

In the Matter Of:

In Re: Investigation of Revenue Requirement Impacts - RMP

HEARING, DOCKET NO. 17-035-69

October 30, 2018

Job Number: 498563

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Investigation of Revenue)
Requirement Impacts of the)
New Federal Tax) Docket No. 17-035-69
Legislation Titled: An)
Act to Provide For) HEARING
Reconciliation Pursuant to)
Titles II and V of the)
Concurrent Resolution of)
the Budget for Fiscal Year)
2018)

October 30, 2018
9:00 a.m.

Location: Utah Public Service Commission
160 East 300 South, 4th Floor
Salt Lake City, UT 84111

Reporter: Teri Hansen Cronenwett
Certified Realtime Reporter, Registered Merit Reporter

Job No. 498563

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1 October 30, 2018

9:00 a.m.

2 P R O C E E D I N G S

3 HEARING OFFICER REIF: We're on the record.

4 Good morning, everyone. I am Melanie Reif. I am the
5 presiding officer for this hearing in Docket 17-035-69.
6 This docket is entitled Investigation of Revenue
7 Requirement Impacts of the New Federal Tax Legislation
8 Titled an Act to Provide For Reconciliation Pursuant to
9 Titles II and V of the Concurrent Resolution of the
10 Budget for Fiscal Year 2018.

11 This morning we are hearing the settlement
12 stipulation that has been filed in this matter, and that
13 is the purpose of this hearing. So we'll start by
14 taking appearances starting with the company, please.

15 MS. HOGLE: Good morning. Yvonne Hogle on
16 behalf of Rocky Mountain Power, and with me at counsel
17 table is Nikki Kobliha, who will be supporting the
18 stipulation.

19 HEARING OFFICER REIF: Thank you. Good
20 morning to both of you, and for the division.

21 MS. SCHMID: Patricia E. Schmid with the Utah
22 Attorney General's office on behalf of the division.
23 The division's witness today is Lane Mecham, and he will
24 be providing testimony in support of the stipulation.

25 HEARING OFFICER REIF: Thank you. Good

1 morning. Mr. Moore.

2 MR. MOORE: Robert Moore of the AG's office
3 representing the Office of Consumer Services. Excuse
4 me. With me at counsel table is Michele Beck, director
5 of the Office of Consumer Services. In addition, I
6 believe Donna Ramas, an accounting consultant for the
7 offices, is on the phone. She will not be testifying
8 but is available to speak if any technical accounting
9 issues arise.

10 HEARING OFFICER REIF: Thank you. Ms. Ramas,
11 do we have you on the line?

12 MS. RAMAS: Yes, I am here.

13 HEARING OFFICER REIF: Okay. Great. Thank
14 you for joining us this morning, and good morning to
15 everyone on behalf of the division, or excuse me, the
16 office. And then we'll go next to Mr. Dodge with UAE.

17 MR. DODGE: Thank you. Gary Dodge on behalf
18 of UAE. UAE's witness in this docket is Kevin Higgins,
19 who is in the commission hearing room, available for
20 questions. But otherwise we don't intend to call him.

21 I should also indicate that I made an
22 appearance in this docket for U.S. Magnesium. It did
23 not sign the stipulation, but I am authorized to
24 represent that it does not oppose the settlement.

25 HEARING OFFICER REIF: Thank you, Mr. Dodge.

1 MR. DODGE: Thank you.

2 HEARING OFFICER REIF: Mr. Dodge, you do not
3 have a microphone or it's not on.

4 MR. DODGE: It says it's on, but it doesn't
5 sound like it's coming through, does it?

6 HEARING OFFICER REIF: It does not.

7 MR. DODGE: The green light is on, but it
8 doesn't appear to be working.

9 HEARING OFFICER REIF: Okay.

10 MR. DODGE: So I'll speak up.

11 HEARING OFFICER REIF: Okay. I can hear you
12 fine. I'm just concerned that maybe the court reporter
13 might have difficulty hearing.

