rate change in the general rate case.

20 Those rates are shown in Table 1 of the stipulation,
21 both the Step 1 and Step 2 rates are shown there.

22 And the proposed rates, as laid out here, are also
23 reflected in Exhibit C to the stipulation in the 2014 general rate
24 case that we've discussed here this morning.

25 Moving on to paragraph 16, the Company agrees to

1 collect and maintain billing data on maintenance and backup
2 service. We will do our best to attempt to collect and maintain
3 outage data related to Schedule 31 customers' onsite
4 generation. We agree to provide the immediately preceding
5 three years' Schedule 31 customers' billing for backup service,
6 to the extent possible, and outage-related data to customers
7 with onsite generation. And you will find that information in the
8 next rate case, to the extent we have it available.

9 Moving on to the general terms and conditions of
10 the stipulation. As with most stipulations, these general terms
11 deal with the obligations of the signing parties both to the
12 stipulation and to each other. As with all settlements, this was
13 reached through negotiation and a fair amount of compromise.

14 While all parties agree to the stipulated rate
15 Schedule 31, each party may have come to that conclusion in a
16 different way and may have used different approaches and
17 assumptions to get there. Again, that's typical with many
18 stipulations.

19 So, again, with that general background, the parties
20 agree that the stipulation, as a whole, is just and reasonable
21 and results in the public interest. The stipulation is an
22 integrated whole that any party may withdraw from it if it's not
23 approved without material change and condition by the
24 Commission.

25 Q. Mr. Taylor, do you have any parting comments for

1 the Commission on the stipulation?

2 A. Yes. Again, I want to thank the parties who worked
3 to come to this agreement. This was no less hard to reach than
4 the agreement in the general rate case. It took a lot of work
5 and I just appreciate everybody working together to get to this
6 final resolution.

7 I restate the Company's support for the stipulation,
8 it was negotiated in good faith by the parties. I believe it is in
9 the public interest and I recommend the Commission approve
10 the stipulation as filed.

11 Thank you. That concludes my remarks.

12 COMMISSIONER CLARK: Thank you, Mr. Taylor.
13 Ms. Schmid?

14 MS. SCHMID: Thank you.

15 WILLIAM A. POWELL, called as a witness for and
16 on behalf of the Division of Public Utilities, being first duly
17 sworn, was examined and testified as follows:

18 EXAMINATION

19 BY-MS.SCHMID:

20 Q. Dr. Powell, could you please state by whom you are
21 employed and your position?

22 A. Again, my name is Artie Powell. I'm with the
23 Division of Public Utilities and I'm the manager of the energy
24 section.

25 Q. In that respect, did you participate on behalf of the

1 Division in this docket?

2 A. Yes, I did.

3 Q. Do you have a statement?

4 A. Yes, I do.

5 Q. Please proceed.

6 A. So, again, thank you for this opportunity to address
7 the settlement stipulation in this particular docket with respect
8 to Schedule 31.

9 I'll just make a few brief remarks here. The Division
10 did file direct testimony in this case. And in that testimony, we
11 stated that we were in general support of the Company's
12 proposal, but we did raise three issues that had some concern
13 for the Division.

14 First was the requirement--or under the Company's
15 proposal, they were requiring that certain customers take power
16 under Schedule 31. It became clear, as part of our negotiations
17 and discussions on the docket, that the customers are--at their
18 discretion, can nominate as little or as much power, under
19 Schedule 31, as they feel that they need to. So we thought that
20 provided enough flexibility that, even though the Company was
21 asking that this be a requirement, that it was a reasonable
22 requirement.

23 We also raised an issue of revenue neutrality. Just
24 looking at some of the responses from the Company on the data
25 request, we noted that it was the Company's intent that this was

1 a revenue neutral change to Schedule 31, but we couldn't
2 reconcile that with a few other data requests.

3 Again, during our discussions with the Company
4 and other parties in negotiation, it became clear that it is indeed
5 revenue neutral for the Company; however, there would be bill
6 impacts for some of the customers under the Company's
7 proposal.

8 And that was the third issue that we raised. It
9 appeared that some of the bill impacts would be relatively large
10 for some of those customers. The stipulation, I think, addresses
11 this by increasing the facility's charge much less than what the
12 Company had originally proposed. And I think it will result in
13 rates that are reasonable and just and in the public interest.

14 And therefore, we recommend that the stipulation
15 be adopted by the Commission, as filed in this case.

16 Lastly, as Mr. Taylor addressed as one of the terms
17 and conditions of the stipulation, the Company will collect and
18 retain and submit certain data with its next rate case. This data
19 should help us to clarify and reset any rates necessary in that
20 case.

