

January 30, 2018

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Secretary

RE: **Docket No. 17-035-01 - Application of Rocky Mountain Power to Decrease the Deferred EBA Rate through the Energy Balancing Account Mechanism**

Rocky Mountain Power hereby submits for filing a Settlement Stipulation (“Stipulation”) of parties in the above referenced docket.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com
utahdockets@pacificorp.com
jana.saba@pacificorp.com
yvonne.hogle@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,



Joelle Steward
Vice President, Regulation

cc: Service List

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

Docket No. 17-035-01

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into in Docket No. 17-035-01 by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties” and individually as a “Party”).

1. The Parties conducted settlement discussions on January 22, 2018 to which all intervenors were invited. All intervenors are either Parties to or do not oppose the 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. Pursuant to its energy balancing account mechanism (“EBA”) tariff Schedule 94, Rocky Mountain Power (“RMP” or the “Company”) filed its application dated March 15, 2017 (“Application”), requesting approval to refund approximately \$6.5 million in deferred EBA Costs (“EBAC”). The \$6.5 million includes the following components: a) a credit of approximately \$11.3 million, the difference between the actual EBAC and the Base EBAC in current base rates for the period beginning January 1, 2016 through December 31, 2016 (“Deferral Period”), b) a credit of approximately \$2.9 million for savings related to the Retiree Medical Obligation not subject to the sharing band, c) a credit of approximately \$0.7 million in coal fuel expense savings

at the Hunter and Huntington plants related to the Deer Creek mine closure and not subject to the sharing band, d) a credit of approximately \$0.5 million in accrued interest, e) a credit of approximately \$0.2 million related to an adjustment for sales made to a special contract customer, and f) approximately \$9.1 million in costs representing the Utah-allocated Deer Creek mine amortization expense.

4. On November 15, 2017, the Division filed testimony and a confidential audit report, prepared by its consultant Daymark Energy Advisors, recommending further reductions to EBAC for a) recovery and abandonment costs related to the Joy longwall in the amount of approximately \$8.2 million; and b) replacement costs related to 14 outages in the amount of approximately \$210,486, for a total recommended further reduction in EBAC of approximately \$8.4 million.

5. On December 19, 2017, Rocky Mountain Power filed response testimony and the Office of Consumer Services (“OCS”) and the Utah Association of Energy Users (“UAE”) filed direct testimony. The Company responded that neither the adjustment related to the replacement costs for the outages nor the adjustment related to the recovery and abandonment costs of the Joy longwall is warranted. The OCS and UAE both supported the Division’s proposed adjustment related to the recovery and abandonment costs of the Joy longwall, and the OCS included testimony supporting the Company’s proposal on the rate spread of the EBAC.

6. On January 11, 2018, Rocky Mountain Power and the Division filed rebuttal testimony on the Joy longwall issue, among other issues, consistent with their respective positions in their December 19, 2017 testimonies.

7. The Parties agree to an unspecified adjustment in the amount of (\$2,800,000), to the Company’s original request in the amount of (\$6,542,837), for a total request in the amount of

(\$9,342,837). The original request of (\$6,542,837) was used to offset the EBA, and the current EBA rate is set at \$0.00 per kilowatt-hour.¹

8. The Parties agree that, subject to Commission approval of this Stipulation, the settlement amount totaling a refund of \$2,800,000 will be carried forward and will be offset against the Company's request in the 2018 EBA filing to be made March 15, 2018.

9. The Parties agree that no part of this Stipulation will 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.

10. Not all 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 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.

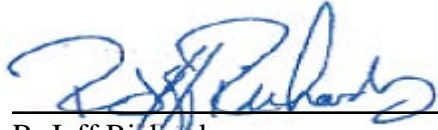
11. All negotiations related to this Stipulation are confidential, and no Party shall be bound by any position asserted in negotiations. Except as expressly provided in this Stipulation, neither the execution of this Stipulation nor the order adopting it shall be deemed to constitute an admission or 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.

¹ See Docket No. 17-035-01, Order, p.4 (April 25, 2017)

12. The Parties request that the Commission consider this Stipulation at the hearing scheduled in this docket where all pre-filed testimony will be part of the record. In addition, the Company, the Division and any other party that has intervened in these proceedings may, make one or more witnesses available to explain and offer further support for or make comments concerning this Stipulation. As applied to the Division and the Office, any explanation and support provided herein or at the hearing shall be consistent with their statutory authority and responsibility.

13. 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.

DATED this 30th day of January, 2018.



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DATED this 30th day of January, 2018.

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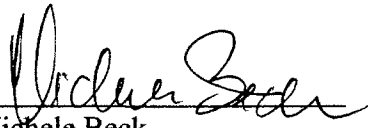
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CERTIFICATE OF SERVICE

Docket No. 17-035-01

I hereby certify that on January 30, 2018, a true and correct copy of the foregoing **Settlement Stipulation** was served by electronic mail to the following:

| |
|---|
| Utah Office of Consumer Services |
| Cheryl Murray - cmurray@utah.gov Michele Beck - mbeck@utah.gov |
| Division of Public Utilities |
| Chris Parker - chrisparker@utah.gov William Powell - wpowell@utah.gov Erika Tedder - etedder@utah.gov Consultants: dkoehler@daymarkea.com cbencomo-jasso@daymarkea.com pdidomenico@daymarkea.com |
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| Utah Association of Energy Users |
| Gary A. Dodge - gdodge@hjdllaw.com Kevin Higgins - khiggins@energystrat.com Neal Townsend - ntownsend@energystrat.com |
| Utah Industrial Energy Consumers |
| William J. Evans - bevans@parsonsbehle.com Vicki M. Baldwin - vbaldwin@parsonsbehle.com Chad C. Baker - cbaker@parsonsbehle.com |
| Rocky Mountain Power |
| Jana Saba - jana.saba@pacificorp.com utahdockets@pacificorp.com Yvonne Hogle - yvonne.hogle@pacificorp.com |


Jennifer Angell
Supervisor, Regulatory Operations