14 MR. DODGE: Right.

15 HEARING OFFICER REIF: Okay. Very good. And
16 Ms. Baldwin, good morning.

17 MS. BALDWIN: Vicki Baldwin on behalf of the
18 Utah Industrial Energy Consumers, for the UIEC, and we
19 do not have a witness present today, but we are
20 appearing to show support for the stipulation.

21 HEARING OFFICER REIF: Okay.

22 THE REPORTER: Hers isn't working either.

23 MS. BINTZ: Try it again.

24 MS. BALDWIN: Mine doesn't work either.

25 MS. BINTZ: Try it one more time. It may have

1 been muted.

2 MS. BALDWIN: Yeah.

3 HEARING OFFICER REIF: Okay. Great. Okay.

4 All right. So Mr. Dodge, let's try yours as well.

5 MR. DODGE: All right. Sounds like it works
6 now.

7 HEARING OFFICER REIF: Good, okay. So back to
8 your statement about U.S. Magnesium, just so I can check
9 this off of -- off of my list.

10 MR. DODGE: Yes, your Honor.

11 HEARING OFFICER REIF: With respect to the
12 support that you are giving to the stipulation, we
13 realize that you don't have a witness that you are
14 calling to give support. But would you stipulate that
15 the stipulation is just and reasonable in result?

16 MR. DODGE: On behalf of UAE we have
17 stipulated that, and we do have a witness here who could
18 testify to that.

19 HEARING OFFICER REIF: Okay.

20 MR. DODGE: On behalf of U.S. Mag, the only
21 thing I have been authorized to represent is that it
22 does not oppose the stipulation.

23 HEARING OFFICER REIF: Okay. Okay. And
24 Ms. Baldwin, would you kindly clarify how -- is it your
25 intent to support the stipulation in a similar manner?

1 Or is it your intent to stipulate that the stipulation
2 is just and reasonable in result?

3 MS. BALDWIN: The UIEC stipulate -- is a
4 party, a signing party to the stipulation and supports
5 the stipulation.

6 HEARING OFFICER REIF: Okay. All right.
7 Thank you. All right. We'll go back to the company.

8 MS. HOGLE: Is it okay if we take care of some
9 preliminary matters before we go on the record?

10 HEARING OFFICER REIF: We are on the record.
11 But if you need to go off the record, we can.

12 MS. HOGLE: Well, I have a couple of things.
13 One, we also have Ryan Fuller on the phone.

14 HEARING OFFICER REIF: Okay.

15 MS. HOGLE: And I'd like to make sure that he
16 is on.

17 HEARING OFFICER REIF: Okay. Mr. Fuller, are
18 you on the line with us?

19 MS. HOGLE: Okay. I stand corrected. Maybe
20 he is just listening on line.

21 HEARING OFFICER REIF: I am only aware of one
22 person on the line. Would you like him to have an
23 opportunity to call in?

24 MS. HOGLE: No. I was going to say that in
25 the room today, in addition to Ms. Kobliha, we have

1 Joelle Steward, Steve McDougal and Jana Saba, and I
2 thought that Ryan Fuller was on the phone so apologies.
3 So that's one thing.

4 Another thing is, assigning parties who are
5 present in the room today have given me the authority to
6 indicate to you that we stipulate for all of the
7 testimony and filings from all parties that were made
8 starting on June 15th, 2018, including exhibits, to be
9 entered into the record.

