

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, 2014.

Docket No. 13-035-02

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HEARING AND PROCEDURAL ORDER  
BEFORE THE COMMISSION  
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TAKEN AT: Heber M. Wells  
160 East 300 South  
Salt Lake City, UT

DATE: September 11, 2013

TIME: 9:00 a.m.

REPORTED BY: Kellie Peterson, RPR

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APPEARANCES

FOR THE DIVISION:

Patricia E. Schmid, Esq.

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FOR CONSUMER SERVICES:

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FOR ROCKY MOUNTAIN POWER:

Yvonne R. Hogle, Esq.

ROCKY MOUNTAIN POWER

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Salt Lake City, 84111

ALSO APPEARING: Henry Lay

John Stamos

Ken Dickson

William Powell

Dan Gimble

William Dunkel

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Hearing and Procedural Order

September 11, 2013

## PROCEEDINGS

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COMMISSIONER CLARK: Good morning, ladies and gentlemen. This is a hearing before the Public Service Commission of Utah in Docket No. 13-035-02, in the matter of the application of Rocky Mountain Power for authority to change its depreciation rates effective January 1, 2014.

My name is David Clark. I am one of the three Commissioners. To my left is Chairman Ron Allen, to his left is Commissioner Thad LeVar. Chairman Allen asked that I act as the presiding officer or the hearing officer in our hearing this morning. This hearing has been duly noticed.

And to begin, I would like to review a couple of the recent procedural developments in this docket and then we will have counsel enter their appearances. And I recognize we have at least one participant on the phone, we will have that person identify himself or herself.

But first, on August 19th, the Commission received correspondence from the applicant Rocky Mountain Power indicating that the intervening parties, as well as the Division and the Office of Consumer Services, has reached a stipulation, or an agreement in principal, settling all the outstanding issues in the proceeding, and that a stipulation memorializing that

1 agreement would shortly be filed with the Commission. The  
2 parties requested through this correspondence that the filing  
3 date for surrebuttal be suspended and that the hearing, which  
4 had previously been scheduled for September 11th, be held on  
5 that day, to examine and receive testimony in support of the  
6 stipulation.

7 On August 20th, the Commission issued an order  
8 suspending the schedule for the filing of surrebuttal testimony  
9 and providing additional notice of this hearing to be held  
10 September 11th and commencing at 9:00 a.m. Then on August  
11 30th, the stipulation was filed, and from the face of the  
12 document, it appears that the parties to the stipulation are the  
13 applicant, as well as the Division, Public Utilities, the Office of  
14 Consumer Services and the Utah Association of Energy Users.

15 So we are here today to examine the stipulation, to  
16 receive testimony in its support, and also to receive testimony in  
17 opposition, if there be any. So with that preface, I invite  
18 counsel now to enter their appearances and to indicate whether  
19 they intend to present a witness in support of the stipulation.  
20 And we will begin with Rocky Mountain Power.

21  
22 MS. HOGLE: Good morning, Commissioners. My  
23 name is Yvonne Hogle and I am here on behalf of Rocky  
24 Mountain Power. With me to present testimony supporting the  
25 stipulation is Mr. Henry Lay, and also with us behind me is Ken

1 Dickson, also from Rocky Mountain Power. On the phone, as  
2 well, is John Stamos and Ned Alice. Thank you.

3 COMMISSIONER CLARK: Would you restate the  
4 name of your witness and spell it for us, please?

5 MS. HOGLE: Certainly. It's Henry E. Lay,  
6 H-E-N-R-Y, E, L-A-Y.

7 THE COURT: Thank you. Ms. Schmid?

8 MS. SCHMID: Good morning. Patricia E. Schmid  
9 from the Attorney General's Office, representing the Division of  
10 Public Utilities, and with me as the Division's witness is Dr.  
11 William Powell. Also available by phone will be William Dunkel,  
12 who has filed testimony on behalf of the Division in this docket.

13 COMMISSIONER CLARK: Dr. Powell will be your  
14 witness?

15 MS. SCHMID: Yes, he will.

16 COMMISSIONER CLARK: Thank you.

17 MR. LOOS: Commissioner, my name is William  
18 Loos with the Attorney General's Office. We will have one  
19 witness, Mr. Dan Gimble.

