

**BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING**

**IN THE MATTER OF THE APPLICATION )  
OF PINEDALE NATURAL GAS, INC., )  
FOR AUTHORITY TO IMPLEMENT A ) DOCKET NO. 30016-GR-03-34  
NET DECREASE IN NON-COMMODITY ) (RECORD NO. 8254)  
RELATED CUSTOMER RATES )  
)**

**STIPULATION AND AGREEMENT**

This Stipulation and Agreement (“Stipulation”) is entered into between Pinedale Natural Gas, Inc. (“Pinedale or the Company”) and the Office of Consumer Advocate of the Wyoming Public Service Commission (“OCA”) hereinafter referred to as (the “Parties”).

**I.**

**PROCEDURAL BACKGROUND**

1. Pinedale filed an application on April 30, 2003, requesting authority to increase its fixed customer charge by \$3.75 per month for all customers, decrease its non-commodity volumetric rates for residential customers from \$5.95 to \$5.40 per decatherm, and decrease its non-commodity volumetric rate for a new “Large Commercial” class from \$5.95 to \$4.00 per decatherm.
2. On May 1, 2003, the Commission issued an order suspending the application.
3. The Commission order authorized the intervention of the Office of Consumer Advocate on June 16, 2003.
4. The Commission issued a procedural order on October 27, 2003, setting the matter for hearing on November 24, 2003.

**II.**

**STIPULATION AND AGREEMENT**

5. The parties agree that rates presented here are reasonable as shown by the revenue requirement, rate base, and stipulated authorized rate of return for Pinedale in Stipulation Exhibits 1, 2, and 3.

6. The parties agree and stipulate that that the appropriate authorized rate of return on rate base for Pinedale is 8.8%, based on the industry average of 53% debt and 47% equity. The parties further agree and stipulate that the just and reasonable authorized rate of return on equity is 10.9%. Stipulation Exhibit 3 presents the capital structure, authorized return on rate base and return on equity stipulated and agreed to by the parties for ratemaking purposes in this proceeding.

7. The Parties agree that the appropriate rate design is presented in Stipulation Exhibit 4.

8. Pinedale agrees to add tariff language with the tariff filing in this case that specifically defines the Large Commercial class and the appropriate tariff pages in this case before the effective date of the rates in this proceeding.

9. The parties agree that the appropriate effective date of December 1, 2003.

### **III.**

#### **GENERAL TERMS AND CONDITIONS**

10. The Parties agree that this Stipulation represents a compromise in the positions of both parties. As such, evidence of conduct or statements made in the negotiation and discussion phases of this Stipulation shall not be admissible as evidence in any proceeding before the Commission or a court.

11. The Parties agree that the terms and conditions of this Stipulation and Agreement shall not become effective until the date of a final decision by the Commission approving the Stipulation and Agreement without modification of any material term, which is unacceptable to either party.

12. In the event the Commission materially changes this Stipulation, or it is otherwise disapproved by any court of competent jurisdiction, then neither the Commission, nor any party to this Stipulation shall be prejudiced by the terms of this Stipulation and each party shall be entitled to file any application, testimony and exhibits it chooses, to cross-examine witnesses and, in general, to put on such case it deems appropriate.

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

14. All negotiations relating to this Stipulation are privileged and confidential, and no party shall be bound by any position asserted in the negotiations, except to the extent expressly stated in this Stipulation. Execution of the 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, and no party shall be deemed to have agreed that any principle, method or theory of regulation employed in arriving at this Stipulation is appropriate for resolving any issue in any other proceeding. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

15. This Stipulation and Agreement is a unitary whole document; any party may withdraw from it if this Stipulation and Agreement is not approved in its entirety by the Commission. In the event that any part or all of the Stipulation and Agreement is not approved by the Commission, or is otherwise disapproved by any court of competent jurisdiction, then neither the Commission nor any party to the Stipulation and Agreement shall be prejudiced by the terms of this pleading and each party shall be entitled to file testimony and to cross-examine witnesses, and in general, to proceed and prosecute its entire case with its full claims and rights preserved.

16. All negotiations related to this Stipulation and Agreement are privileged and confidential and no party shall be bound by any position asserted in the negotiations. Execution of this Stipulation and Agreement shall not be deemed to constitute an acknowledgment by any party of the validity of any theory, principal or practice of rate making, nor shall it be construed to constitute the basis of an estoppel or waiver by any party.

17. The Parties believe settlement of this proceeding through this Stipulation and Agreement is in the public interest and that the rates resulting from the Agreement are just and reasonable.

18. This Stipulation and Agreement will be presented to the Commission for approval; the Parties request in submitting this Stipulation and Agreement that the Commission approve the same.

19. In presenting the Stipulation and Agreement to the Commission for approval, it is the intent of the Parties, Pinedale and OCA, that as deemed appropriate by the Commission, they will each present the testimony of a witness to explain the Stipulation and Agreement as well as their support for the Agreement. No party shall hereafter be deemed to be bound by any position asserted by any party and no finding of fact or conclusion of law, other than those incorporated herein, shall be deemed to be intended

by this Stipulation and Agreement. The entry by the Commission of an order approving this Stipulation and Agreement shall not be deemed to affect any estoppel upon the Commission, or otherwise establish or create any limitation or precedent for the Commission.

20. This Stipulation and Agreement shall not become effective until approved by this Commission.

21. This Stipulation and Agreement may be executed in one or more identical counterparts and upon execution by the Parties, each executed counterpart shall have the same force and effect as the original instrument and as if all the parties had signed the same instrument. Any signature page of the Stipulation and Agreement may be detached from any counterpart of this Stipulation and Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Stipulation and Agreement identical in form hereto, but having attached to it one or more signature pages.

IN WITNESS WHEREOF, the parties hereto have executed this

Stipulation and Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

Pinedale Natural Gas, Inc.

Office of Consumer Advocate

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