



1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

October 15, 2015

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Attention: Jean D. Jewell
Commission Secretary

**RE: CASE NO. PAC-E-15-09
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER TO
MODIFY THE ENERGY COST ADJUSTMENT MECHANISM AND INCREASE
RATES BY \$10.2 MILLION, OR APPROXIMATELY 3.9 PERCENT**

Enclosed please find the original and nine (9) copies of the Stipulation entered into by and among Rocky Mountain Power, a division of PacifiCorp, and the following parties of record in the above captioned matter: Staff for the Idaho Public Utilities Commission; the Idaho Irrigation Pumper Association Inc.; Monsanto Company; PacifiCorp Idaho Industrial Customers.

Please contact Ted Weston at (801) 220-2963 if you have any further questions.

Very Truly Yours,

Jeffrey K. Larsen
Vice President of Regulation

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that on this 15th of October, 2015, I caused to be served, via e-mail, a true and correct copy of the foregoing document in PAC-E-15-09 to the following:

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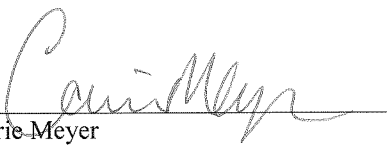
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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ROCKY MOUNTAIN POWER TO)	
MODIFY THE ENERGY COST)	CASE NO. PAC-E-15-09
ADJUSTMENT MECHANISM AND)	
INCREASE RATES BY \$10.2 MILLION, OR)	STIPULATION
APPROXIMATELY 3.9 PERCENT)	
)	

This Stipulation (“Stipulation”) is entered into by and among Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”); Staff for the Idaho Public Utilities Commission (“Staff”); Monsanto Company (“Monsanto”); PacifiCorp Idaho Industrial Customers (“PIIC”); and Idaho Irrigation Pumpers Association Inc. (“IIPA”). The parties above are referred to hereinafter, collectively, as “Parties”.

I. INTRODUCTION

1. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and that it is in the public interest. The Parties recommend that the Idaho Public Utilities Commission (“Commission”) approve the Stipulation, including all of its terms and conditions. See IDAPA 31.01.01.271, 272, and 274.

II. BACKGROUND

2. The following Stipulation represents an agreement between the Parties on a two year rate plan.

3. On May 27, 2015, Rocky Mountain Power filed an Application and supporting testimony requesting (a) a \$10.2 million, or 3.9 percent on average, increase to base rates, effective January 1, 2016, to manage the level of net power costs (“NPC”) recovered through the ECAM surcharge, and (b) modifications to the Energy Cost Adjustment Mechanism (“ECAM”).

4. To resolve the issues raised in the Company’s Application in this proceeding, the Parties met on August 11, 2015, pursuant to IDAPA 31.01.01.271 and 272, to engage in settlement discussions.

5. Based upon the settlement discussions among the Parties, as a compromise of the positions in this proceeding, and for other consideration as set forth below, the Parties stipulate and agree as follows, subject to Commission approval of the terms and conditions of this Stipulation.

III. TERMS OF THE STIPULATION

BASE RATES

6. The Parties agree that Idaho retail revenues should increase by \$10.2 million (3.9 percent) effective January 1, 2016. The Parties further agree this increase will apply to all rate schedules as set forth in Exhibits 4 and 6 to the Application and as set forth in the tariff sheets provided in Exhibit 7 and attached hereto.

7. The Parties agree that the \$10.2 million increase above current base rates using 2014 loads will consist of: (a) a \$3.2 million increase after removing Deer Creek depreciation/depletion expense from NPC currently approved in base rates, increasing total

Company base NPC from \$1.385 billion (with Deer Creek depreciation) to \$1.529 billion (without Deer Creek depreciation) or \$94.8 million Idaho allocated base NPC with Idaho base energy at meter of 3,483,480 megawatt-hours, or \$27.21 per megawatt-hour, (b) a \$6.5 million increase associated with a reduction of the revenue credit from the sale of renewable energy certificates (“RECs”) decreasing the total Company revenue credit from \$78 million to \$4.4 million which establishes Idaho’s allocated RECs base at \$0.3 million, (c) a \$0.2 million change in tax affected production tax credits (“PTCs”) from a total Company credit of \$113.1 million to \$115.7 million establishing Idaho allocated base of \$6.9 million, and (d) \$0.3 million incremental increase in exchange for the Company agreeing not to file a general rate case with rates effective prior to January 1, 2018.

