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Attorneys for Rocky Mountain Power

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Authority To Change its Depreciation Rates Effective January 1, 2021)	DOCKET NO. 18-035-36
)	
)	APPLICATION
)	

Pursuant to Utah Code Ann. § 54-4-24 and Rule 746-310-7 of the Utah Administrative Code, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), hereby submits this application (“Application”) to the Public Service Commission of Utah (“Commission”) for an order authorizing the Company to change depreciation rates effective January 1, 2021, consistent with the Company’s Depreciation Study, described in more detail in testimony and exhibits supporting this Application and generally referenced below (“Depreciation Study”).

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is an electrical corporation and public utility operating in the state of Utah and is subject to the jurisdiction of the Commission with regard to its public utility operations. PacifiCorp has two retail electric service divisions, Rocky Mountain Power and Pacific Power. Rocky Mountain Power provides retail electric service in Utah, Idaho, and Wyoming, and Pacific Power provides retail electric service in California, Oregon, and Washington.

2. This Application is filed pursuant to Utah Code Ann. §54-4-24 and R746-310-7 of the Utah Administrative Code, which authorizes the Commission to prescribe the rates of depreciation to be used by any public utility subject to its jurisdiction.

3. Communications regarding this Application should be addressed to:

Jana Saba
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Rocky Mountain Power
1407 West North Temple, Suite 330
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In addition, Rocky Mountain Power requests that all data requests regarding this Application be addressed to:

By email (preferred)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries related to this Application may be directed to Jana Saba, at (801) 220-2823.

4. The Company last performed a depreciation study approximately five years ago. The Commission authorized the current Company depreciation rates in its Order Confirming Bench Ruling Approving Stipulation on Depreciation Rate Changes, issued November 7, 2013, with rates effective January 1, 2014, in Docket No. 13-035-02.

5. The Company has performed the updated Depreciation Study, attached to Company witness Mr. John J. Spanos's direct testimony as Exhibit RMP___(JJS-2). The Company requests authorization to implement the depreciation rates set forth in the Depreciation Study. The study identifies changes that have occurred since the Company's last depreciation study, measures the effect of the changes on the recovery of presently surviving capital, and revises the capital recovery rate. The application of the depreciation rates in the Depreciation Study would increase annual depreciation expense by approximately \$100.1 million on a Utah basis, based on projected plant balances as of December 31, 2020, and the inter-jurisdictional allocation methodology currently in effect (the 2017 Protocol approved in Docket Nos. 15-035-86 and 17-035-06). In addition, the proposed termination of excess reserve amortizations also increases the depreciation

expense by approximately \$28.0 million on a Utah basis. Combined, the proposed changes would increase depreciation expense by approximately \$128.1 million on a Utah basis. The Company proposes to record Depreciation Study recommendations on its books and records beginning with calendar year 2021. Rocky Mountain Power is not requesting as part of this filing that new depreciation rates approved in this docket be reflected in tariff prices at this time. Rather, the Company intends to include the impacts of the Depreciation Study in Utah rates as part of a future regulatory proceeding.

6. In support of this Application, the Company presents the direct testimony of Ms. Nikki L. Kobliha, Vice President, Chief Financial Officer and Treasurer of the Company. Ms. Kobliha supports and describes the development of the Depreciation Study, and describes significant issues related to steam generating facilities that were considered in the Depreciation Study.

7. The Company presents the direct testimony of Mr. John J. Spanos, Senior Vice President of Gannett Fleming, Valuation and Rate Consultants, LLC. Mr. Spanos presents the Depreciation Study, describes how the Depreciation Study was prepared, presents the depreciation rates for which the Company is seeking Commission approval, and discusses the basis for the recommended changes in depreciation rates.

8. The Company presents the direct testimony of Mr. Steven R. McDougal, Director of Revenue Requirements. Mr. McDougal calculates the effect on annual depreciation expense allocated to Utah from applying the proposed depreciation rates to depreciable plant balances. He also describes the Company's recommendations on certain state specific issues, and responds to the reporting requirements from the 2013 depreciation study.

9. The Company presents the direct testimony of Mr. Chad A. Teply, Senior Vice President of Strategy and Development for Rocky Mountain Power. Mr. Teply describes the process used to evaluate the plant depreciable lives for steam and gas generating stations and the procedure used to estimate the retirement date for the Company's gas, wind, and hydroelectric generating resources. He also demonstrates that the estimated retirement dates proposed for the Company's generation plants are reasonable and appropriate for use in the Depreciation Study. Mr. Teply also explains why the rates proposed as terminal net salvage, or "decommissioning costs," in the calculation of depreciation rates for generating plants are reasonable and prudent.

10. Finally, the Company presents the direct testimony of Mr. Timothy J. Hemstreet, Director of Renewable Development for the Company. Mr. Hemstreet describes the Company's repowering wind facilities project and the process of determining an appropriate life for the repowered wind facilities. He also describes the methodology used to estimate the retirement date for the Company wind and hydroelectric generating resources.

11. For administrative and economic efficiencies, the Company strives to maintain uniform utility accounts, including depreciation rates, across its six state service territories. To maintain consistent depreciation rates across all states, the Company is also filing the Depreciation Study in Oregon, Wyoming, Idaho, and Washington. Maintaining consistent depreciation rates across all states avoids multiple sets of depreciation accounts and records that would impose a costly administrative burden on the Company and unnecessary expense for the Company's customers.

III. REQUEST FOR RELIEF

12. For the reasons described above and in the testimony and exhibits supporting this Application, Rocky Mountain Power respectfully requests that the Commission issue an order finding:

- a. The Depreciation Study recommendations regarding depreciation rates are proper and adequate depreciation rates for the Company;
- b. Adoption of the Depreciation Study's recommendations into Utah electric rates will result in fair and reasonable rates and accurately impose costs on those customers for whom such costs are incurred; and
- c. The Depreciation Study's recommended depreciation rates should be reflected in the Company's accounts and records beginning on January 1, 2021.

DATED this 11th day of September, 2018.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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