

BACKGROUND

On December 4, 2013, Rocky Mountain Power (“Company” or “Rocky Mountain Power”) filed an application, together with pre-filed testimony and exhibits (“Application”), and revised tariff sheets requesting authority to revise Utah Schedule 31, Back-Up, Maintenance, and Supplementary Power Service (“Schedule 31”). Generally, the Company proposed changes to the applicability to require, rather than offer as an option, qualifying customers with certain levels of onsite generation to take service under Schedule 31.¹ The Company proposed to establish a methodology for the calculation of rates for backup service on Schedule 31. The proposed methodology included setting the backup facilities charge to include distribution costs, all demand-related transmission costs, and 13 percent of demand-related generation costs; tying the calculation of the daily backup power charge to the applicable full requirements schedule; and seasonally differentiating the daily backup power charges.

3. On December 12, 2013, the Commission issued its Scheduling Order setting a procedural schedule in this case.

4. On January 16, 2014, the Commission convened a scheduling conference in Docket No. 13-035-184.

5. On January 22, 2014, the Commission issued a Scheduling Order, Notice of Scheduling Order Suspension and Notice of Hearings (“Order”) in the present Docket, as well as in Docket No. 13-035-184. In the Order, the Commission suspended the schedule

¹ Qualifying customers included those with onsite generation of 1,000 kW up to and including 15,000 kW, in addition to those with onsite generation greater than 15,000 kW that meet the criteria of a qualifying facility (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA) that need supplementary, backup, maintenance or excess power service (other than for emergency supply during times of utility outages).

set forth in this docket and incorporated a new schedule to coincide with the cost of service, phase II, schedule in Docket No. 13-035-184.

6. On May 22, 2014, intervenors filed direct testimony.

7. On June 16 and 17, 2014, parties held settlement discussions.

8. The Parties have reached a compromise as specified herein on the proposed changes to Schedule 31 and respectfully request approval of the terms and conditions provided in this Stipulation.

9. This Stipulation is intended to resolve all of the issues in this case, in accordance with their respective terms and conditions.

10. On June 24, 2014, the Commission granted a motion to amend the schedule in this docket, to suspend rebuttal testimony and all other dates scheduled in this docket based on the Parties ongoing settlement discussions.

SETTLEMENT TERMS

For purposes of this Stipulation, the Parties agree and recommend the Commission approve the following:

11. All customers with onsite generation of 1,000 kW up to and including 15,000 kW, regardless of generation type, that need supplementary, backup, maintenance or excess power service (other than for emergency supply during times of utility outages) are required to take the service under Schedule 31. All customers with onsite generation exceeding 15,000 kW that need supplementary, backup, maintenance or excess power will be served under a special contract to be negotiated by the relevant parties and approved by the Commission.

12. The agreed-upon monthly Backup Facilities Charge was calculated based on a portion of generation planning reserves, a portion of demand-related transmission

costs and distribution costs, where applicable. No agreement has been reached as to the appropriate methodology used to arrive at the agreed upon Backup Facilities Charge.

13. Demand-related generation and transmission costs not included in the monthly Backup Facilities Charges were included in the agreed-upon Daily Power Charge, such that a customer that uses backup power every day during a month would pay essentially the same as a customer on the otherwise-applicable general service tariff.

14. The charges and other terms of service agreed upon by the Parties are reflected in the Schedule 31 tariff sheets attached as Exhibit A to this stipulation. The Schedule 31 rates that will become effective on September 1, 2014 and on September 1, 2015, which are the rate effective dates of the two-step rate increases proposed in a stipulation in the general rate case, Docket No. 13-035-184 (“2014 GRC”), are shown in Table 1 below:

