

DPU Data Request 2.5

Results of Operations (ROO) Audit – Other Items:

- (1) Please provide a status report on the Carbon Plant demolition. What percentage complete is the dismantling project at December 31, 2018, and how does that compare to the budgeted demolition/closure costs and any other pertinent information. Please provide direct and indirect applicable account balances per inception with explanations through year-end 2018 and May 31, 2019.
- (2) Please provide a status report on the Klamath River dam removal situation. Please describe the current status, expected timelines, and any significant changes from last year.
- (3) Please provide a status report on the Deer Creek closure. What percentage complete is the closure project at December 31, 2018, the costs that have gone into closure by significant category and how does that compare to the budgeted closure costs and any other pertinent information. Please provide direct and indirect applicable account balances per inception with explanations through year-end 2018 and May 31, 2019.

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- (1) The Carbon Plant demolition and dismantlement project was completed in 2017, and the project closed out by December 31, 2017. Future site work, such as maintaining vegetative cover, ground water monitoring, erosion control, road access, etc., will be charged as an environmental liability or as general maintenance expense.

Please refer to Confidential Attachment DPU 2.5-1 for a detailed summary of the project costs since inception through December 31, 2018. No additional project costs have been incurred since December 31, 2018. This summary includes an additional \$892,000 over the previous report to the Division of Public Utilities (DPU) in the Company's response to DPU Data Request 2.8 in Docket No. 17-035-15 for costs through December 31, 2016.

- (2) PacifiCorp continues to work with its settlement partners to implement the amended Klamath Hydroelectric Settlement Agreement (KHSA). In September 2016, PacifiCorp and the dam removal entity (the Klamath River Renewal Corporation or KRRC) jointly filed an application asking the Federal Energy Regulatory Commission (FERC) to transfer the license for the four main-stem dams (J.C. Boyle, Copco No. 1, Copco No. 2, and Iron Gate) to the KRRC. The KRRC also filed a separate application to surrender the license for purposes of dam removal.

FERC is reviewing the joint license transfer application, which focuses on assessing the KRRC's financial, legal, and technical capacity to become a licensee. The KRRC

submitted an initial cost estimate in June 2018, and has responded to a series of information requests from FERC.

The KRRC has also convened, at FERC's direction, an independent board of consultants (BOC) to review its cost estimates and liability protection package. The BOC issued an initial report in December 2018, which recommended refinements to the KRRC's cost estimate. The BOC also recommended that KRRC prepare a "Plan B" for addressing project costs that exceed the \$450 million state cost cap under the KHSA (\$200 million from PacifiCorp's California and Oregon customers and \$250 million in California bond funding).

The KRRC submitted a revised cost estimate to FERC on July 29, 2019. The KRRC estimates that its project costs are approximately \$430 million at an 80% confidence level, which includes contingency reserves. The BOC reviewed the KRRC's cost estimate and concluded that it is consistent with industry standards.

The KRRC's July 29, 2019, filing also included additional information about its proposed insurance, bonding, liability transfer, and indemnification approach. The KRRC will refine this package over the remainder of 2019, including obtaining a guaranteed maximum price from its dam removal contractor, Kiewit Infrastructure West. The KRRC will also negotiate final terms with Resource Environmental Solutions (RES) on a liability transfer package under which RES would assume certain uninsurable risks (e.g. downstream sediment and flooding impacts). The final guaranteed maximum price and liability transfer terms are expected in the first quarter of 2020, and will inform FERC's assessment of the KRRC's capacity to be a licensee.

The KRRC's current project timeline has dam removal starting in 2022. This timeline assumes that FERC grants the license transfer in early 2020, and that the license surrender proceeding (including environmental review under the National Environmental Policy Act) is completed by Q2 2021 so in-water work necessary to facilitate reservoir drawdown can occur.

- (3) Deer Creek mine closure and reclamation activities are nearing completion, excluding the 10 year monitoring period required before obtaining bond release. All surface facilities and structures have been demolished and removed from mining locations. At the Deer Creek mine, approximately 99 percent of closure costs have been incurred/accrued. Earthwork activities are on-going at the Deer Creek mine and should be complete before year-end 2019. Earthwork activities are complete at the Cottonwood mine and in Rilda Canyon. The mine monitoring period is expected to conclude in 2029.

Please refer to Confidential Attachment DPU 2.5-2 for a high level summary of actual and forecast closure costs by category, with comparisons (as of December 31, 2018 and May 31, 2019) to amounts included in the "Application for Approval of Transaction and For A Deferred Accounting Order" (Docket No. 14-035-147). The

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attachment also includes a tab, "Reg Assets-20170531", showing regulatory asset account balances as of December 31, 2018 and May 31, 2019, which reflects activity since inception.

Confidential information is provided subject to Public Service Commission of Utah (UPSC) Rule 746-1-602 and 746-1-603.