8. The Parties agree that base rates and base NPC should be updated effective January 1, 2017. The updated base NPC will be the amount reported in the 2015 annual results of operations report, after appropriate pro forma adjustments for weather and abnormal power supply expenses. For the rate spread and rate design of the update to base rates, the Company will use an equal cents per kWh approach consistent with this filing. Rocky Mountain Power agrees to file an application for review by interested parties and for approval by the Commission no later than September 1, 2016 proposing the change to base rates, the NPC from the 2015 annual results of operations report, the associated rate change and spread to customer classes, and updated electric service schedules.

9. With the exception of the application to change base rates and base NPC as set forth in Paragraph 8 above, Rocky Mountain Power agrees that it will not file another application to increase base rates prior to June 1, 2017, with rates effective on or after January 1, 2018. The Parties agree that the base rates established by this Stipulation will, in conjunction with the

ECAM, result in reasonable rates for the period January 1, 2016 through December 31, 2017 (the "Stay-out Period"). During the Stay-out Period the Parties will not request the establishment of new regulatory assets or liabilities, which have not been previously approved by the Commission, except under unique or unforeseen circumstances. Unforeseen circumstances include natural disasters or emergencies.

ECAM

10. The Parties agree to modify the current ECAM for deferrals on and after January 1, 2016 to reflect that the ECAM will be measured on a dollar per megawatt-hour basis using load at the meter rather than the load at the generator and that base rate recovery will be calculated using annualized NPC embedded in base rates.

11. The Parties agree that 100 percent¹ of the amortization expense associated with the unrecovered Deer Creek mine investment will be recovered through the ECAM as a separate line item, without application of the sharing band until fully amortized. Starting January 1, 2015, the ECAM will separate the \$1.385 billion (\$87,555,188 Idaho Jurisdiction) base NPC into two separate amounts: (1) base system NPC of \$1,374,697,487 (\$86,901,906 Idaho jurisdiction), and (2) base system Deer Creek depreciation/depletion expense of \$10,302,513 (\$653,282 Idaho jurisdiction). This will allow a separate Deer Creek depreciation expense ECAM deferral of approximately \$0.6 million for unrecovered Deer Creek mining investment by subtracting \$653,282 in base Deer Creek depreciation/depletion expense from actual Deer Creek amortization of approximately \$1.3 million. Beginning January 1, 2016 neither base NPC nor base rates will include Deer Creek depreciation expense and the entire Idaho allocated Deer Creek amortization expense of approximately \$1.3 million will be deferred and recovered through the ECAM

¹ Order No. 33304, Case No. PAC-E-14-10

12. The Parties agree that PTCs will be tracked and trued-up in the ECAM, without application of the sharing band, beginning January 1, 2016. The base PTCs are set at a tax affected total Company level of \$115.7 million, or 6.9 million Idaho allocated.

13. The Parties agree that the Customer/Company sharing band in the ECAM will remain at 90/10 percent respectively for all ECAM components with the exception of: PTCs, amortization of the unrecovered Deer Creek mine investment, RECs and the Lake Side 2 resource adder, which are excluded from the sharing band.

14. The Parties agree that the load change adjustment rate (“LCAR”) will be updated to reflect base loads (at sales) corresponding to the period used to set base rates. The 2016 LCAR is summarized below.

