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January 18, 2018

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Wyoming Public Service Commission
2515 Warren Avenue, Suite 300
Cheyenne, Wyoming 82002

Attn: Chris Petrie, Chief Counsel

Docket No. 20000-518-EA-17
Record No. 14736

**RE: IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR APPROVAL OF SCHEDULE 37 STANDARD RATES FOR PURCHASES OF
POWER FROM QUALIFYING FACILITIES – Stipulation and Settlement Agreement**

Dear Mr. Petrie:

Please find enclosed and original and four (4) copies of the Stipulation and Settlement Agreement that was reached in this matter. The Company has also made an electronic filing pursuant to the Commission's rules.

Please contact Stacy Splittstoesser, Wyoming Regulatory Affairs Manager, at (307) 632-2677 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Joelle Steward".

Joelle R. Steward
Vice President, Regulation

Enclosure

cc: Service List

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR)
APPROVAL OF SCHEDULE 37 STANDARD) Docket No. 20000-518-EA-17
RATES FOR PURCHASES OF POWER FROM) (Record No. 14736)
QUALIFYING FACILITIES)

STIPULATION AND SETTLEMENT AGREEMENT

On May 31, 2017, Rocky Mountain Power (“RMP” or the “Company”) filed with the Wyoming Public Service Commission (“Commission”) an application (“Application”) together with testimony, exhibits, and revised tariff sheets requesting authority to revise its tariff Schedule 37, Standard Rates for Purchases of Power from Qualifying Facilities (“QF”). The Company’s Application requested the Commission approve the proposed standard rates for purchase of power from QFs that qualify under the terms and conditions of Schedule 37, subject to the tariff provision that standard rates are applicable until 10 megawatts of system-wide resource capacity is acquired.

The proposed avoided cost rates in the Application reflect rates using a March 31, 2017, Official Forward Price Curve that includes lower wholesale power and natural gas market prices. The proposed avoided cost rates also reflect updates to wind and solar integration costs, capacity contribution for both wind and solar resources, resource sufficiency and deficiency periods, and avoided capacity costs consistent with the 2017 Integrated Resource Plan filed by the Company April 4, 2017 (“2017 IRP”).

On May 31, 2017, the Company also filed a Petition for Confidential Treatment and Protective Order.

On June 2, 2017, the Commission issued its Suspension Order.

On June 16, 2017, the Commission issued its Notice of Application, and on July 14, 2017,

the Renewable Energy Coalition (“REC”) filed its Petition to Intervene in this Docket. On August 1, 2017, the Commission issued its Order Authorizing Intervention of REC.

On November 6, 2017, REC filed the direct testimony and exhibits of John R. Lowe and on December 8, 2017, REC filed the Notice of Filing Corrected Direct Testimony of John R. Lowe, together with the Corrected Direct Testimony of John R. Lowe.

On December 11, 2017, the Company filed the rebuttal testimony of Daniel J. MacNeil.

The Company has engaged in discussions with REC to discuss the Application, the testimony filed by REC, and the Company’s rebuttal testimony. As a result of the discussions, and in resolution of the respective concerns raised in this proceeding, RMP and REC (each a “Party” and collectively the “Settling Parties”) have reached a Stipulation and Settlement Agreement (“Agreement”) as set forth below.

SETTLEMENT TERMS AND CONDITIONS

The Settling Parties respectfully request Commission approval of the following settlement terms and conditions:

1. The Settling Parties agree that the purpose of this docket is for the Company to comply with Chapter 3, Section 35 of the Commission’s Rules; specifically Chapter 3, Section 35(c)(i), which requires system data from which avoided costs may be derived to be filed not less than every two years.
2. The Settling Parties agree the Company filed its Application to update certain assumptions that form the basis of the currently effective avoided cost rates including using a March 31, 2017, Official Forward Price Curve as well as updating wind and solar integration costs, capacity contribution for both wind and solar resources, resource sufficiency and deficiency periods, and avoided capacity costs consistent with the 2017 IRP.

3. The Settling Parties agree the Company is not proposing in this docket to change the Commission-approved avoided cost methodology for tariff Schedule 37.

4. The Settling Parties agree that REC's opposition to the Company's Application in this docket is largely related to the approved avoided cost methodology for tariff Schedule 37.

5. The Settling Parties agree that REC will withdraw the following recommendations to change the Commission-approved avoided cost methodology in this docket: a) for the Commission to reject the portions of "Rocky Mountain Power's filing that constrain a QF's ability to establish a legally enforceable obligation"¹; b) for the Commission to require the Company to either provide a separate renewable rate or allow planned renewable resource acquisitions to serve as the basis of the Company's avoided cost rates;² and c) for the Commission to clarify that all planned resource acquisitions, including cost-effective renewable resources, should be included in the Company's avoided cost calculations.³

6. The Settling Parties agree that in exchange for REC's withdrawal of the majority of the issues raised in this docket, the Company agrees to modify the "Applicable" section of the Commission-approved tariff Schedule 37 to add an exception, as italicized in the following:

Applicable

Applicable to the purchase by the Company of all non-firm energy produced by Qualifying Facilities over which the Commission has jurisdiction, prior to commercial operation and subject to a power sales contract. After commercial operation is achieved, Qualifying Facilities will receive firm power prices.

For firm power purchases from all Qualifying Facilities over which the Commission has jurisdiction with a historic or projected annual capacity factor of seventy percent or below up to 1 MW design capacity *or, for hydro projects, up to 5 MW design capacity*, or up to a maximum of 10 MW of average monthly capacity and associated energy when the historic or projected annual capacity factor is greater than seventy percent. Owners of

¹ Corrected Direct Testimony of John R. Lowe, p. 6.

