

October 29, 2020

VIA ELECTRONIC FILING

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

Re: Docket No. 18-035-36
Application of Rocky Mountain Power for Authority to Change its Depreciation Rates Effective January 1, 2021
Surrebuttal Testimony on Issues Related to the Second Phase of the Depreciation Docket

Pursuant to the Order Granting Motion, Amended Scheduling Order, and Amended Notice of Electronic Hearings, issued by the Public Service Commission of Utah on October 21, 2020 in the above referenced matter, Rocky Mountain Power hereby submits for filing its Depreciation Docket surrebuttal testimony.

Rocky Mountain Power respectfully requests that all formal correspondence and requests for additional information regarding these filings be addressed to the following:

By E-mail (preferred) datarequest@pacificorp.com
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By Regular Mail Data Request Response Center
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Informal inquiries may be directed to Jana Saba at (801) 220-2823.

Sincerely,


Joelle Steward

Vice President, Regulation

cc: Service List Docket No. 18-035-36

Rocky Mountain Power
Docket No. 18-035-36
Witness: Steven R. McDougal

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Phase II Surrebuttal Testimony of Steven R. McDougal

October 2020

1 **Q. Are you the same Steven R. McDougal who submitted direct testimony and second**
2 **supplemental testimony in Phase I, and Phase II direct and rebuttal testimony in**
3 **this proceeding on behalf of PacifiCorp, d/b/a Rocky Mountain Power (“RMP” or**
4 **the “Company”)?**

5 A. Yes.

6 **PURPOSE OF TESTIMONY**

7 **Q. What is the purpose of your phase II surrebuttal testimony?**

8 A. The purpose of my surrebuttal testimony to respond to and rebut certain issues raised
9 by Utah Association of Energy (“UAE”) witness Mr. Kevin C. Higgins and Division
10 of Public Utilities (“DPU”) witness Mr. Gary Smith in their rebuttal testimonies in this
11 proceeding.

12 **Depreciation on Retired Wind Assets**

13 **Q. Please describe the adjustment proposed by DPU’s Mr. Smith regarding**
14 **depreciation on the retired wind assets from repowering.**

15 A. Mr. Smith has adopted an adjustment proposed in the direct testimony of UAE witness
16 Mr. Higgins. Specifically, Mr. Smith proposes to continue to credit customers (through
17 accumulated depreciation) for the depreciation expense on the retired wind assets from
18 their retirement date through the rate effective date of this case.¹

19 **Q. Does the Company accept Mr. Smith’s proposed adjustment?**

20 A. No. As I stated in greater depth in my rebuttal testimony, to isolate the financial
21 implications of retirements with no consideration of the new wind assets placed in-
22 service is incomplete as it only considers a single-item within the overall transaction.

¹ Rebuttal Testimony of Gary L. Smith at lines 26-32.

23 Additionally, customers are receiving a benefit of greater accumulated depreciation
24 through the depreciation expense recorded for the new wind assets placed in-service as
25 a result of the retirements. Including this benefit twice would result in a double-count
26 and is simply wrong.

27 **Q. Please address Mr. Higgins rebuttal testimony with regards to the retired wind**
28 **assets?**

29 A. Mr. Higgins provided rebuttal testimony opposing a shorter recovery of the retired wind
30 assets as proposed in the direct testimony of Mr. Smith.² While I also opposed the
31 shorter recovery period of these assets in my rebuttal testimony, I would like to reaffirm
32 that my position on this issue was simply to help mitigate rate pressure for Utah
33 customers. As long as the Company is allowed to earn a fair return on the retired wind
34 assets the Company agrees with Mr. Higgins' rebuttal approach to this issue. If the
35 Commission were to adopt a return less than the Company's cost of capital on the wind
36 assets, as proposed in the direct testimony of Mr. Higgins, the Company then believes
37 customers should pay off the assets in an expedited manner to reduce the harm related
38 to the unfair return.

39 **Q. Does this conclude your surrebuttal testimony?**

40 A. Yes.

² Rebuttal Testimony of Kevin C. Higgins at line 41.

CERTIFICATE OF SERVICE

Docket No. 18-035-36

I hereby certify that on October 29, 2020, a true and correct copy of the foregoing was served by electronic mail to the following:

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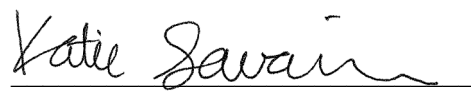
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