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Table 1

	Schedule 31		
	Present	Step 1 - Proposed (≤ 15 MW)	Step 2 - Proposed (≤ 15 MW)
Customer Charges¹			
Secondary Voltage	\$127.00	\$131.00	\$133.00
Primary Voltage	\$577.00	\$596.00	\$605.00
Transmission Voltage	646	\$668.00	\$678.00
Backup Facilities Charges²			
Secondary Voltage	\$4.66	\$5.52	\$5.60
Primary Voltage	\$3.66	\$4.40	\$4.46
Transmission Voltage	2.08	\$2.59	\$2.63
Backup Power Charges³			
On-Peak Secondary Voltage			
May - Sept	\$0.6419	\$0.87	\$0.88
Oct - Apr	\$0.6419	\$0.61	\$0.62
On-Peak Primary Voltage			
May - Sept	\$0.6248	\$0.85	\$0.86
Oct - Apr	\$0.6248	\$0.59	\$0.60
On-Peak Transmission Voltage			
May - Sept	\$0.4906	\$0.75	\$0.76
Oct - Apr	\$0.4906	\$0.50	\$0.51
Excess Power Rate⁴			
Secondary Voltage			
May - Sept	\$60.48	\$40.22	\$40.81
Oct - Apr	\$60.48	\$31.58	\$32.04
Primary Voltage			
May - Sept	\$43.59	\$37.98	\$38.54
Oct - Apr	\$43.59	\$29.34	\$29.77
Transmission Voltage			
May - Sept	\$41.97	\$31.88	\$32.35
Oct - Apr	\$41.97	\$23.02	\$23.36
Backup Energy Charges	Sch 8, 9	Sch 8, 9	Sch 8, 9
Supp Power and Energy Charges⁵	Sch 8, 9	Sch 8, 9	Sch 8, 9
Notes:			
¹ per Customer per Month.			
² per kW of Backup Contract Power.			
³ per On-Peak kW per Day; No charge for Off-Peak Demand. 1/2 On-Peak Charges during scheduled maintenance.			
⁴ per kW.			
⁵ Facilities Charges, Power Charges and Energy Charges for Supplementary Power shall be billed under the applicable general service schedule.			

15. The proposed rates and resulting revenues from this Schedule 31 are also reflected in Exhibit C to the stipulation in the 2014 GRC.

16. The Company agrees to collect and maintain billing data for backup and maintenance service, and will attempt to collect and maintain outage data related to

customers with on-site generation, of its Schedule 31 customers. The Company further agrees to provide the immediately preceding three year's Schedule 31 customers' aggregated (1) billing data for backup and maintenance service and, to the extent possible, (2) outage data related to customers with on-site generation to the Parties with the workpapers to be filed in its next general rate case.

GENERAL TERMS AND CONDITIONS

17. 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.

18. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, and in accordance with Utah Admin. Code R746-100-10.F.5, neither the execution of this Stipulation nor any Order adopting it shall be deemed to constitute an admission or acknowledgment by any Party of the validity or invalidity of any principle or practice of regulatory accounting or ratemaking; nor shall they be construed to constitute the basis of an estoppel or waiver by any Party; nor shall they be introduced or used as evidence for any other purpose in a future proceeding by any Party except in a proceeding to enforce this Stipulation.

19. 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 forever 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.

20. The Parties request that the Commission hold a hearing on this Stipulation. Rocky Mountain Power, the Division of Public Utilities (“DPU”), and the Office of Consumer Services (“OCS”) each will, and other Parties may, make one or more witnesses available to explain and offer further support for this Stipulation. The Parties shall support the Commission’s approval of this Stipulation. As applied to the DPU and the OCS, the explanation and support shall be consistent with their statutory authority and responsibility.

21. The Parties agree that if any person challenges the approval of this Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Stipulation, each Party will use reasonable efforts to support the terms and conditions of this Stipulation. As applied to the DPU and the OCS, the phrase “use reasonable efforts” means that they shall do so in a manner consistent with their statutory authority and responsibility. In the event any person seeks judicial review of a Commission order approving this Stipulation, no Party shall take a position in that judicial review proceeding in opposition to the Stipulation.

22. Except with regard to the obligations of the Parties under the five immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

23. 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.

24. 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.

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DATED this 25th day of June 2014.

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