² *Id.*

³ *Id.*

these Qualifying Facilities shall be required to enter into a written power sales contract with the Company.

7. The Settling Parties agree that the purpose of the modification to the “Applicable” section of the Commission-approved tariff Schedule 37 is to allow hydro projects up to 5 MW design capacity to be eligible for Schedule 37 rates regardless of their annual capacity factor.

8. The Settling Parties agree that the Company intends to file an application to address changes to the Commission-approved avoided cost methodology for tariff Schedules 37 and 38 as described in the Company’s QF Collaborative Termination Letter, dated and filed with the Commission October 25, 2017.

GENERAL TERMS AND CONDITIONS

9. The Settling Parties agree that this Agreement is in the public interest. The Settling Parties agree to support all elements of this Agreement as being in the public interest in proceedings before the Commission, and to advocate in good faith that the Commission approve this Agreement in its entirety.

10. The Settling Parties agree that all negotiations relating to this Agreement are privileged and confidential, and that no Party will be bound by any position asserted in the negotiations, except to the extent expressly stated in this Agreement.

11. The Settling Parties agree that this Agreement represents a compromise in the positions of all the Settling Parties. As such, evidence of conduct or statements made in the negotiation and discussion phases of this Agreement will not be admissible as evidence in any proceeding before the Commission or any court.

12. The Settling Parties agree that except as otherwise expressly noted in this Agreement: (a) the execution of this Agreement will not be deemed to constitute an acknowledgment of any Party of the validity or invalidity of any particular method, theory or principle of ratemaking or

regulation, and no Party will be deemed to have agreed that any principle, method or theory of regulation employed in arriving at this Agreement is appropriate for resolving any issue in any other proceeding; (b) the execution of the Agreement will not constitute the basis of estoppel or waiver in future proceedings by any Party; and (c) no Party will be deemed to be bound by any position asserted by any Party, and no finding of fact or conclusion of law other than those expressly stated will be deemed to be implicit in this Agreement.

13. The Settling Parties agree to the admission of all pre-filed direct and rebuttal testimony and exhibits filed in Docket No. 20000-518-EA-17. The Settling Parties waive cross examination of witnesses regarding pre-filed testimony and exhibits.

14. The Settling Parties will support the Agreement with testimony at the hearing. Appropriate witnesses in this Docket will be made available in person or telephonically to the Commission for the purpose of responding to any questions and examination by the Commission in support of the Agreement.

15. The Settling Parties acknowledge that this Agreement represents a compromise in the positions of the Settling Parties in this Docket and has been negotiated as a packaged settlement. The Settling Parties acknowledge that their support and advocacy of the Agreement is based upon the Agreement as a whole, in its entirety, and not based upon its individual components viewed in isolation. The Settling Parties acknowledge that their support and advocacy of the Agreement may be compromised by material alterations thereto by the Commission. In the event the Commission rejects or materially alters this Agreement, the Settling Parties agree that they are no longer bound by its terms and are not deemed to have waived any of their respective procedural or due process rights under Wyoming law.

16. If the Commission chooses to adopt and approve the Agreement, this Agreement

resolves all disputed matters relative to this proceeding. Any disputed matters will be deemed resolved to the extent that the Agreement is not compromised by material alterations.

17. Except as otherwise expressly provided in this Agreement, the issuance of an Order approving this Agreement will not be deemed to work as an estoppel upon the Settling Parties or the Commission, or otherwise establish, or create any limitation on or precedent of the Commission, in future proceedings.

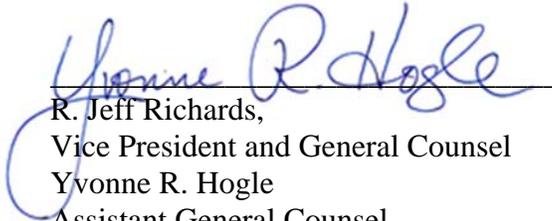
18. This Agreement will not become effective and will be given no force and effect until the issuance of a final Commission decision that accepts and approves this Agreement.

19. This Agreement is in the public interest and is the result of a negotiated settlement. The compromises and settlements set forth in the Agreement are consistent with the public interest and are supported by the Settling Parties' testimony in this proceeding.

20. This Agreement may be executed in one or more counterparts and each counterpart will have the same force and effect as an original document and as if all the Settling Parties had signed the same document. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of the Agreement identical in form hereto but having attached to it one or more signature page(s).

RESPECTFULLY submitted this 18th day of January, 2018.

ROCKY MOUNTAIN POWER



R. Jeff Richards,
Vice President and General Counsel
Yvonne R. Hogle
Assistant General Counsel
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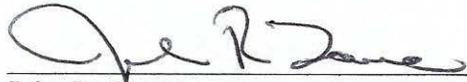
RENEWABLE ENERGY COALITION

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ROCKY MOUNTAIN POWER

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CERTIFICATE OF SERVICE

Docket No. 20000-518-EA-17

I hereby certify that on this 18th day of January, 2018, I caused to be served via E-mail, a true and correct copy of Rocky Mountain Power's **Stipulation and Settlement Agreement** to the following:

Renewable Energy Coalition	
John Lowe Irion Sanger Emanuel T. Cocian	jravenesanmarcos@yahoo.com irion@sanger-law.com etcocian@hollandhart.com klhall@hollandhart.com kmtrease@hollandhart.com
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Jennifer Angell
Supervisor, Regulatory Operations