20 COMMISSIONER CLARK: Thank you. Are there  
21 any preliminary matters before we hear from the witnesses,  
22 beginning with the applicant?

23 MS. HOGLE: Yes, thank you, Commissioner Clark.  
24 The company would like to move for the admission into the  
25 record all of the parties, signed parties, prefiled testimony in the

1 case.

2 COMMISSIONER CLARK: Is there any objection  
3 that that is an efficient way to proceed.

4 MS. SCHMID: No objection.

5 MR. LOOS: No objection.

6 COMMISSIONER CLARK: It will be received.

7 MS. HOGLE: Thank you.

8 COMMISSIONER CLARK: Any other preliminary  
9 matters? Ms. Hogle.

10 MS. HOGLE: Thank you. The company would call  
11 Mr. Henry Lay.

12 COMMISSIONER CLARK: And we will allow you to-  
13 -let me just ask, I believe there is no cross-examination, there is  
14 no other party that desire to participate today; is that correct?  
15 Okay, we will have you testify from your seat there next to  
16 Counsel, Mr. Lay. Would you please raise your right hand?

17 HENRY LAY, called as a witness and having been  
18 duly sworn, was examined and testified as follows:

19 COMMISSIONER CLARK: Thank you.

20 EXAMINATION

21 BY-MS.HOGLE:

22 Q. Good morning, Mr. Lay. Can you please state and  
23 spell your full name and state your place of employment for the  
24 record?

25 A. Henry E. Lay, H-E-N-R-Y, middle initial E, L-A-Y. I

1 have worked for PacifiCorp for just under 40 years in various  
2 accounting and management positions and am currently the  
3 corporate controller. And I reside at 825 North East Multnomah,  
4 Portland, Oregon.

5 Q. Are you the same Henry Lay who previously filed  
6 direct and rebuttal testimony in the case?

7 A. Yes.

8 Q. And do you have any changes to your direct or  
9 rebuttal testimony?

10 A. I do not.

11 Q. So if I were to ask you the questions in your direct  
12 testimony and in your rebuttal testimony again here today, would  
13 you answers be the same?

14 A. Yes.

15 Q. And what is the purpose of your testimony?

16 A. I am here to present testimony in support of the  
17 stipulation that was reached by all the parties in the case,  
18 including Rocky Mountain Power, the Division of Public Utilities,  
19 the Office of Consumer Services, and the Utah Association of  
20 Energy users.

21 Q. Can you please provide a brief history of how the  
22 parties reached an agreement in this case?

23 A. The company filed the depreciation study with the  
24 Commission on January 22, 2013, including testimony from our  
25 consultant, John Jay Spanos, from K. Ian Andrews and from



1 myself. Direct testimony was filed by intervening parties on  
2 June 21, 2013, representing the Division of Public Utilities, the  
3 Office of Consumer Services, and Utah Association of Energy  
4 Users. Rebuttal testimony was filed on August 2, 2013,  
5 representing all parties filing direct testimony including the  
6 company.

7 A settlement conference was held August 12, 2013,  
8 including the company and all intervening parties in Utah, as  
9 well as intervening parties from consumer filings in the state of  
10 Idaho and Wyoming. Subsequent to that, phone calls were held  
11 with all of the above parties, from August 16, 2013 to August  
12 26, 2013, to finalize and draft the stipulation. The stipulation  
13 agreed to by all parties in this docket was then filed with the  
14 Commission on August 30, 2013.

15 Q. Can you briefly describe the exhibits shown in the  
16 stipulation itself and summarize the changes and impacts that  
17 were made to the depreciation study?

18 A. Yes. I assume that Commission has read the  
19 stipulation, so I will try and be brief, briefly touch upon the  
20 terms. I do not intend to change any of the terms of the  
21 stipulation in any way. If I misspeak the language of the  
22 stipulation, and not my words, are the binding agreement. I  
23 trust the Commission will let me know if it wants more or less  
24 details than I am providing.

