

October 20, 2020

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 Administrator

RE: **Docket No. 20-035-37 – In the Matter of the Application of Rocky Mountain Power for Approval to Enter into Resource Contracts in Excess of Fifteen Years Pursuant to Commission Approved Agreements Under Electric Service Schedule Number 34**
Settlement Stipulation

Rocky Mountain Power (the “Company”) hereby submits for filing a Settlement Stipulation in the above referenced matter.

The Company 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
jacob.mcdermott@pacificorp.com
emily.wegener@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

Enclosures

CC: Service List

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval to Enter into Resource Contracts in Excess of Fifteen Years Pursuant to Commission Approved Agreements under Electric Service Schedule Number 34)	
)	Docket No. 20-035-37

SETTLEMENT STIPULATION

This Settlement Stipulation (“Stipulation”) is entered into 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 have conducted settlement discussions over several days and had meetings on September 17, 2020 and October 8, 2020 to which intervening parties in this docket were invited. Additionally, drafts of this Stipulation were circulated to the Parties for review and comment on October 13, 2020 and there have been further discussions among various parties. This Stipulation has been entered into by the Parties after consideration of the views of parties expressed during that process.

2. The Parties represent that this Stipulation is just and reasonable in result. 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 and on this Stipulation and issue an appropriate order thereon.

BACKGROUND

3. On August 18, 2020, Rocky Mountain Power (“Company” or “Rocky Mountain Power”) filed an application, together with pre-filed testimony and exhibits (“Application”), requesting approval to enter into certain contracts for resources to serve Salt Lake City, Park City, Summit County Utah, Utah Valley University, Vail Resorts, and Deer Valley Resorts (collectively “Customers”) under Electricity Service Schedule 34 that extend beyond 15 year term for Commission approved avoided cost prices. As the Company explained in its application there are extenuating circumstances that require power purchase agreement (“PPA”) terms of 20 and 25 years, with corresponding longer term avoided cost pricing for the Customers.

4. Schedule 34 states that the rates paid by the Customers will include an “incremental charge” that incorporates the concept of avoided costs as defined in Utah Code Annotated § 54-2-1(1). To determine the incremental charge, the Customer contracts use the term “Resource Avoided Cost,” which the contract defines as “an amount in \$/kWh based on the Company’s Utah Electric Service Schedule 38 applicable as of the date of determination equivalent to the levelized avoided cost purchase price that would be payable to the owner of a Qualifying Facility (as defined in such Schedule 38) with a size, location and fuel source comparable to that of the relevant Customer Renewable Resource.” Schedule 38 currently limits a Qualifying Facility’s (“QF”) contract term to 15 years. Schedule 34 does not specify a minimum or maximum resource contract term.

5. In Docket No. 18-035-47, the Commission approved a solicitation for bids for a Schedule 34 resource with a contract term of up to 25 years on behalf of the Customers. The Company represents that the Customers selected a winning resource and began PPA negotiations, as well as negotiations for the Customers’ Schedule 34 contracts,

which were approved by the Commission in Docket No. 19-035-39. The Company also represents that the Company and the Customers negotiated for a 15-year PPA term until they learned that such a contract term could not be financed under current conditions, at which time 20- and 25-year PPAs were negotiated and the Company filed its application in this docket.

6. On September 2, 2020, the Commission issued its Scheduling Order setting a procedural schedule in this case.

7. On October 6, 2020, the Utah School and Institutional Trust Lands Administration filed correspondence in the docket in support of the Company's application.

8. On October 9, 2020, the Company filed an unopposed motion to amend the procedural schedule to allow the Parties time to finalize and file this stipulation.

9. The Parties have reached a settlement as specified herein on the Company's application and respectfully request approval of the terms and conditions provided in this Stipulation.

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

SETTLEMENT TERMS

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

11. The Parties recognize that the extenuating circumstances relating to the ongoing COVID-19 public health emergency and its related effects on the economy and the PPA contract with the Schedule 34 resource specifically are key factors that allowed the Parties to agree to this Stipulation. The Parties agree that the extenuating circumstances

provide a reasonable and rational basis for a one-time approval of a longer term that is inconsistent with the 15 year term initially negotiated and with the maximum terms of Schedule 37 and 38 QF contracts. Accordingly, the Parties agree that nothing in this Stipulation is to be construed as binding or used as precedent in future cases before the Commission. Also, this Stipulation is not to be used as evidence, other than to prove the terms of this Stipulation itself, by any of the Parties in any other matter before the Commission whether related to Schedule 34, or any other issue before the Commission.

12. The Parties agree that the Company may use 2017 IRP Schedule 38 pricing for the first 15 years of the Schedule 34 resource contracts in its pricing to the Customers. In years 16-20 (or 25 for applicable Customers) the Parties agree that the Company may use 2019 IRP Schedule 38 pricing to determine the Schedule 34 incremental charges to the Customers. The resource avoided cost prices to be used in the Customer contracts for the Schedule 34 incremental charges are stated in Table 2 of the August 18, 2020 direct testimony of Kyle T. Moore in this docket, which is also included as an attachment to this stipulation.

13. As a condition of entering into this Stipulation, the Parties agree to meet with each other and other interested persons in the first quarter of 2021 to identify potential improvements or adjustments to Schedule 34. The Company will, subsequent to those meetings with the other Parties and interested persons, file an application with the Commission seeking approval of any agreed-upon changes or other proposed adjustments to its Schedule 34 tariff. This Company's commitment to file the application does not limit the Parties in their respective recommendations in a future Schedule 34 review docket.

GENERAL TERMS AND CONDITIONS

14. Utah Code Ann. §54-7-1 authorizes the Commission to approve a settlement so long as the settlement is just and reasonable in result. The Parties agree that this Stipulation is just and reasonable and in the public interest.

15. 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 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.

16. In accordance with, and in addition to, the provisions in paragraph 11 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.

17. 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 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.

18. 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.



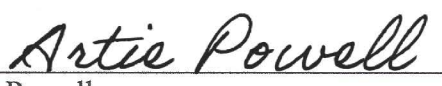
19. Except with regard to the obligations of the Parties under the five immediately preceding paragraphs of this Stipulation, this Stipulation shall not be final and binding on the Parties until it has been approved without material change or condition by the Commission.

20. 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.

21. 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 20th day of October 2020.

<p>UTAH OFFICE OF CONSUMER SERVICES</p> <p></p> <hr/> <p>Michele Beck Director Office of Consumer Services 160 East 300 South, 2nd Floor Salt Lake City, UT 84114</p>	<p>ROCKY MOUNTAIN POWER</p> <p></p> <hr/> <p>Jacob A. McDermott Senior Attorney Rocky Mountain Power 1407 W. North Temple, Suite 320 Salt Lake City, UT 84116</p>
<p>UTAH DIVISION OF PUBLIC UTILITIES</p> <p></p> <hr/> <p>Artie Powell Utah Division of Public Utilities 160 East 300 South, 4th Floor Salt Lake City, UT 84114</p>	

CONFIDENTIAL

Attachment 1

**THIS ATTACHMENT IS CONFIDENTIAL IN ITS
ENTIRETY AND IS PROVIDED UNDER
SEPARATE COVER**

CERTIFICATE OF SERVICE

Docket No. 20-035-37

I hereby certify that on October 20, 2020, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck mbeck@utah.gov
ocs@utah.gov

Division of Public Utilities

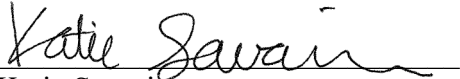
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Katie Savarin
Coordinator, Regulatory Operations