21 And that will conclude my remarks at this time.

22 COMMISSIONER CLARK: Thank you, Dr. Powell.

23 Mr. Coleman, Ms. Beck?

24 MICHELE BECK, called as a witness for and on
25 behalf of the Office of Consumer Services, being first duly

1 sworn, was examined and testified as follows:

2 EXAMINATION

3 BY-MR.COLEMAN:

4 Q. Ms. Beck, your name and title again, please.

5 A. Michele Beck, director of Utah Office of Consumer
6 Services.

7 Q. Did you guide the Office's participation in Docket
8 13-035-196?

9 A. Yes, I did.

10 Q. Do you have a position statement from the Office?

11 A. I do.

12 Q. Please proceed.

13 A. The Office does not represent any customers who
14 currently take service under a Schedule 31 or who will take
15 service under the new Schedule 31; however, to the extent that
16 any relevant costs aren't recovered from Schedule 31
17 customers, then they are paid for by other customers. Thus, the
18 office has an interest in the proceeding and participated fully to
19 ensure that the resulting rates are just and reasonable for
20 Schedule 31 and for the other customers.

21 Based on our analysis, the Office believes that the
22 Schedule 31 settlement is a reasonable compromise and is in
23 the public interest; thus, we recommend approval.

24 COMMISSIONER CLARK: Thank you, Ms. Beck.

25 Any questions?

1 Commissioner LeVar?

2 COMMISSIONER LEVAR: I'd just like to make sure
3 I'm understanding the party's intent on paragraph 14 and its
4 relationship to the general rate case.

5 Is the parties' understanding of that paragraph that
6 in the event that the September 1 date for the Step 2 of the
7 general rate case, if in the event that date is delayed by delay
8 of the Sigurd-Red Butte transmission line, is it the intent that
9 the Step 2 of the 196 docket still happen on September 1?

10 MR. TAYLOR: No. I think these rates would
11 change concurrent with the Step 2 change in the general rate
12 case.

13 COMMISSIONER LEVAR: So the language of the
14 "later of" would still apply to this, in your understanding?

15 MR. TAYLOR: Yes.

16 COMMISSIONER LEVAR: Did the Division and the
17 Office understand that paragraph the same way?

18 MS. BECK: Yes.

19 DR. POWELL: Yes.

20 COMMISSIONER CLARK: Any other questions?

21 MS. HOGLE: Your Honor, thank you. At this time,
22 Rocky Mountain Power would like to request a bench order in
23 this 13-035-196 case.

24 COMMISSIONER CLARK: Ms. Hogle, would you
25 elaborate on the purpose for your request?

1 MS. HOGLE: Yes, Your Honor. Thank you. And
2 that's what my client was talking to me about.

3 The Schedule 31 stipulation establishes special
4 contracts that would be subject--the pricing of which would be
5 subject to the Schedule 31 tariff. And given that we have an
6 effective date of September 1, 2014, for any special contracts to
7 be effective stemming from this Schedule 31 tariff, we would like
8 and really don't have a lot of time between now and then to
9 have those negotiated. And the pricing of the Schedule 31 tariff
10 would have to be effective by the time that those special
11 contracts relating to Schedule 31 would also be effective, thus
12 the reason for the request for a bench order.

13 COMMISSIONER CLARK: Any comments from any
14 other parties on the Company's motion?

15 MR. EVANS: If I might.

16 Yes, I think Ms. Hogle has identified a real timing
17 problem with the way this stipulation has been presented and
18 the time it has. Part of the stipulation moves some customers
19 under a special contract instead of under Schedule 31. And
20 those customers not only have to have the contract agreed upon
21 and negotiated, but submitted to the Commission for an
22 approval, a Division review and report, and a Commission order
23 all before September 1, if these customers are going to be able
24 to take backup service after September 1.

25 So we support this motion for a bench order at this

1 point so that we can get the contract in place and submitted for
2 a timely consideration by the Commission.

3 COMMISSIONER CLARK: Thank you, Mr. Evans.
4 Any other comments?

5 DR. POWELL: I would just add, I think Mr. Evans
6 kind of addressed our issue, but just to make sure, it would be
7 helpful to the Division analysts that will be looking at those
8 contracts and making recommendations if we knew what the
9 Commission's decision was in this case. With that said, I would
10 just--the sooner, the better.

11 COMMISSIONER CLARK: Anything further?
12 Let's be off the record, then, for just a couple of
13 minutes.

14 (A recess was taken.)

15 COMMISSIONER CLARK: On the record, please.
16 Any further comments?

17 In the information, facts, and opinions that have
18 been presented to the Commission this morning and in the
19 stipulation itself, the Commission finds facts sufficient to base
20 an order and to conclude that the stipulation should be
21 approved. And we will issue a written order that memorializes
22 those findings and conclusions and provides and elaborates on
23 our reasoning.

24 Anything further to come before the Commission at
25 this time?

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We'll see many of you on July 28. And thank you very much for your participation and for your contributions to the process that led to the stipulation in this docket as well.

We're adjourned.

(Concluded at 10:33 a.m.)

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CERTIFICATE

This is to certify that the proceedings in the foregoing matter were reported by me in stenotype and thereafter transcribed into written form;

That said proceedings were taken at the time and place herein named;

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the event thereof.

Teena Green, RPR, CSR, CRR, CBC