25 COMMISSIONER CLARK: Thank you.

1 THE WITNESS: The stipulation contains two  
2 attachment which present the estimated effects of the  
3 depreciation rate changes based on projected 2013, December  
4 31, 2013 balances.

5 Attachment one, stipulated rates provides  
6 comparison of the filed depreciation study with the stipulated  
7 amounts, including the depreciation rates and other critical  
8 factors used in determination of those rates.

9 Attachment two of the stipulation includes  
10 jurisdictional allocations which provides the current approved  
11 rates authorized by the Commission, as well as those proposed  
12 by the depreciation study and those recommended by the  
13 stipulation, and a difference of between those amounts  
14 allocated on a Utah jurisdictional basis so that parties and the  
15 Commission can see the impact on Utah customers.

16 The stipulation proposes a reduction of .14 percent  
17 to the depreciation study of the approved depreciation rate of  
18 3.24 percent for the company's electric plant, resulting in a  
19 composite depreciation rate of 3.10 percent. In addition, the  
20 stipulation proposes to make specific annual adjustments of \$39  
21 million as the result of amortizing certain excess accumulated  
22 depreciation reserves over a period shorter than the normal  
23 practice of using remaining life.

24 Of that, \$11.3 million relates to system allocated  
25 assets, \$23.1 million relates to situs assigned Utah assets and

1 \$4.6 million relate to situs assigned assets in other jurisdictions.  
2 This adjustment will occur annually until the next depreciation  
3 study is filed or until specific criteria is met as defined in the  
4 stipulation. Including this adjustment, the resulting composite  
5 rate is 2.93 percent.

6 On a Utah allocated basis, on the Utah depreciation  
7 rates and the study were applied to December 31, 12013  
8 balance, it reduced an increase proposed increase and  
9 depreciation rates of \$70.5 million on a Utah allocated basis.  
10 The stipulation represents a decrease from that proposed  
11 amount of \$39.3 million, resulting in a proposed amount in  
12 stipulation of \$31.1 million increase in depreciation expense  
13 based on the December 31, 2013 balances.

14 The most significant items in the Utah allocation  
15 change are the \$39.3 million are an \$11.9 million reduction in  
16 paragraph 16 of the stipulation, \$11.5 million, and reduction in  
17 paragraph 16, resulting from the change in estimated terminal  
18 removal of carbon plant from \$330 kilowatt hour to \$117 kilowatt  
19 hour.

20 A \$27.9 million reduction in paragraphs 21, 22, and  
21 23, related to the return of estimated excess depreciation  
22 reserves over a period shorter than their remaining lives for a  
23 certain steam plant accounts, steam generating facilities and  
24 Utah distribution facilities, offset by \$7.1 million related  
25 increase in depreciation rates and expense.

1 A \$3.8 million reduction, as reflected in paragraph  
2 17 and 18, related to changing interim lowa curves and lives on  
3 the steam plant--on the three major steam plant accounts and  
4 two transmission accounts.

5 The remaining reduction of \$3.3 million related to  
6 seven other minor changes, including in paragraph 12 and 13,  
7 changes in the terminal life on the Gadsby Plant by increasing it  
8 ten years, on James River Plant by decreasing it one year, and  
9 changing the terminal, estimated terminal on James River to  
10 zero.

11 In paragraph 14 and 15, the projected reduction in  
12 terminal removal costs on both wind generation and gas  
13 generation facilities, paragraph 14 also extends the interim lowa  
14 curve and life on the largest gas generation account of prime  
15 movers by five years.

16 Paragraph 18 and 19 as proposed to combine the  
17 minor investment and supervisory equipment and transmission  
18 and distribution with its respective substation accounts and  
19 transmission and distribution.

20 Paragraph 20 reflects a change in estimated  
21 removal cost rates on longwall equipment and on the surface  
22 processing equipment at the preparation plant at the mine.

23 Paragraph 24 proposes to use June 30, 2013 as the  
24 basis for calculating rates for transmission distribution and  
25 general plant while continuing to use December 31, 2013

1 projected balances for those items with projected terminal lives,  
2 including the generation facilities and mining facilities.

