

Yvonne R. Hogle (#7550)
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone No. (801) 220-4050
Facsimile No. (801) 220-3299
Yvonne.hogle@pacificorp.com

Attorney 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, 2014)	DOCKET NO. 13-035- _____
)	
)	
)	APPLICATION

Pursuant to Utah Code Ann. §54-4-24 and Commission Rule R746-310-7(B)(2), Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), hereby makes application to the Public Service Commission of Utah (“Commission”) for an order authorizing the Company to change depreciation rates effective January 1, 2014 to be collected on or after September 1, 2014.

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 Commission Rule R746-310-7(B)(2), 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:

David L. Taylor Manager, Utah Regulatory Affairs Rocky Mountain Power 201 South Main Street, Suite 2300 Salt Lake City, Utah 84111 E-mail: dave.taylor@pacificorp.com	Yvonne R. Hogle Senior Counsel Rocky Mountain Power 201 South Main Street, Suite 2300 Salt Lake City, Utah 84111 E-mail: Yvonne.hogle@pacificorp.com
--	--

In addition, Rocky Mountain Power requests that all data requests regarding this application be addressed to:

By email (preferred) datarequest@pacificorp.com
dave.taylor@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 Dave Taylor, (801) 220-2923.

4. On August 7, 2012, the Company entered into a stipulation with the Utah Office of Consumer Services (“Office”), the Utah Division of Public Utilities (“Division”), Utah Association of Energy Users Intervention Group (“UAE”), Utah Industrial Energy Consumers (“UIEC”), Kroger Co. (“Kroger”), Western Resource Advocates (“WRA”), Utah Clean Energy (“UCE”) and Federal Executive Agencies (“FEA”) in several dockets. As part of the Stipulation, the signing parties agreed that the Company would file an application for a change to the Company’s depreciation rates to be effective January 1, 2014, for collection on or after September 1, 2014.

5. The Company last performed a depreciation study approximately five years ago. The Commission authorized the current PacifiCorp depreciation rates in its Order Adopting and

Approving Stipulation on Depreciation Rate Changes, issued February 4, 2008. The current rates were effective January 1, 2008.

6. The Company has performed an updated Depreciation Study and requests authorization to implement the depreciation rates set forth in the Exhibit RMP____(JJS-2). The Depreciation Study has identified changes that have occurred since the Company's last depreciation study, measured the effect of the changes on the recovery of presently surviving capital, and revised the capital recovery rate. The application of the depreciation rate changes based on the Depreciation Study would result in an increase in annual depreciation expense of approximately \$83.9 million (\$160.8 million including the accelerated depreciation associated with early retirement of the Carbon plant) on a total Company basis, based on projected plant balances as of December 31, 2013. The proposed changes would result in an increase to the Utah jurisdictional depreciation expense of approximately \$38.1 million (or \$70.5 million including the Carbon Plant). The Company proposes to record Depreciation Study recommendations on its books and records beginning with calendar year 2014.

7. The Commission order dated September 19, 2012 in Docket Nos. 11-035-200, 12-035-79 and 12-35-80 ("2012 GRC Order") approved a stipulation ("2012 GRC Stipulation") that contains an agreement for the deferral of the non-Carbon plant, Utah allocated depreciation expense increase in excess of \$2.0 million annually effective January 1, 2014 until included in rates and also includes an agreement on the treatment of the Carbon plant accelerated depreciation. Further treatment of these items is described in the direct testimony of Henry E. Lay. Because of the 2012 GRC Stipulation and Order, the Company is not seeking to recover any changes related to the depreciation study at this time. The Company will defer any

depreciation rate changes per the terms of the stipulation with recovery starting in the next general rate case.

8. In support of this Petition, the Company presents the direct testimony of Henry E. Lay, Corporate Controller of PacifiCorp. Mr. Lay's testimony summarizes the effect on annual depreciation expense from applying the proposed depreciation rates to depreciable plant balances. Mr. Lay also provides background on the depreciation study process, identifies a number of significant issues considered during the preparation of the Depreciation Study, and calculates the Utah jurisdictional impact of the proposed changes to the depreciation rates. Additionally, Mr. Lay introduces the other Company witnesses providing testimony.

9. The Company also presents the direct testimony of John J. Spanos, Senior Vice President of Gannett Fleming, Inc. 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.

10. Finally, the Company presents the direct testimony of K. Ian Andrews, Manager of Resource Development for PacifiCorp Energy. Mr. Andrews' testimony describes the process to evaluate the current plant depreciable lives for steam 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. Andrews also explains why the rates the Company proposes to include as terminal net salvage, or "decommissioning costs," in the calculation of depreciation rates for generating plants are reasonable and prudent.

11. For administrative and economic efficiencies, the Company prefers to maintain uniform utility accounts, including depreciation rates, across its six state service territories. To maintain consistent depreciation rates across its states, the Company is also filing the Depreciation Study in Oregon, Wyoming, Idaho, and Washington.

12. **WHEREFORE**, by this Application, Rocky Mountain Power respectfully requests that the Commission find:

- 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, 2014.

DATED this 22nd day of January, 2013.

Respectfully submitted,

ROCKY MOUNTAIN POWER

Yvonne R. Hogle
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone No. (801) 220-4050
Facsimile No. (801) 220-3299
yvonne.hogle@pacificorp.com

Attorney for Rocky Mountain Power