

February 25, 2019

***VIA ELECTRONIC FILING***

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

Attention: Gary Widerburg  
Commission Secretary

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 has submitted a letter containing the following information, if applicable, on or before March 1 of every year:

- 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

On September 11, 2018, Rocky Mountain Power filed Docket No. 18-035-36 with the Commission requesting authorization to change depreciation rates applicable to the Company's depreciable electric plant effective January 1, 2021 ("2018 Depreciation Study"). Accordingly, the Company provides the following information:

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

**a. Steam**

The testimony of Company witness Mr. Chad A. Teply describes the process used to develop estimated economic lives for the thermal generation resources in the 2018 Depreciation Study. Pages 3 - 11, of Mr. Teply's testimony provides an overview of the considerations involved and the recommended changes to the depreciable lives of these thermal generation unit resources based on the assessment of the major factors and changes since the 2013 depreciation study. The 2018 Depreciation Study recommends shortening the lives of seven steam generation units:

- Cholla Unit 4 – depreciable life shortened by 17 years from 2042 to 2025. The net book value as of December 31, 2020, is projected to be \$280.0 million;
- Colstrip Units 3 and 4 – depreciable lives shortened by 19 years from 2046 to 2027, the net book value of these two units as of December 31, 2020, is projected to be \$117.5 million;
- Craig Unit 1 – depreciable life shortened by nine years from 2034 to 2025, the net book value as of December 31, 2020, is projected to be \$21.6 million;
- Craig Unit 2 – depreciable life shortened by eight years from 2034 to 2026, the net book value as of December 31, 2020, is projected to be \$60.4 million plus \$27.4 million shared common plant;
- Jim Bridger Unit 1 – depreciable life shortened by nine years from 2037 to 2028, the net book value as of December 31, 2020, is projected to be \$96.5 million;
- Jim Bridger Unit 2 – depreciable life shortened by five years from 2037 to 2032, the net book value as of December 31, 2020, is projected to be \$123.4 million;

Exhibit RMP\_\_(CAT-1) in the 2018 Depreciation Study lists the plant name, in-service date, current depreciable life, and proposed depreciable life. Mr. Teply's testimony provides an explanation of and reasons for the proposed changes to the depreciable lives of these units.

**b. Gas**

The Company is not recommending any change to the depreciable lives of its gas combustion turbine plants.

**c. Wind**

Wind facilities continue to be depreciated over 30 years. However, as described by Company witness Mr. Timothy J. Hemstreet in the 2018 Depreciation Study, the Company is in the process of repowering many of its existing wind facilities and proposed extending their depreciable lives to provide a 30-year life for the equipment upgrades. This will result in an extension to the wind facilities current depreciable lives of 10 to 21 years, depending on the facility. The proposed depreciable lives for these repowered wind facilities are provided Exhibit RMP \_\_\_(TJH-1).

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

In 2017 the Company filed two cases with the Utah Public Service Commission; the first was to repower most of its existing wind fleet (Docket No. 17-035-39), and the second case was to acquire new wind facilities (Docket No. 17-035-40). The capital investment for these two projects will be added to electric plant in-service in 2019 and 2020. The impact on depreciation expense associated with this investment is included in the pending 2018 Depreciation Study. There are no major steam or gas plant capital additions responsive to this request.

- 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.

In preparation for the 2018 Depreciation Study, the Company performed decommissioning cost studies on a selection of its thermal generation resources considered reasonable proxy resources for extrapolation across the fleet. It then hired a third-party engineering firm to complete a baseline analysis for the decommissioning studies. The Estimated decommissioning costs are provided in the 2018 Depreciation Study as Exhibit RMP\_\_(CAT-2).

Questions regarding may be directed to Jana Saba at (801) 220-2823.

Sincerely,



Joelle Steward  
Vice President, Regulation

**CERTIFICATE OF SERVICE**

Docket No. 13-035-02

I hereby certify that on February 25, 2019, a true and correct copy of the foregoing was served by electronic mail to the following:

**Utah Office of Consumer Services**

Cheryl Murray [cmurray@utah.gov](mailto:cmurray@utah.gov)

**Division of Public Utilities**

Erika Tedder [etedder@utah.gov](mailto:etedder@utah.gov)

**Rocky Mountain Power**

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Jennifer Angell  
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