3 Paragraph 25 proposes to change the Iowa curves  
4 and lives consistent with the other jurisdictions on the general  
5 plant accounts of structures and improvements, minor small  
6 power operated equipment and trailers. And finally the  
7 stipulation confirms the company's position on communication  
8 equipment that to convert that to mass side accounting.

9 In addition to the changes with monetary impacts,  
10 the stipulation contains five other items. Paragraph 28 states  
11 the company will provide a section in the next depreciation  
12 study for informational purposes only, listing a--reflecting the  
13 specific mine assets, reserve balances, and respective lives of  
14 its mining subsidiary company.

15 Paragraph 29 requires a new depreciation study be  
16 filed with the Commission no later than five years from the date  
17 of the written order resolving the issues in this docket, or as  
18 otherwise ordered by the Commission.

19 Paragraph 30 proposes to establish a reporting  
20 system which will keep the stipulating parties and the Utah  
21 Commission informed regarding any matters likely to have  
22 implications regarding potential stranded costs of generating  
23 assets. The company will propose a reporting method by no  
24 later than December 31, 2013.

25 Paragraph 31 requires the company to provide an

1 updated cost estimate regarding carbon plants, carbon plants  
2 terminal net salvage, including any new third party studies as  
3 part of the company's next general rate case in Utah.

4 The stipulation also requests, you know, confirms  
5 the request to make the depreciation rates effective January 1,  
6 2014. That completes my summarization of the stipulation.

7 BY MS. HOGLE:

8 Q. Does the stipulation, does the stipulation result in  
9 depreciation rates that are in the public interest?

10 A. Yes, the stipulation results in depreciation rates  
11 that are far reasonable and are in the public interest.

12 Q. And do you have any final comments or  
13 recommendations for the Commission?

14 A. Yes. I recommend the Commission approve the  
15 depreciation study as modified by the stipulation. I also  
16 recommend that the Commission order the company to reflect  
17 the depreciation rates proposed in the stipulation nets account  
18 and records reflective January 1, 2014.

19 Q. Does this conclude your summary?

20 A. Yes, it does.

21 MS. HOGLE: The witness is available for  
22 questions.

23 COMMISSIONER CLARK: Any questions from  
24 Counsel for Mr. Lay?

25 CHAIRMAN ALLEN: Mr. Lay, just a quick question

1 for you. There is a lot of moving parts in this spreadsheet as I  
2 look through them. Is there any reason that the stipulation is  
3 creating any exceptions to generally accepted accounting  
4 principals as to any FERC rules that you know of?

5 THE WITNESS: Not that I am aware of.

6 CHAIRMAN ALLEN: Okay, thank you.

7 COMMISSIONER CLARK: Thank you. You are  
8 excused, Mr. Lay. Thank you for your testimony.

9 MR. LAY: Thank you.

10 COMMISSIONER CLARK: Ms. Schmid?

11 MS. SCHMID: Thank you. Before turning to the  
12 Division's witness, Dr. William Powell, could we check if the  
13 Division's consultant is on the phone? I don't see a light but I  
14 am not sure I could see it if it were there.

15 COMMISSIONER CLARK: Thank you. Let's do  
16 that. In fact, I should have at the outset have everyone on the  
17 phone identify themselves, just so that we are aware. So let's  
18 do that, let's begin with representatives of the company; if you  
19 are present on the phone, would you please identify yourselves?

20 MR. LAY: I have a note here from our consultant  
21 that says, "The Division switchboard will not let me in since I am  
22 not within five minutes within the call."

23 So he must have called in late, so, apparently, he  
24 is not on the call.

25 MR. DUNKEL: This is William Dunkel. I am still on

1 the line.

2 COMMISSIONER CLARK: Thank you, Mr. Dunkel.  
3 Ms. Hogle, do we need to remedy that situation or--

4 MS. HOGLE: I think he should be on the line.  
5 Would you mind--how can we do that? Is the port open or did  
6 they miss their chance.

7 THE CLERK: Who is on the phone now? Because  
8 they will have to call back and we will have to transfer  
9 everybody back together.