Load Change Adjustment Rate Calculation		
Description	PAC-E-10-07 Current Amount	PAC-E-15-09 Updated Amount
1 Production - Return on Investment	833,083,414	833,083,414
2 Production - Expense	2,173,162,370	2,173,162,370
3 Production - NPC Expenses	(1,748,001,871)	(1,748,001,871)
Production Revenue		
4 Requirement (Excluding NPC)	1,258,243,913	1,258,243,913
5 System Load	57,460,901	60,230,153
6 Production \$ per MWH	21.90	20.89
7 Energy % (Demand & Energy)	25%	25%
8	5.47	5.22
9		
10 Idaho Energy @ Input	3,691,675	3,786,584
11 Idaho Production RR	20,193,462	19,776,001
12 Idaho Energy @ Meter	3,328,058	3,483,480
13 LCAR @ Meter	6.07	5.68

15. The Parties agree that effective January 1, 2016, SO2 revenues and demand side management costs will no longer be tracked in the ECAM.

16. The Parties agree that the 2016 ECAM Deferral Period will include 13 months

(December 1, 2015 to December 31, 2016), and that all subsequent ECAM filings will be based on calendar year deferrals. The Parties agree that the Company's ECAM applications will be filed annually on April 1, with a rate effective date of June 1 beginning April 1, 2017.

MONSANTO CONTRACT

17. The Company and Monsanto agree to extend the current terms of the existing Electric Service Agreement governing curtailment products and payments through December 31, 2017. An executed copy of the contract will be provided separately to the Commission for approval.

IV. GENERAL PROVISIONS

18. The Parties agree that this Stipulation represents a compromise of their positions on all issues in this proceeding. Other than the above referenced positions and any testimony or comments filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all negotiations relating to this Stipulation shall not be admissible as evidence in this or any other proceeding regarding this subject matter.

19. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to IDAPA 31.01.01.274. The Parties agree to file comments in support of the Stipulation on September 18, 2015.

20. The Parties agree that no Party shall appeal any portion of this Stipulation or Order approving the same. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file reply comments as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement embodied in this Stipulation. Notwithstanding this reservation of

rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

21. In the event the Commission rejects or modifies any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 15 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, and do all other things necessary to put on such case as it deems appropriate.

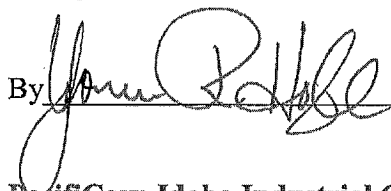
22. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

23. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

24. The obligations of the Parties under this Stipulation are subject to the Commission's approval hereof in accordance with its terms and conditions and, if judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

Respectfully submitted this 15th day of October, 2015.

Rocky Mountain Power

By 

PacifiCorp Idaho Industrial Customers

By _____

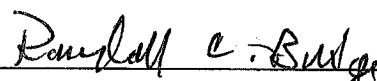
**Idaho Irrigation Pumpers Association
Inc.**

By _____

Idaho Public Utilities Commission Staff

By _____

Monsanto Company

By 
Attorney For Monsanto

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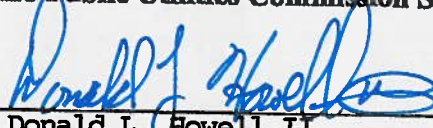
PacifiCorp Idaho Industrial Customers

By _____

**Idaho Irrigation Pumpers Association
Inc.**

By _____

Idaho Public Utilities Commission Staff

By  _____
Donald L. Howell, II
Deputy Attorney General

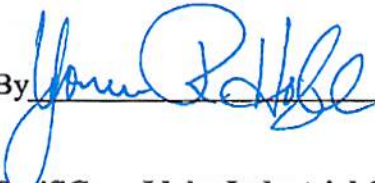
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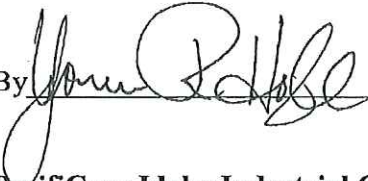
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Idaho Public Utilities Commission Staff

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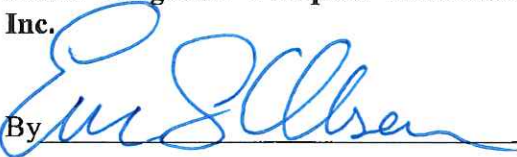
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