



February 4, 2009

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-08-07 In the Matter of the Application of Rocky Mountain Power for Approval of Changes to its Electric Service Schedules and a Price Increase of \$5.9 Million, or 4.0%.

Enclosed please find the original and seven (7) copies of the Stipulation entered into by and between Rocky Mountain Power and the following parties of record in the above captioned matter: Staff for the Idaho Public Utilities Commission, Idaho Irrigation Pumpers Association, Inc. and the Community Action Partnership Association of Idaho. This stipulation does not impact or propose any changes to Monsanto or Agrium's rates. Monsanto participated in the settlement discussions and while they do not adopt the Stipulation they have no objection to the Commission approving the same. Parties to the Stipulation will file testimony in support of the settlement on February 25, 2009.

Please let me know if you have any further questions.

Very Truly,

Daniel E. Solander
Senior Counsel
Rocky Mountain Power

Enclosures

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE)
APPLICATION ROCKY MOUNTAIN) CASE NO. PAC-E-08-07
POWER FOR APPROVAL OF)
CHANGES TO ITS ELECTRIC) STIPULATION
SERVICE SCHEDULES AND A PRICE)
INCREASE OF \$5.9 MILLION OR 4.0)
PERCENT)
_____)**

This stipulation (“Stipulation”) is entered into by and among Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”) and the following parties of record in Case No. PAC-E-08-07: Staff for the Idaho Public Utilities Commission (“Staff”); the Community Action Partnership Association of Idaho (“CAPAI”); and the Idaho Irrigation Pumpers Association, Inc. (“IIPA”) (collectively, the “Parties”).¹ Monsanto and Agrium Inc. rates are not directly impacted by the foregoing settlement reached by the other effected parties.

¹ Agrium, Inc., also a party of record in Case No. PAC-E-08-07, did not participate in settlement discussions and is not a signator to the Stipulation.

Monsanto does not adopt the stipulation but has no objection to the Commission approving the same.

I. INTRODUCTION

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

II. BACKGROUND

2. On September 19, 2008, Rocky Mountain Power filed an Application seeking authority to increase the Company’s base rates for electric service by \$5.9 million annually, an average increase of approximately 4.0%. The increase in rates varied by individual customer and actual usage. Rocky Mountain Power sought to increase rates effective October 19, 2008. The Application did not include changes to the rates charged by Rocky Mountain Power to Monsanto and Agrium, as the rates for those two customers are subject to the Stipulation filed and approved by the Commission in Docket No. PAC-07-05 and no changes to those rates were proposed in the current Docket.

3. With a view toward resolving the issues raised in Rocky Mountain Power’s Application in this proceeding, representatives of the Parties met on January 15, 2009, pursuant to IDAPA 31.01.01.271 and 272, to engage in settlement discussions.

Based upon the settlement discussions between the Parties, as a compromise of the positions in this proceeding, and for other consideration as set forth below, the Parties agree to the following terms:

III. TERMS OF THE STIPULATION

4. The Parties agree that this shall be a “black box” settlement with no party accepting a specific methodology for the revenue requirement determination. Accordingly, each individual component of the Stipulation has not been agreed to by all Parties, but all Parties support the overall increase to Rocky Mountain Power’s Revenue Requirement, and agree that the overall increase represents a fair, just and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest.

5. The Parties agree to support an overall revenue requirement increase in this case of \$4.8 million, excluding the contract customers. Parties to the stipulation agreed that the \$4.8 million would be divided by 36.0553%, (the ratio of non-contract to contract customers cost of service from page 2 of Rocky Mountain Power’s Exhibit 20) to get to an Idaho total revenue requirement increase of \$13,312,883. This increase to Idaho’s revenue requirement was input into Staff’s cost of service model to run the class allocation producing \$4,382,632 or approximately 3.1% revenue requirement increase to the non-contract customers. The increase shall be effective April 18, 2009 for all affected customers.

6. The Parties agree to establish the total company base net power cost at \$982 million, as filed in this Application, which will be necessary for calculation purposes in Rocky Mountain Power’s currently pending Application for Approval of an Energy Cost Adjustment Mechanism in Docket No. PAC-E-08-08.

7. The Parties agree that Rocky Mountain Power’s acquisition of the Chehalis generating plant in Chehalis, Washington was a prudent decision and in the public interest, and costs related to the plant acquisition and operation included in this case are reasonable and are included in rate base.