10 MS. SCHMID: Mr. Dunkel representing the Division  
11 is on the phone.

12 THE CLERK: The only person on the phone?

13 COMMISSIONER CLARK: Let me just clarify; is  
14 there anyone else besides Mr. Dunkel on the phone? So as I  
15 understand it because of our telecommunications limitations, we  
16 are going to have to reinitiate the call and transfer it into the  
17 room with all of the participants. So if you would like us to do  
18 that, Ms. Hogle, we will go off the record for a couple of minutes  
19 and accomplish that.

20 MS. HOGLE: I am wondering, Commissioner Clark,  
21 if it would be better if they can just listen in. I believe streaming  
22 is I available, unless the Commission will have questions for any  
23 of our witnesses, John Spanos in particular.

24 COMMISSIONER CLARK: I know of no questions. I  
25 don't see any party indicating they have questions.



1 MS. HOGLE: Okay.

2 COMMISSIONER CLARK: So streaming would be a  
3 good option at this point and it is available.

4 MS. HOGLE: Okay. I will--we will let him know,  
5 responding by email, telling him that streaming is available and  
6 he can listen in, given that the Commission will not have any  
7 questions for him. I think that is a workable situation, if it is for  
8 you.

9 COMMISSIONER CLARK: If your witness will go to  
10 our website, the streaming connection will be apparent from the  
11 splash page. Thank you.

12 MS. HOGLE: Thank you, Your Honor.

13 COMMISSIONER CLARK: Ms. Schmid, we verified  
14 that Mr. Dunkel is on the phone. Thank you for mentioning that.

15 MS. SCHMID: The Division now would request that  
16 its witness Dr. William Powell be sworn.

17 COMMISSIONER CLARK: Please raise your right  
18 hand, Dr. Powell.

19 WILLIAM POWELL, called as a witness and having  
20 been duly sworn, was examined and testified as follows:

21 COMMISSIONER CLARK: Thank you.

22 EXAMINATION

23 BY-MS.SCHMID:

24 Q. Dr. Powell, could you please state your full name,  
25 business address, employer, and position for the record?

1           A.     Artie Powell, A-R-T-I-E, P-O-W-E-L-L. I am the  
2     manager of the energy section within the Division of Public  
3     Utilities here at the Heber Wells building. The address is 160  
4     East 300 South in Salt Lake City.

5           Q.     Dr. Powell, could you please describe your  
6     involvement with this docket?

7           A.     Yes. I oversaw and helped coordinate the  
8     testimony that was filed in this docket. I also participated with  
9     our investigative team in the negotiations and the development  
10    of the settlement.

11          Q.     Do you have a summary to provide?

12          A.     Yes, I do.

13          Q.     Please proceed.

14          A.     Thank you for letting me address the Commission  
15    this morning in support of the settlement. Before I get started  
16    here with just a very brief summary, I will just state that I am not  
17    a depreciation expert. If the Commission does have, or other  
18    parties have technical questions about aspects of the  
19    stipulation, I'll defer those questions to the company's witness  
20    or either to our consultant that is on the phone this morning.

21                 Mr. Lay went over the stipulation, so let me be very  
22    brief and give the Division's position as regards to the  
23    stipulation. The company, as was explained, filed their case  
24    requesting approximately \$161 million in increase in  
25    depreciation expense. That is about \$83 or \$84 million if you

1 exclude the early retirement of the carbon plant. On a Utah  
2 basis, that results in about \$70 million as an increase, or a \$38  
3 million if you exclude the carbon plant. With the adjustment, as  
4 Mr. Lay pointed out, the Utah allocated portion is about \$31  
5 million including the carbon plant, or about \$10 million if the  
6 carbon plant is excluded.

7 In its final testimony, the Division had several  
8 adjustments. Let me talk about the two adjustments that I  
9 believe are the major adjustments that are covered in the  
10 stipulation. The first was the forecasted editions. The  
11 company's depreciation study was based on yearend results, or  
12 the results as of December, 2011. They projected out additions  
13 in their plant going out to the end of 2013. In our initial  
14 testimony, we had excluded that.

