

March 1, 2017

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

Attention: Gary Widerburg
Commission Administrator

Re: Docket No. 13-035-02
In the Matter of the Application of Rocky Mountain Power for Authority to
Change its Depreciation Rates

On November 7, 2013, the Public Service Commission of Utah approved an all-party stipulation in Docket No. 13-035-02. Paragraph 30 of the Settlement Stipulation states:

The Stipulating Parties agree the Company will implement a reporting system to keep the Stipulating Parties and the Utah, Idaho and Wyoming Commissions informed regarding any matters likely to have implications regarding potential stranded costs of generating assets. The Company will propose a reporting method by no later than December 31, 2013.

Per this commitment, Rocky Mountain Power submitted a proposal on December 20, 2013, to implement a reporting system that provides information regarding three scenarios which the Company has identified as having significant implications on the Company's depreciation expense. Because no party filed comments on the Company's proposal, the Company hereby submits the filing as originally proposed.

On or before March 1 of every year, the Company is to file a letter containing the following information, if applicable.

- 1) Any proposed early steam/gas/wind generation unit retirement
 - a. Plant name
 - b. Date placed in service
 - c. Current net book value
 - d. Original retirement date
 - e. Proposed early shutdown date
 - f. Reason for early shutdown

- 2) Major steam/gas/wind plant capital additions over \$100 million that impact the depreciation of the unit
 - a. Project name
 - b. Planned in-service date
 - c. Planned retirement date
 - d. Planned addition amount to plant in service

- 3) Any completed external studies regarding plant decommissioning which result in significant changes (a change of over 25 percent) to the amount previously projected in the last approved depreciation rates.
 - a. Plant site
 - b. Estimated costs

In compliance with the established reporting system, the Company provides the following information:

- 1) Any proposed early steam/gas/wind generation unit retirement.

Not at this time. However, the Company will be evaluating the economics surrounding alternative environmental compliance options for Cholla Unit 4, Craig Unit 1, and Naughton Unit 3 as decision-making timelines for those resources approach. An alternate environmental compliance proposal that would allow Cholla Unit 4 to operate as a coal-fueled resource into second quarter 2025, with the option to convert to a natural gas fueled unit thereafter, has been preliminarily approved by the U.S. Environmental Protection Agency (“EPA”). EPA’s approval is yet to be published in the *Federal Register*. Similarly, an alternate environmental compliance agreement and amended Colorado state implementation plan that would allow Craig Unit 1 to operate as a coal-fueled resource through 2025, with an option to convert to a natural gas fueled unit, has been submitted for Colorado legislature approval during the 2017 legislative session. EPA’s review and final action on the amended Colorado state implementation plan will follow. With respect to Naughton Unit 3, the Wyoming Department of Environmental Quality has just closed a public comment period on a permit amendment that will allow the unit to operate as a coal-fueled resource through 2018, with the option to convert to a natural gas fueled unit thereafter. The Wyoming state implementation plan is yet to be amended and submitted to EPA for review and final action. The Company will be assessing each of those compliance alternatives in ongoing and future integrated resource plan proceedings with this Commission.

- 2) Major steam/gas/wind plant capital additions over \$100 million that impact the depreciation of the unit are as follows:

Project Name	Jim Bridger Unit 4 SCR System
In-service date	November 16, 2016
Approved depreciable life	2037
Addition to plant in service	\$116.6m

Note: PacifiCorp only owns 2/3 of the plant.

- 3) Any completed external studies regarding plant decommissioning which result in significant changes (a change of over 25 percent) to the amount previously projected in the last approved depreciation rates.

A decommissioning study of the Currant Creek combined cycle plant was performed in 2014; this study, which includes offsetting costs based on salvage, indicates a significant change (a change of over 25 percent) to the amount previously projected in the last depreciation rate. However, the net decommissioning cost estimate is highly dependent on salvage values. Given the uncertainty in future salvage, the Company does not recommend a change in the depreciation rate for natural gas fueled combined cycle resources at this time. A copy of the study can be provided upon request.

Questions regarding this filing may be directed to Bob Lively at (801) 220-4052.

Very truly yours,



Jeffrey K. Larsen
Vice President, Regulation