8. The Parties agree that the demand-side management programs proposed by Rocky Mountain Power in Docket No. PAC-E-08-01 are prudent. Further, the Parties agree that a total of \$50,000 of demand-side management program funds will be made available to SouthEastern Idaho Community Action Agency and Eastern Idaho Community Action Partnership to be used

to support conservation education as a component of Rocky Mountain Power's low income weatherization program, Schedule 21. Parties agree that it is the responsibility of the Community Action Partnership Association of Idaho to propose said education program to Rocky Mountain Power by May 1, 2009 and that the proposal will contain funding proportioning the \$50,000 between the two agencies, objectives and any savings estimates to assist in program evaluations and reporting requirements. The Parties agree that the low income weatherization program (Schedule 21) and the conservation education component of the program is in the public interest and is determined to be cost-effective even though the explicit quantification of benefits may not be possible, and furthermore, the Parties agree to support the justification and recovery of these costs through the demand-side management surcharge funding.

9. The Parties agree that the issue raised in Company testimony related to the Energy Trust of Oregon Funding of the Goodnoe Hills wind generation plant will be deferred to Rocky Mountain Power's next filed general rate case.

10. Rocky Mountain Power agrees that it will include an inverted tier rate design proposal or option for residential customers in its next filed general rate case for the Commission's consideration.

11. The Parties agree to the rate spread set forth in the following table. The rate spread was calculated based on the ratio of Rocky Mountain Power's proposed revenue requirement increase of \$5,871,441 to the settled revenue requirement increase of \$4,382,632. This amount was ratably applied to Rocky Mountain Power's original proposed price change by customer class. Details of the rate spread are included in Attachment 1 to this Stipulation.

| <u>Customer Class</u> | <u>Proposed</u> | <u>Settled</u> |
|---------------------------|-----------------|----------------|
| Residential – Schedule 1 | 4.73% | 3.53% |
| Residential – Schedule 36 | 4.73% | 3.53% |
| General Service | | |
| Schedule 23/23A | 0% | 0% |
| Schedule 6/6A/8/35 | 7.96% | 5.94% |
| Schedule 9 | 7.96% | 5.94% |
| Schedule 19 | 2.31% | 1.73% |

| | | |
|------------------------|-------|-------|
| Irrigation | | |
| Schedule 10 | 2.31% | 1.73% |
| Public Street Lighting | | |
| Schedules 7/7A, 11, 12 | 0% | 0% |

12. The parties agree that the design of rates by rate schedule (rate design) shall be consistent with the Company's filed proposals as adjusted for the revenue requirement in this settlement.

IV. GENERAL PROVISIONS

13. The Parties agree that this Stipulation represents a compromise of the positions of the Parties on all issues in this proceeding. Other than the above referenced positions and any testimony 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.

14. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to IDAPA 31.01.01.274. The Parties shall support this Stipulation before the Commission, and 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 cross-examine witnesses and put on such case 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.

15. In the event the Commission rejects 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, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate.

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

17. 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.

18. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation 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.

[INTENTIONALLY LEFT BLANK]

Respectfully submitted this 4th day of February, 2009.

Rocky Mountain Power

**Idaho Irrigation Pumpers Association,
Inc.**

By Mark E. Meenck

By _____

Idaho Public Utilities Commission Staff

**Community Action Partnership
Association of Idaho**

By _____

By _____

Respectfully submitted this 4th day of February, 2009.

Rocky Mountain Power

**Idaho Irrigation Pumpers Association,
Inc.**

By Mark B. Maencke

By _____

Idaho Public Utilities Commission Staff

**Community Action Partnership
Association of Idaho**

By Scott D. Walburn
1/30/09

By _____

Respectfully submitted this 4th day of February, 2009.

Rocky Mountain Power

By Mark B. Moench

Idaho Public Utilities Commission Staff

By _____

**Idaho Irrigation Pumpers Association,
Inc.**

By Steve Olson

**Community Action Partnership
Association of Idaho**

By _____

Respectfully submitted this 5th day of February, 2009.

Rocky Mountain Power

By Mark B. Maencke

Idaho Public Utilities Commission Staff

By _____

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

**Community Action Partnership
Association of Idaho**

By [Signature]

ATTACHMENT 1
ROCKY MOUNTAIN POWER
ESTIMATED IMPACT OF PROPOSED REVENUES ON NORMALIZED PRESENT REVENUES
FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN IDAHO
12 MONTHS ENDING DECEMBER 2007

