

# **APPENDIX A**

## **RATE SPREAD STIPULATION**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )  
) )  
Complainant, )  
) )  
v. )  
) )  
PACIFICORP d/b/a PACIFIC POWER & )  
LIGHT, )  
) )  
Respondent. )  
..... )

DOCKET NO. UE-991832  
STIPULATION RE: RATE SPREAD

STATE OF WASHINGTON  
UTIL. AND TRANSPORTATION  
COMMISSION  
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On November 24, 1999, PacifiCorp d/b/a Pacific Power & Light ("PacifiCorp") filed tariff revisions with the Washington Utilities and Transportation Commission ("Commission") designed to increase annual revenues in this State by \$25.8 million, or approximately 15%. PacifiCorp proposed to implement this increase over two years, as set forth in Exhibit 231 in this proceeding, and to spread this increase across customer classes as set forth in Exhibit 232 in this proceeding.

Subsequent to the filing, representatives of the Commission Staff, Public Counsel and the Industrial Customers of Northwest Utilities ("ICNU") conducted an examination of PacifiCorp's rate spread proposal, and its underlying cost of service study, as set forth in Exhibit 214 in this proceeding. This examination was conducted in light of regulatory principles that apply to cost allocation and rate spread, as established previously by the Commission in proceedings involving PacifiCorp and other regulated electric utilities. These representatives then met with representatives of PacifiCorp (collectively "the Parties") to attempt to resolve issues concerning rate spread, and to develop a rate spread methodology to recommend to the Commission for

application to any increase or decrease in electric rates that the Commission may ultimately approve in this proceeding.

The Parties have reached agreement on a rate spread methodology, which they recommend to the Commission be incorporated into the final order in this proceeding. The Parties enter this Stipulation voluntarily to resolve issues concerning rate spread and to expedite the orderly disposition of those issues in this case. This Stipulation does not resolve any issues with respect to the design of rates within each class of customers.

### STIPULATION

#### 1. Calculation of Average Percentage Change

The rate spread will be calculated for all customers on standard tariff rate schedules (i.e., tariffs of general applicability). The average percentage change, whether positive or negative, will be calculated by dividing the total revenue requirement change by the total revenues from all standard tariff customers.

#### 2. Increase in Electric Rates

The Parties agree that any increase in electric rates that the Commission allows in this proceeding will be spread among customer classes as follows:

- a. Schedule 24 (General Service) will receive an increase equal to 90% of the average percentage change.
- b. Schedules 15, 51, 52, 53, 54 and 57 (Street and Area Lighting) will each receive an increase equal to 75% of the average percentage change.
- c. All other rate schedules will each receive an equal percentage increase to capture the residual revenue requirement increase allowed, which is

approximately 102% of the system average percentage change.

- d. Any overall increase in annual electric revenues of 9% or more, including any Systems Benefit Charge, will be phased-in over two years (9% in Year 1; Residual in Year 2). The percentage increases set forth above in sections a, b, and c will apply in each year of the two-year phase-in.

### 3. Decrease in Electric Rates

The Parties agree that any decrease in electric rates that the Commission allows in this proceeding will be spread among customer classes as follows:

- a. Schedule 24 will receive a decrease equal to 110% of the average percentage change.
- b. Schedules 15, 51, 52, 53, 54 and 57 will each receive a decrease equal to 125% of the average percentage change.
- c. All other schedules will each receive an equal percentage decrease to capture the residual revenue requirement decrease allowed, which is approximately 98% of the system average percentage change.

## GENERAL PROVISIONS

4. This Stipulation is a negotiated settlement of the rate spread issues in this proceeding. By executing this Stipulation, no Party will be deemed to have accepted or consented to the findings or determinations of the Commission concerning revenue requirement issues. This Stipulation addresses the spread of the revenue requirement once that change has been determined by the Commission, and each Party expressly reserves the right to challenge, contest or appeal the Commission's findings or determinations on revenue requirement issues.

5. By executing this Stipulation, no Party will be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at this Stipulation, including those concerning cost allocation and rate spread, and no Party will be deemed to have agreed that any method, theory or principle employed in this Stipulation is appropriate for resolving any issue in any other proceeding, including those concerning cost allocation and rate spread. Each Party reserves the right to advocate any method of cost allocation or rate spread in any other proceeding, and will not argue in any other proceeding that the Commission has accepted any cost allocation or rate spread methodology, or established any precedent with respect to cost allocation or rate spread, if the Commission accepts this Stipulation.

6. While neither identical to PacifiCorp's filed rate spread proposal nor directly reflective of PacifiCorp's cost of service study, the rate spread recommended in this Stipulation is generally consistent with the results of PacifiCorp's cost of service study. The Parties, therefore, stipulate to the admission of Exhibits 211, 212, 213 and 214 (PacifiCorp cost of service study), Exhibit 210-T (direct testimony of PacifiCorp witness Mr. David Taylor), and all cross-examination exhibits associated with the direct testimony of Mr. Taylor. The Parties further agree to waive cross-examination of Mr. Taylor at hearing.

7. The Parties will cooperate in submitting this Stipulation promptly to the Commission for acceptance, and will support adoption of this Stipulation by the Commission. Each Party, as necessary, will make available at hearing a witness in support of this Stipulation at such time that the Commission determines that a hearing on this Stipulation is convenient and necessary. Except as set forth below in paragraph 8, each Party will support the stipulated rate spread in any remaining testimony and exhibits in this proceeding.

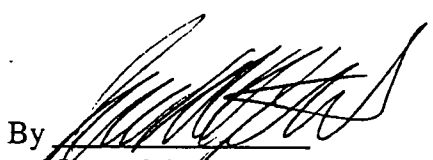
8. In the event the Commission rejects all or any material portion of this Stipulation, or imposes additional, material conditions, each Party reserves the right to withdraw from this Stipulation. In such case, no Party will be bound or prejudiced by the terms of this Stipulation, and all Parties agree that the Commission should convene a prehearing conference to establish procedures for the submission of any remaining testimony, exhibits, and further hearings, all limited to issues of cost allocation and rate spread.

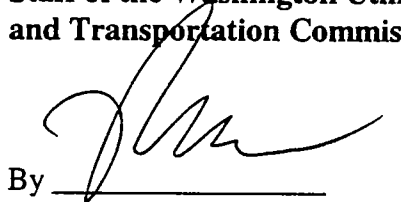
9. This Stipulation may be executed by the Parties in counterparts and as executed will constitute one agreement. Copies sent by facsimile are as effective as original documents.

DATED this 6<sup>th</sup> day of June, 2000.

**PacifiCorp**

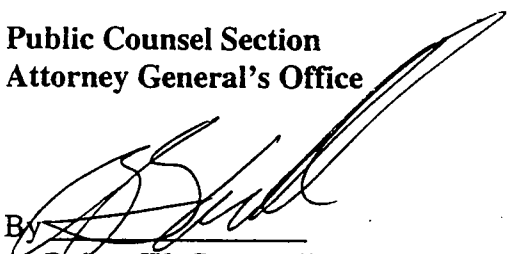
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