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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI CHRIS PARKER
Executive Director *Director, Division of Public Utilities*

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager, Energy Section
Jeff Einfeldt, Utility Analyst

Date: March 15, 2019

Re: **Rocky Mountain Power's Annual Depreciation Rate Change Compliance Filing for 2019, Docket No. 13-035-02.**

RECOMMENDATIONS (Acknowledge)

The Division of Public Utilities ("Division") recommends the Public Service Commission ("Commission") acknowledge Rocky Mountain Power's ("Company") annual depreciation rate change compliance filing.

BACKGROUND

Pursuant to paragraph 30 of the settlement stipulation in Docket No. 13-035-02, the Company filed a letter with the Commission dated December 20, 2013 proposing a reporting mechanism to provide information that may have significant implications to the Company's depreciation expense. This information is organized into three general areas and is to be filed with the Commission no later than March 1 of each year.

In compliance with the approved reporting mechanism, the Company filed on February 25, 2019.

COMMENTS

The Division reviewed the latest filing dated February 25, 2019, pursuant to a Commission Action Request also dated February 25, 2019. The Division's recommendation is due March 27, 2019. In compliance with the approved reporting mechanism, the Company provided information for the following three specified reporting areas: (1) any proposed early steam/gas/wind generation unit retirement; (2) major steam/gas/wind plant capital additions over \$100 million that impact the depreciation of the unit, and; (3) any completed external studies regarding plant decommissioning that result in significant changes (a change of 25 percent) to the amount previously projected in the last approved depreciation rates.

The Company lists seven coal units being evaluated for possible early retirement. These possible early retirements are being more fully evaluated in the Company's 2018 Depreciation Study (Docket No. 18-035-36) and the current IRP (Docket 19-035-02). The Company is recommending no change to the depreciable lives of gas combustion turbine plants.

The Company mentions the ongoing construction and acquisition of major wind facilities approved in Docket Nos. 17-035-39 (Wind Repower) and 17-035-40 (New Wind Acquisition).

The Company hired a third-party engineering firm to complete a baseline analysis for the decommissioning studies mentioned above as it relates to the 2018 Depreciation Study (Docket No. 18-035-36) that has been stayed pending the conclusion of the current IRP (Docket No. 19-035-02).

After reviewing the filing the Division believes it complies with the Commission approved reporting requirements and is consistent with prior year filings.

CONCLUSION

The Division recommends the Commission acknowledge the Company's compliance filing dated February 25, 2019.

cc: Michele Beck, Office of Consumer Services
Joelle Steward, Rocky Mountain Power
Jana Saba, Rocky Mountain Power