

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application	)	
of Rocky Mountain Power for Authority	)	
to Change Its Depreciation Rates	)	Docket No. 18-035-36
Effective January 1, 2021	)	
	)	
	)	

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TESTIMONY OF CHERYL MURRAY ON BEHALF OF  
THE OFFICE OF CONSUMER SERVICES  
IN RESPONSE TO SIERRA CLUB'S OPPOSITION TO THE  
SETTLEMENT STIPULATION

APRIL 3, 2020

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Cheryl Murray. I am a utility analyst and my business address is 160 East  
3 300 South, Salt Lake City, Utah.

4  
5 **Q. What is the purpose of your testimony?**

6 A. I provide the Office of Consumer Services' (OCS) response to the testimony of Sierra  
7 Club opposing the settlement filed in this docket.

8  
9 **Q. What is the position of the OCS in this docket?**

10 A. The OCS is a signatory to the settlement stipulation and recommends that the Public  
11 Service Commission of Utah (PSC) approve the agreement for the following reasons:

12 1. The stipulation represents an agreement among a diverse set of stakeholders  
13 and Rocky Mountain Power (RMP). The value of reaching agreement far outweighs  
14 any concerns raised by Sierra Club.

15 2. It would be inappropriate and establish bad precedent for the PSC to require  
16 alignment in this docket with the action plan in PacifiCorp's 2019 Integrated  
17 Resource Plan (IRP).

18 3. Utah stakeholders have a proven history of working with RMP on solutions  
19 to mitigate rate impacts of shortened coal plant lives.

20  
21 **Q. Please explain further the benefits associated with reaching agreement among  
22 diverse stakeholders.**

23 A. The signatories of this settlement stipulation are parties with diverse interests and  
24 include advocates for large and small customers, clean energy advocates, as well as  
25 the Division of Public Utilities and RMP. As is true for most stipulations, and as  
26 described in paragraph 28 of the stipulation, not all parties agree with all aspect of the  
27 settlement but agree that as a whole it is just and reasonable in result and in the public  
28 interest. Reaching such agreement is not easy and should be given significant weight.  
29 In fact, Utah Code Ann. § 54-7-1 encourages informal resolution of issues in front of  
30 the PSC. Further, I note that many of the core principles of this settlement are  
31 common among agreements reached in Wyoming and Idaho as well as the agreement  
32 before the PSC in this docket. Having depreciable lives aligned among the three  
33 eastern states of the PacifiCorp system is a significant benefit of this agreement.

34

35 **Q. Why would it be inappropriate and set a bad precedent to require alignment in  
36 this docket with the action plan in PacifiCorp's 2019 IRP?**

37 A. First, the 2019 IRP has not yet been acknowledged. Even though this particular IRP  
38 has not met with significant stakeholder objection, it would be inappropriate for the  
39 PSC to order alignment with the IRP before actually opining on the IRP itself.  
40 Second, while the IRP may represent the most current studies and investment plans of  
41 RMP it is not an exact blueprint of the future. Plans to acquire (or retire) resources  
42 have always gone through additional analysis and regulatory scrutiny prior to  
43 implementation. The IRP action plan is just that, a plan. Thus, the filing of an action  
44 plan alone does not justify alignment of any or all related dockets. The regulatory  
45 process has correctly involved more robust analysis factoring in different issues and  
46 circumstances relevant to the different dockets. It would set bad precedent for the  
47 PSC to order alignment with the IRP in this docket.

48

49 **Q. Please further describe the history of Utah stakeholders working with RMP on**  
50 **solutions to mitigate rate impacts of the shortened lives of coal plants.**

51 A. Utah stakeholders have reached agreement in two different dockets to utilize  
52 available ratepayer funds to mitigate rate impacts of shortened lives of coal plants,  
53 Docket No. 17-035-69 and Docket No. 16-035-36. The PSC addressed relevant  
54 issues in stipulations in these dockets as follows:

55 “The Public Service Commission of Utah (PSC) approves a  
56 Settlement Stipulation (Stipulation) agreeing to: 1) an annual rate  
57 reduction of \$61 million associated with the decrease of the corporate  
58 income tax rate and the repeal of the domestic production activities  
59 deductions resulting from recent federal tax reform legislation, which  
60 shall remain in effect until the effective date of the rates set in  
61 PacifiCorp’s next general rate case (GRC); 2) defer \$4.9 million per year  
62 in regulatory liability associated with the corporate income tax decrease,  
63 which shall remain in effect until the effective date of the rates set in  
64 PacifiCorp’s next GRC; 3) **defer non-protected excess deferred**  
65 **income tax (EDIT) balances toward accelerated depreciation of the**  
66 **Dave Johnston thermal generation plant, which will be recorded**  
67 **prior to year-end 2018;** [emphasis added] and 4) defer protected  
68 property-related EDIT balances with ratemaking treatment addressed in  
69 PacifiCorp’s next GRC.

70 Additionally, consistent with Utah Code Ann. § 54-7-12.8 (the  
71 Sustainable Transportation and Energy Plan Act (STEP)), the PSC  
72 authorizes use of the regulatory liability to depreciate or buy down  
73 Utah’s share of the remaining net book value of certain thermal plants.”  
74 [Docket No. 16-035-36 PSC Order, November 9, 2018, page 1]

75

76 **Q. Why is this collaborative history important?**

77 A. This history demonstrates that stakeholders are willing to give thoughtful  
78 consideration to creative solutions for the rate treatment of the early closure of coal  
79 plants. This will allow for continued collaboration in the upcoming general rate case

80 to take place in the context of all other issues that will have an impact on the  
81 forthcoming rate changes for customers.

82

83 **Q. Please summarize your testimony.**

84 A. In my opinion this settlement stipulation is just and reasonable in result and in the  
85 public interest. As described in this testimony, the benefits of this agreement far  
86 outweigh any concerns raised by the Sierra Club.

87

88 **Q. Does This Conclude Your Testimony?**

89 A. Yes.