

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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IN THE MATTER ROCKY MOUNTAIN  
POWER’S APPLICATION FOR  
APPROVAL OF THE 2021  
ENERGY BALANCING  
ACCOUNT

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**Docket No. 21-035-01**

**SETTLEMENT STIPULATION**

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This Settlement Stipulation (“Stipulation”) is entered into by and among PacifiCorp d.b.a. Rocky Mountain Power (“Company” or “Rocky Mountain Power”) and the Utah Division of Public Utilities (“DPU”) (collectively referred to herein as the “Parties” and individually as a “Party”). Intervenors the Utah Office of Consumer Services (“OCS”), the Utah Association of Energy Users (“UAE”), and Western Resource Advocates (“WRA”) do not oppose the settlement.

**BACKGROUND**

1. The Parties conducted settlement discussions via email during January 2022.
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.
3. On March 15, 2021, the Company filed an application pursuant to energy balancing account mechanism (“EBA”) tariff Schedule 94 to request approval to recover approximately \$1.7

million in deferred EBA Costs (“EBAC”). The \$1.7 million includes the following components: (1) a credit of approximately \$6.7 million, the difference between the Actual EBAC and the Base EBAC in current base rates for the period beginning January 1, 2020 through December 31, 2020 (“Deferral Period”); (2) a credit of approximately \$5.0 million related to an adjustment for sales made to a special contract customer; (3) approximately \$3.2 million in costs related to the Utah situs resources; and (4) a charge of approximately \$245 thousand in accrued interest. This request was modified on June 14, 2021, to update for a mistake in allocation factors which was a cost of \$4.3 million in net power costs and \$577 in interest. The Company’s updated total requested collection under Schedule 94 after this correction was \$6,606,072. Taking into account a Wyodak plant coal cost correction, the Company’s revised request is \$6,640,339

4. On November 5, 2021, the DPU filed testimony and a confidential audit report prepared by its consultant Daymark Energy Advisors, Inc., which recommended a reduction of \$19,606 to EBAC, which is the net of a \$53,873 reduction relating to two outages the DPU claimed to be imprudent and a \$34,267 increase based on a corrected calculation of coal costs for the Company’s Wyodak plant.

5. The Company filed response testimony on December 9, 2021. While the Company disagreed with the DPU that the outages were the result of imprudence and contested the DPU’s method of calculating an outage at Gadsby Unit 2. The Company also observed that part of the costs of a Hunter Unit 3 outage was not included in the DPU’s calculation. Correcting for these mistakes, the total cost for the outages raised by the DPU was \$129,401, accounting for interest. The OCS, UAE and WRA did not file response testimony.

6. On January 4, 2022, the DPU filed rebuttal testimony, which proposed an alternative Gadsby Unit 2 calculation. It revised its recommended outage adjustment to \$131,109, bringing its total recommended reduction to EBAC to \$96,833.

7. Rocky Mountain Power filed rebuttal testimony on January 13, 2022, which accepted the DPU's adjustment to the Gadsby Unit 2 calculations and was otherwise consistent with its earlier position.

### **SETTLEMENT TERMS**

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

8. The Parties agree to an unspecified adjustment in the amount of \$15,000 to the Company's revised request of \$6,640,339 for a total adjustment of \$6,625,339.

9. The Parties agree that the Company will ensure that the dissemination of the Significant Event Reports (SERs) it creates in response to certain outage events are documented as received and reviewed by the Company's other similar generation facilities. The Parties agree that the Company will make this documentation available to the DPU and other parties during review of the annual EBA filings.

10. The Parties agree that the current EBA rates under Schedule 94 will remain in place pursuant to Commission Order in this proceeding until April 30, 2022. The Parties expect collections under the previous sentence to approximate \$6 million between March 1, 2022 and April 30, 2022, which closely matches the \$6,625,339 agreed to in this Stipulation. The Parties anticipate that the Company's upcoming 2022 EBA filing, Docket No. 22-035-01, will report a significant collection shortfall for the calendar year 2021 expenses. The Company intends to seek interim rate treatment to begin recovering part or all of the shortfall. The Parties agree that to provide better rate stability it is in the public interest to collect the 2021 EBA shortfall on an

expedited basis before any interim rates might begin to be collected. The difference between the contemplated \$6,625,339 adjustment and the actual amount collected will be accounted for when setting final rates for the 2022 EBA.

### **GENERAL TERMS AND CONDITIONS**

11. 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.

12. 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.

13. 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 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.

14. The Parties request that the Commission hold a hearing on this Stipulation. Rocky Mountain Power and the DPU 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, the explanation and support shall be consistent with their statutory authority and responsibility.

15. 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, 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.



16. Except with regard to the obligations of the Parties under the four 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.

17. 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.

18. 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 19th day of January 2022.

<p>UTAH DIVISION OF PUBLIC UTILITIES</p>  <hr/> <p>Chris Parker Director Utah Division of Public Utilities 160 East 300 South, 4<sup>th</sup> Floor Salt Lake City, UT 84114</p>	<p>ROCKY MOUNTAIN POWER</p>  <hr/> <p>Joelle Steward Senior Vice President Regulation Rocky Mountain Power 1407 W. North Temple, Suite 330 Salt Lake City, UT 84116</p>
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