15 In paragraph 24 of the stipulation addresses the  
16 forecasted editions as Mr. Lay pointed out. Essentially, what we  
17 have done is we trued up those forecasts for actuals through  
18 June of 2013, with a few plant items going out to the end of the  
19 year. I believe this is consistent with what we have done in the  
20 past, in particularly, the last settled depreciation study where we  
21 used actuals up through a date, then had a couple of months  
22 where we had some forecasted plant in there. We are using a  
23 few additional months in this particular case. I think in the last  
24 case we had two months of forecasted results. Here, I think we  
25 have about six.

1                   The other issues dealt around the excess reserve  
2                   that we found in the transmission distribution and production  
3                   plant accounts. The stipulation addresses the excess reserve  
4                   for transmission in paragraph 18. This is adjustment G on the  
5                   list in Table Two. Basically what we have done there is we have  
6                   left the excess reserve to be advertised over the remaining life  
7                   of the plant and it came out, in our negotiations in the  
8                   transmission--or in the settlement discussions, that this is  
9                   consistent with FERC decisions and orders that they have done  
10                  in the past.

11                  Distribution plant is handled--the excess reserve of  
12                  the distribution plant is handled in paragraph 23. And  
13                  paragraphs 21 and 16 kind of are combined and represent what  
14                  we have proposed doing with the excess reserves for production  
15                  plant, in particular the steam plant accounts. In those two  
16                  cases where they are advertising the excess reserves back to  
17                  customers over a shortened period of time and not over the life  
18                  of the plant.

19                  I believe this is a fair or a reasonable balance of  
20                  the issues involved in terms of the excess reserves. In some  
21                  sense, you are saying that the company has over collected in  
22                  the past, in those accounts, but there is some risk that those  
23                  excess reserves, the rates would have to be changed in the  
24                  future. So we didn't take all of the excess reserves from those  
25                  accounts to advertise back, but like I said, I think it is a fair

1 balance of the issues involved.

2 Overall, the Division supports the stipulation as  
3 being in the public interest. We believe that it is a reasonable  
4 balance of all the issues that the parties brought up, or raised,  
5 in their testimony, and we are recommending today that the  
6 Commission adopt the stipulation. Thank you.

7 MS. SCHMID: Dr. Powell is now available for  
8 questions.

9 COMMISSIONER CLARK: Are there questions for  
10 Dr. Powell?

11 Thank you, Dr. Powell, you are excused.

12 MR. POWELL: Thank you.

13 COMMISSIONER CLARK: Counsel?

14 MR. LOOS: Thank you, Mr. Clark. We would have  
15 as our first witness Mr. Dan Gimble. Would you swear him in,  
16 please?

17 DAN GIMBLE, called as a witness and having been  
18 duly sworn, was examined and testified as follows:

19 EXAMINATION

20 BY-MR.LOOS:

21 Q. Please state your name and work address.

22 A. My name is Daniel E. Gimble. My work address--I  
23 am a utility manager with the Office of Consumer Services. My  
24 address is 160 East 300 South here in the Heber Wells building,  
25 Salt Lake City, Utah.

1 Q. Are there any corrections to the Office's direct or  
2 rebuttal testimony?

3 A. No corrections, but in connection with my direct  
4 testimony, I filed an errata which is in our exhibit list.

5 Q. And that has been handed out, has it not?

6 A. Yes.

7 Q. And have you prepared a statement in support of  
8 the depreciation?

9 A. I have.

10 Q. Would you read that, please?

11 A. Sure. Good morning. In this proceeding, the Office  
12 filed the testimony of two witnesses, Mr. Jay Copose (sic) who  
13 is an expert in the area of utility depreciation and testimony  
14 from myself. In testimony, the Office proposes to reduce the  
15 \$70.5 million increase in depreciation expense in Utah filed by  
16 the Company by \$73.6 million. That resulted in a net decrease  
17 of \$3.1 million.

18 The stipulation resolves all our contested issue in  
19 this case and I would like to offer a couple brief comments  
20 regarding the stipulation. First, the change in depreciation rates  
21 results in an estimated increase in Utah depreciation expense of  
22 approximately \$31.1 million. That compares to the \$70.5 million  
23 that was originally requested by the Company on a Utah basis.

