

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Demand Side Management :
Cost Recovery by PACIFICORP dba UTAH :
POWER & LIGHT COMPANY :

Docket No. 02-035-T12

STIPULATION

1. This Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to as the “Parties”).

I. INTRODUCTION

2. On October 31, 2002, PacifiCorp (or “the Company”) filed with the Commission a Petition for approval of a demand side management (“DSM”) cost recovery tariff schedule (Electric Service Schedule No. 191 or “Schedule 191”). As part of its Petition, the Company also requested that the Commission utilize this docket to develop self-direction criteria and procedures that would provide a credit to qualifying customers that self-invest in energy efficiency projects. Since the time of the Company’s filing, testimony has been filed by the Company and the Utah Association of Energy Users Intervention Group (“UAE”), and technical conferences and working group meetings were held January 9, January 30, March 3, April 7, June 24, July 8, July 18, July 31 and August 13, 2003.

3. As a result of those discussions, the Parties have reached the agreement set forth herein.

II. TERMS OF THE STIPULATION

4. The Parties agree that this Stipulation is just, reasonable and in the public interest and should be approved by the Commission.

5. Subject to the reservation regarding the applicability of Schedules 191 and 192 to special contract customers addressed in paragraph 15, the Parties recommend that the Commission approve proposed Schedules 191 and 192 in the form attached hereto. Inasmuch as neither the Commission nor the Company has experience with a tariff rider mechanism such as that provided by Schedules 191 and 192, the parties recognize that revisions to the schedules may be appropriate from time to time as experience is gained and as circumstances change. The parties request that the Commission direct the DSM Advisory Group to continue to hold periodic meetings to discuss and analyze these Schedules and to consider recommended changes. As with all other tariff schedules and regulations, any proposed revisions must be submitted to the Commission for approval.

6. No later than the expiration of five years following the effective date of Schedules 191 and 192, and no later than each five years thereafter, the Company shall review, with the Division, Committee, DSM Advisory Group and any other interested parties, the appropriateness of the continuation, elimination or modification of the schedules, and shall submit to the Commission a report and recommendation regarding the same. It is the intent of the Parties that if the Commission determines that the DSM tariff rider and self-direction credit mechanism should be continued or eliminated, any continuation should be for an additional five-year period and any elimination should be accomplished over a maximum five-year period to the extent necessary to avoid sudden adverse impacts to the Company, its customers and energy service providers.

7. Only the costs associated with Commission-approved DSM programs will be included in the Company's Schedule 191 balancing account. The cost categories that will be booked into the Schedule 191 balancing account are described on Exhibit "A", attached hereto.

It is the intent of the Parties that Eligible Expenses under Schedule 192 will include costs incurred by an Eligible Customer, whether internally or paid to a third party, similar to costs described in Exhibit “A” to the extent applicable, including costs specifically related to project feasibility analysis and development, design, project management, capital investments in equipment, installation costs of equipment, financing costs and start-up costs associated with an Eligible Project, but not including ongoing O&M costs associated with the Eligible Project.

8. The Company will submit to the Commission, the Division, the Committee and DSM Advisory Group participants annual evaluations of all DSM programs whose costs are being recovered through Schedule 191. If a program, including the Self-Direction Program set forth in Schedule 192, is determined, using Commission-accepted tests, not to be cost-effective, the Company will propose either modifications to make the program cost-effective or that it be discontinued.

9. The Parties acknowledge and anticipate that any expenses posted to the Schedule 191 balancing account will be subject to the applicable prudence standards and guidelines.

10. The Schedule 191 collection rate should be determined based on the following factors:

a) the balance in the Schedule 191 balancing account at the time the collection rate is being set, reviewed or adjusted (which balance will initially include the DSM expenses deferred by the Company pursuant to the Commission’s Order in Docket No. 01-035-21, effective August 1, 2001);

b) a forecast of the next year’s expenses for Commission-approved DSM programs; and

c) the current collection amount or rate.

The objective is to set a Schedule 191 collection rate projected to result in a zero balance by the following annual review period. However, the Parties propose that the Schedule 191 collection rate initially be set at an amount that will collect the balance of expenses deferred pursuant to the Order in Docket No. 01-035-21 over a longer period of time, the precise period to be determined at the time the initial collection rate is set.

11. Each year, the then-current AFUDC rate shall apply as a carrying charge on the balance in the Schedule 191 balancing account, whether the balance reflects an amount owing to customers or to the Company.

12. Following approval of the initial Schedule 191 collection rate, which will be established based on a separate filing to be made by the Company, Schedules 191 and 192 should be made effective as of April 1, 2004. However, the selection of a Self-Direction Administrator under Schedule 192 and implementation of the procedures for qualification of Eligible Projects and determination of Eligible Expenses should proceed promptly following Commission approval of Schedule 192, in order to facilitate Eligible Customers who want to pre-qualify and commence Eligible Projects or qualify Transition Projects prior to the Effective Date.