| Line No. | Description (1) | Present Sch. (2) | Proposed Sch. (3) | Average No. of Customers (4) | MWH (5) | Present Revenue (\$000) | Proposed Revenue (\$000) | Change in Base Revenue | | Present | Proposed |
|--------------------------------------|---|---------------------|----------------------|---------------------------------|------------------|----------------------------------|----------------------------------|---------------------------|---------------------|----------------------------|----------------------------|
| | | | | | | Base Revenue ¹ (6) | Base Revenue ² (7) | (\$000) (8) (6)-(5) | % (9) (7)/(5) | (¢)/kWh (10) (5)/(4) | (¢)/kWh (11) (6)/(4) |
| Residential Sales | | | | | | | | | | | |
| 1 | Residential Service | 1 | 1 | 39,215 | 399,023 | \$35,002 | \$36,237 | \$1,235 | 3.53% | 8.77 | 9.08 |
| 2 | Residential Optional TOD | 36 | 36 | 16,369 | 317,378 | \$22,475 | \$23,268 | \$793 | 3.53% | 7.08 | 7.33 |
| 3 | AGA-Revenue | -- | -- | -- | -- | \$5 | \$5 | \$0 | 0.00% | | |
| 4 | Total Residential | | | 55,585 | 716,401 | \$57,482 | \$59,510 | \$2,028 | 3.53% | 8.02 | 8.31 |
| 5 Commercial & Industrial | | | | | | | | | | | |
| 6 | General Service - Large Power | 6 | 6 | 1,028 | 298,916 | \$17,411 | \$18,445 | \$1,034 | 5.94% | 5.82 | 6.17 |
| 7 | General Svc. - Lg. Power (R&F) | 6A | 6A | 247 | 36,068 | \$2,340 | \$2,479 | \$139 | 5.94% | 6.49 | 6.87 |
| 8 | Subtotal-Schedule 6 | | | 1,275 | 334,984 | \$19,751 | \$20,924 | \$1,174 | 5.94% | 5.90 | 6.25 |
| 9 | General Service - Med. Voltage | 8 | 6 | 2 | 2,848 | \$151 | \$160 | \$9 | 5.94% | 5.32 | 5.63 |
| 10 | General Service - High Voltage | 9 | 9 | 12 | 130,895 | \$5,672 | \$6,009 | \$337 | 5.94% | 4.33 | 4.59 |
| 11 | Irrigation | 10 | 10 | 5,331 | 697,666 | \$47,382 | \$48,201 | \$819 | 1.73% | 6.79 | 6.91 |
| 12 | Comm. & Ind. Space Heating | 19 | 19 | 148 | 8,236 | \$553 | \$562 | \$10 | 1.73% | 6.71 | 6.83 |
| 13 | General Service | 23 | 23 | 6,183 | 122,778 | \$9,710 | \$9,710 | \$0 | 0.00% | 7.91 | 7.91 |
| 14 | General Service (R&F) | 23A | 23A | 1,383 | 18,166 | \$1,515 | \$1,515 | \$0 | 0.00% | 8.34 | 8.34 |
| 15 | Subtotal-Schedule 23 | | | 7,567 | 140,944 | \$11,225 | \$11,225 | \$0 | 0.00% | 7.96 | 7.96 |
| 16 | General Service Optional TOD | 35 | 35 | 3 | 2,587 | \$122 | \$130 | \$7 | 5.94% | 4.73 | 5.01 |
| 17 | Special Contract-Monsanto | | | 1 | 1,319,624 | \$53,545 | \$53,545 | \$0 | 0.00% | 4.06 | 4.06 |
| 18 | Special Contract-Nu West | | | 1 | 109,115 | \$4,239 | \$4,239 | \$0 | 0.00% | 3.88 | 3.88 |
| 19 | AGA-Revenue | -- | -- | -- | -- | \$477 | \$477 | \$0 | 0.00% | | |
| 20 | Total Commercial & Industrial | | | 14,340 | 2,746,900 | \$143,117 | \$145,472 | \$2,355 | 1.65% | 5.21 | 5.30 |
| 21 | Total Commercial & Industrial (Excluding Monsanto) | | | 14,339 | 1,427,276 | \$89,571 | \$91,926 | \$2,355 | 2.63% | 6.28 | 6.44 |
| 22 Public Street Lighting | | | | | | | | | | | |
| 23 | Security Area Lighting | 7 | 7 | 239 | 284 | \$104 | \$104 | \$0 | 0.00% | 36.72 | 36.72 |
| 24 | Security Area Lighting (R&F) | 7A | 7A | 195 | 138 | \$54 | \$54 | \$0 | 0.00% | 39.41 | 39.41 |
| 25 | Street Lighting - Company | 11 | 11 | 32 | 121 | \$52 | \$52 | \$0 | 0.00% | 43.10 | 43.10 |
| 26 | Street Lighting - Customer | 12 | 12 | 294 | 1,974 | \$370 | \$370 | \$0 | 0.00% | 18.75 | 18.75 |
| 27 | AGA-Revenue | -- | -- | -- | -- | \$0 | \$0 | \$0 | 0.00% | | |
| 28 | Total Public Street Lighting | | | 760 | 2,517 | \$581 | \$581 | \$0 | 0.00% | 23.08 | 23.08 |
| 29 | Total Sales to Ultimate Customers | | | 70,685 | 3,465,818 | \$201,180 | \$205,562 | \$4,383 | 2.18% | 5.80 | 5.93 |
| 30 | Total Sales to Ultimate Customers (Excluding Monsanto & Nu-West) | | | 70,683 | 2,037,079 | \$143,395 | \$147,778 | \$4,383 | 3.06% | 7.04 | 7.25 |