24 Turning to non carbon depreciation expense, that  
25 increase is only \$10.3 million, compare to, approximately, \$38

1 million that was requested by the Company. This outcome  
2 reflects an acceleration of return of production and distribution  
3 excess reserve discussed by Mr. Powell a few minutes ago to  
4 customers. Expediting the return of excess reserve, especially  
5 in the area of distribution was a key provision for the Office in  
6 reaching settlement.

7 Third, a reduction to the carbon related increase in  
8 the depreciation expense was also an important consideration  
9 for the Office in reaching settlement. This reduction has two  
10 primary components; first, a reduction in the carbon net removal  
11 cost estimate from the Company's original estimate of \$330 of  
12 KW, down to \$117 KW. This estimate will be updated in future  
13 cases to actual removal costs once the plant is decommissioned  
14 and activities commence to demolish the plant.

15 Secondly, expediting the return of production  
16 excess reserves from the gas in Hunter plants to offset the  
17 shortened lifespan at the carbon plant. Those are the two  
18 aspects related to carbon.

19 The fourth thing I want to talk about is the spread  
20 of the resulting increase and depreciation expense among  
21 customer classes. That will be addressed in the Company's  
22 2014 general rate case. The stipulation provides that the  
23 Company will set forth a proposal for that spread and other  
24 parties will respond.

25 Lastly, the Company in the stipulation, the

1 Company is directed to file its next depreciation study within five  
2 years, or as otherwise ordered by the Commission.

3 In terms of whether--in terms of public interest, the  
4 Office believe that the stipulation results in just and reasonable  
5 depreciation rates and we recommend that the Commission  
6 approve the stipulation as filed. That concludes my statement.

7 MR. LOOS: Any questions from the Commission?

8 COMMISSIONER CLARK: No questions for Mr.  
9 Gimble? You are excused, Mr. Gimble. Thank you very much  
10 for your testimony.

11 MR. LOOS: I might add that Mr. Gimble submitted  
12 to you the following exhibits, OCS1B Gimble, composed of 12  
13 pages; OCS 1D Gimble, one page; OCS 2D post; and then OCS  
14 TR--2R post, and we would ask that those be placed on the  
15 record.

16 COMMISSIONER CLARK: Thank you, and those  
17 have been received under the blanket motion and admission that  
18 we dealt with at the outset, and thank you for mentioning that.

19 Is there anything else to come before the  
20 Commission at this time in this matter?

21 MS. HOGLE: Just one question, recommendation;  
22 the Company respectfully requests or asks that the Commission  
23 consider issuing a bench order in the case.

24 COMMISSIONER CLARK: Is there a specific  
25 purpose to be accomplished in that, Ms. Hogle?



1 MS. HOGLE: Not that I know of, but we like bench  
2 orders.

3 COMMISSIONER CLARK: Thank you. We will be  
4 off the record for five minutes to consider that request.

5 (A discussion was held off the record.)

6 COMMISSIONER CLARK: We will be on the record.  
7 Based on the testimony presented today and the prefiled  
8 testimony and our deliberations, the Commission is prepared to  
9 announce its order in this matter today, and it is that the  
10 stipulation on depreciation rate changes that has been  
11 presented today is approved. We will memorialize that order in  
12 a subsequent written ruling, and in order to provide certainty to  
13 the parties on not only on the approval of the stipulation but the  
14 date for commencement of the measuring of the five-year period  
15 within which a new study is to be completed, we will use  
16 today's date as the commencement date for that period, as well,  
17 so you can expect to see that in the written order.

18 Are there any questions or additional matters that  
19 we need to address today? Our hearing is adjourned. Thank  
20 you all very much.

21 (The hearing was concluded at 9:45 a.m.)  
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REPORTER'S CERTIFICATE

State of Utah )  
 )  
County of Salt Lake )

I hereby certify that the witness in the foregoing deposition was duly sworn to testify to the truth, the whole truth, and nothing but the truth in the within-entitled cause;

That said deposition was taken at the time and place herein named;

That the testimony of said witness was reported by me in stenotype and thereafter transcribed into typewritten form.

I further certify that I am not of kin or otherwise associated with any of the parties of said cause of action and that I am not interested in the even thereof.

IN WITNESS WHEREOF, I set my hand this 22nd day of September, 2013.

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Kellie Peterson, RPR