13. Within 60 days of the first anniversary of the effective date of Schedule 191, and annually thereafter, the Company will prepare a report, including a Schedule 191 balancing account analysis based on the three factors set forth in paragraph 10, above and propose whether there should be an adjustment to the Schedule 191 collection rate, and if so, what that adjustment should be. Such report will be submitted to the Division, Committee, DSM Advisory Group participants, and any other interested parties. Additionally, the Company shall provide monthly reports containing a detail of the amounts charged to Schedule 191 by DSM program, total amounts billed under Schedule 191 by rate schedule, and the ending balance. The monthly

reports shall also contain the current month's credit, as well as the total credit received to date, for each type of available credit under Schedule 192.

14. Any DSM expenses and interest included in the Schedule 191 balancing account shall not be included in the calculation of the Company's revenue requirement for general rate cases.

15. The Schedule 191 collection rate shall be collected from the various customer classes based on the classes' revenues using the same methodology applied in setting the rates for the currently effective Schedule 95 surcharge. (Accordingly, the collection rate would likely vary slightly by rate schedule as it would only be applied against a customer's power charge, energy charge, and voltage discount each month in determining a customer's applicable DSM-related charges.) The percentage by customer class determined in accordance with this method will be applied uniformly against a customer's power charge, energy charge, and voltage discount each month in determining the customer's applicable Schedule 191 charge.

Notwithstanding the foregoing, whether Schedule 191 and Schedule 192 should be applicable to special contract customers is an issue as to which not all Parties are in agreement. If any parties advocate in any proceeding that Schedule 191 should be made applicable to special contract customers, no Party shall be precluded from proposing and advocating in such proceeding a different method for determining the Schedule 191 collection rate if, but only if, the Commission determines that Schedule 191 or 192 should apply to special contract customers.

16. Schedule 191 charges, net of any applicable credit under Schedule 192, shall appear on customers' bills as a separate line item.

III. ISSUES TO RECEIVE FURTHER ANALYSIS

17. The DSM Advisory Group intends to continue to analyze cost-effective DSM projects and programs. As soon as practicable, and not later than six months from the date of filing this Stipulation, the DSM Advisory Group will analyze the development of cost-effective DSM programs designed to shift demand to off-peak periods. The DSM Advisory Group will also examine the application of Commission-approved cost-effectiveness tests to individual self-direction projects, and this issue will be promptly reviewed in there is a significant change in the Company's avoided costs.

IV. PROPOSED SCHEDULE

18. The parties propose that the schedule in this docket be adjusted as follows:

August 29, 2003	Stipulation to be filed with Commission
September 12, 2003	Deadline for any party to file any responsive comments or testimony.
September 23, 2003	Hearing on the Stipulation.

Dated this ____ day of August, 2003.

PACIFICORP

John M. Eriksson
Stoel Rives LLP

UTAH DIVISION OF PUBLIC UTILITIES

Michael Ginsberg
Assistant Attorney General

COMMITTEE OF CONSUMER SERVICES

Reed Warnick
Assistant Attorney General

UAE INTERVENTION GROUP

Gary Dodge
Hatch, James & Dodge

UTAH INDUSTRIAL ENERGY CONSUMERS

William J. Evans
Parsons, Behle & Latimer

WESTERN RESOURCE ADVOCATES

Eric C. Guidry
Energy Project Staff Attorney

MILLION SOLAR ROOFS PARTNERSHIP

Name: _____

SALT LAKE CITY CORPORATION

Name: _____

UTAH ENERGY OFFICE

Jeff Burks

SOUTHWEST ENERGY EFFICIENCY PROJECT

Howard Geller

UTAH RATEPAYERS ALLIANCE

Betsy Wolf

**EXHIBIT “A”
SCHEDULE 191 COSTS**

The Company will include only those costs directly related to specific Utah demand side management programs in Schedule 191.

Company personnel costs will be limited to wages and fringe benefits related to those PacifiCorp staff employed specifically to develop and implement demand side management programs, and only that fraction of time specifically spent working on Utah demand side management programs. Time spent on administrative matters, leave, personnel development, training, conferences and other general activities will not be charged through Schedule 191. Time spent working on demand side programs for other states will not be charged through Schedule 191. The Company shall maintain current time records for each demand side management employee detailing time spent on general activities, Utah demand side management programs, and demand side management programs for other jurisdictions. These current timesheets shall be available for review as part of the annual review process. No other company personnel costs shall be charged through Schedule 191.

PacifiCorp will ensure that any overhead labor costs that are embedded into hourly charging rates for the DSM team, are fully removed from General Rate Case Proceedings. Embedded charging costs include travel expenses, phones, computer support and other expenses.

COST CATEGORIES:

- Administrative support
- Advertising
- Marketing
- Collateral
- Customer education
- Evaluation
- Program Development
- Program management
- Model/Design/energy analysis
- Inspections
- Savings verification
- Customer incentives
- Dealer incentives
- Training
- Temporary help