
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION OF
ROCKY MOUNTAIN POWER TO INCREASE
THE DEFERRED EBA RATE THROUGH THE
ENERGY BALANCING ACCOUNT
MECHANISM

Docket No. 14-035-31

SETTLEMENT STIPULATION

This Settlement Stipulation (Stipulation) is entered into in Docket No. 14-035-31 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. All Parties have conducted settlement discussions over the course of several days. No intervening party opposes this Stipulation.

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 filed in this proceeding and on this Stipulation and issue an appropriate order thereon.

3. The Parties agree that the Commission should allow Rocky Mountain Power (“RMP” or the “Company”) to recover Energy Balancing Account (EBA) costs in this matter in the amount of \$25.3 million, of the approximate amount of \$28.3 million that the Company requested in this Docket, based on an unspecified adjustment in the amount of \$3.0 million.

4. For all hedge transactions (prompt month and forward transactions), which exclude system balancing transactions (real-time through balance-of-month transactions), the Company

agrees to put in place a process for contemporaneously capturing trade purposes. The process will include documenting trade purpose through the weekly Commercial Objectives report, a report applying to all weekly trades regardless of notional value, and setting forth the trading strategy and objectives for the week and the rationale supporting the strategy and objectives.

5. The Company agrees to also document trade purposes, through an additional narrative specific to the trade, for trades that deviate from the strategy and objectives set forth in the Commercial Objectives report. The process will be discussed and documented in cooperation with the Division of Public Utilities (DPU) within 90 days of the approval of this Stipulation. This process will be subject to change over time as conditions warrant. The Parties agree this process for trade purpose documentation does not apply to transactions entered into prior to this Stipulation, and instead the Parties will work in good faith to review trade purpose for those trades utilizing the relevant documents and information archived by the Company as well as discussing directly with Company personnel, where applicable.

6. The Company acknowledges that it has an obligation to provide industrial customer billing information related to curtailment buy-through. In advance of the EBA application filing in future cases, the Company agrees to proactively seek customer permission to provide the documentation that is needed for the DPU audit. The Company will seek to negotiate in future contracts with industrial customers the right to provide the information to the DPU as needed for audit purposes without specific customer consent.

7. The Company agrees to provide, upon request in future EBA cases, a contact at the IntercontinentalExchange (ICE) and to coordinate requests for ICE data with the ICE representative.

8. The Parties agree that the DPU may request, outside of a formal EBA case, additional information from the Company concerning certain trades. The Company agrees to provide the requested information if available.

9. The Company agrees to continue to provide in its quarterly EBA reports trade information consistent with EBA filing requirement 6(b). This information will be provided in the same format and detail as the Company's response to DPU data request 3.1 in this case. The Company agrees to make its best efforts to provide the fourth quarter trade information in EBA filing requirement 6(b) annually, on February 15, but no later than March 1, prior to an annual EBA filing on March 15. When the fourth quarter information is provided, it will be provided in the same format and detail as DPU data request 3.1 in this case and include data for all four quarters. This information will be filed again with the Company's EBA application filing and will replace the current FR 6-2, 6-3, 6-4 and 6-5 spreadsheets. The SAP reconciliations that are currently shown in the FR 6-2, 6-3, 6-4, 6-5 spreadsheets will also be provided in the annual EBA application filing.

10. The Company agrees to provide within 90 days of approval of this Stipulation a comprehensive list of documents, policies, and reports used or relied on by traders in trading activity, including a description of how the information is generally used. This information will include a notation of the time periods during which the information is used relative to the evaluation of transactions in a future EBA proceeding. This list shall be comprehensive for items that are currently used, and the Company shall use reasonable efforts to provide the items that were used prior to the date of this Stipulation and are relevant for evaluation of future EBA application

filings. The Company and the DPU shall meet to review the list and shall work in good faith to complete the list to the satisfaction of both parties.

11. The Company agrees to answer all data requests timely, subject to it raising any objections to scope or questions regarding the request with the DPU as soon as practicable. If a data request response is to be late, the Company will notify the requesting party of the date on which the response will be provided, which becomes the new due date for response unless the requesting party objects and files a motion to compel or another request for agency action. The DPU agrees to raise any issues related to completeness of Company responses or questions regarding responses with the Company as soon as practicable.

12. The Company agrees to make the personnel who prepared the relevant information in support of the EBA application filing available in person or by phone with reasonable notice to review relevant material with the DPU as needed.

13. After the DPU has selected its sample trades, the Company and the DPU agree to meet in person with staff and documentation on hand, at DPU offices, to discuss the trades included in the DPU sample and any relevant data, documents, policies and reports concerning those trades.

14. The Company agrees to file a notice of the impending EBA application filing annually on January 15.

15. Beginning November 1, 2014, the Company will record the competitive price for non-brokered transactions.

16. The Company will inform the DPU of any updates to the Policy Documents¹ that affect hedging including a detailed explanation of the reason(s) for the update. The Company will also continue to include description and explanation of and changes to PacifiCorp's current risk management policies in the semi-annual hedging report.

17. Consistent with the Settlement Stipulation in Docket No. 13-035-184 (2014 GRC), the Parties agree that, effective November 1, 2014, all deferral balances currently being collected in the EBA from Docket Nos. 10-035-124, 12-035-67 and 13-035-32, shall be added together with the \$25.3 million balance in this case, subject to Commission approval of this Stipulation, with the total balance to be collected over one year beginning November 1, 2014.

18. Consistent with the Settlement Stipulation in the 2014 GRC, the Parties further agree that such prior EBA balances shall continue to be collected from customers without interest during the collection period, but that the \$25.3 million balance in this case, subject to Commission approval of this Stipulation, will accrue interest during the collection period, unless otherwise ordered by the Commission.

19. The Parties agree to the spread and the rate design of the approved rate change, including the balances to be consolidated with the \$25.3 million balance in this case, for rate schedules as set forth in Exhibit A, attached hereto. The EBA spread is consistent with the NPC Allocator method ordered by the Commission in Docket No. 11-035-T10.

20. The Parties request that the Commission issue its order in this Docket in time for the approved rate change to become effective November 1, 2014.

¹ Policy Documents include the Corporate Governance and Approvals Process, Risk Management Policy and Front Office Procedures and Practices, including the signing authorities maintained in SAP.

21. 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. 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.

22. Not all Stipulating Parties agree that each aspect of this Stipulation is supportable in isolation. 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. While the Stipulating Parties are not able to agree that each specific component of this Stipulation is just and reasonable in isolation, all of the Stipulating Parties agree that this Stipulation as a whole is just and reasonable in result and in the public interest.

23. 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.

24. The Parties request that the Commission consider this Stipulation at the hearing scheduled in this docket. 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.

25. 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.

[the remainder of this page is intentionally left blank]

DATED this 6th day of October, 2014.

R. Jeff Richards
Yvonne R. Hogle
ROCKY MOUNTAIN POWER
201 South Main Street, Suite 2300
Salt Lake City, UT 84111

Chris Parker
DIVISION OF PUBLIC UTILITIES
500 Heber Wells Building
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Gary Dodge
HATCH, JAMES & DODGE
10 West Broadway, Suite 400
Salt Lake City, Utah 84101

Michele Beck
OFFICE OF CONSUMER SERVICES
500 Heber Wells Building
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111