10 HEARING OFFICER REIF: And is there any
11 objection? Okay. Very good. They are accepted.

12 MS. HOGLE: Thank you.

13 HEARING OFFICER REIF: Thank you.

14 MS. HOGLE: And I think that is all I have.
15 So if you want, I can call our first -- our witness.

16 HEARING OFFICER REIF: Yes, please. Go ahead.

17 MS. HOGLE: Okay. I call Ms. Nikki Kobliha.

18 HEARING OFFICER REIF: Nikki Kobliha, would
19 you like to give your testimony where you are seated
20 this morning?

21 THE WITNESS: Yeah. If that works for you, it
22 works for me.

23 HEARING OFFICER REIF: Sure. And let me swear
24 you in. Do you swear to tell the truth?

25 THE WITNESS: Yes, I do.

1 HEARING OFFICER REIF: Thank you. You may
2 proceed.

3 MS. HOGLE: Thank you.

4 NIKKI KOBLIHA,
5 was called as a witness, and having been first duly
6 sworn to tell the truth, testified as follows:

7 DIRECT EXAMINATION

8 BY MS. HOGLE:

9 Q. Good morning, Ms. Kobliha. Can you please
10 state your name and position with Rocky Mountain Power
11 for the record?

12 A. Sure. My name is Nikki Kobliha, N-I-K-K-I
13 K-O-B-L-I-H-A. I am employed by PacifiCorp as vice
14 president, chief financial officer and treasurer. My
15 business address 825 Northeast Multnomah, Suite 1900,
16 Portland, Oregon.

17 Q. And as you know, the commission accepted your
18 testimony into the record earlier today, and you don't
19 have any changes to that testimony?

20 A. No changes.

21 Q. So if I were to ask you the questions therein
22 again today, your answers would be the same?

23 A. Yes, they would.

24 Q. And what is the purpose of your testimony this
25 morning?

1 A. I present the stipulation that was filed
2 between the company on -- by the company on October
3 24th, 2018. The stipulation was entered into by six
4 signing parties, including Rocky Mountain, the Division
5 of Public Utilities, the Office of Consumer Services,
6 Utah Association of Energy Users, Utah Industrial Energy
7 Consumers and Nucor Steel.

8 I also reiterate Rocky Mountain Power's
9 support of the stipulation and the company's belief that
10 the stipulation is in the public interest.

11 **Q. Can you please proceed with the key terms of**
12 **the stipulation?**

13 A. Yes, I can. But actually before I do that, I
14 and the company want to thank all the parties for all
15 their hard work in achieving the stipulation. The
16 conversations involved more than just taxes. So I
17 appreciate that additional discussion and very happy we
18 got to this place with the stipulation.

19 The terms of the stipulation resolve all of
20 the issues in this proceeding. Also some of the
21 provisions relate to the company's recently filed
22 depreciation study docket in Docket No. 18-035-36, as
23 well as Utah Code Section 54-7-12.8 from the Sustainable
24 Transportation and Energy Plan Act referred to by the
25 acronym STEP, capital S, capital T, capital E, capital

1 P.

2 First the stipulation reiterates that Utah
3 customers will receive all benefits of the Tax Reform
4 Act and that the terms of the stipulation will remain in
5 effect until the company's next general rate case, when
6 the benefits will be incorporated into base rates.

7 As detailed in paragraph 36 of the
8 stipulation, parties agree that the amount of those
9 benefits include a 65.9 million per year reduction in
10 current income taxes, a reduction in accumulated
11 deferred income taxes more commonly referred to as
12 excess deferred income taxes, or by the acronym EDIT,
13 capital E, capital D, capital I, capital T, which is
14 composed of the following amounts, all of which have
15 been grossed up for taxes and represent Utah allocated
16 amounts.

17 Non-protected property-related items
18 calculated to be a total of 138.9 million,
19 non-protected, non-property-related items, calculated to
20 be a total of 29.9 million, protected property-related
21 items, estimated to be a total of 816.8 million.

22 Parties agree that of the 65.9 million
23 reduction related to current taxes, an annual rate
24 reduction of 61 million will continue to be passed back
25 to customers through Schedule 197. Schedule 197 rate is

1 -- sorry. The current Schedule 197 rate is refunding
2 the 61 million dollars over may through December of
3 2018, or eight months, which is the 4.7 percent average
4 rate decrease. As of January 1st, 2019, the company
5 will begin to pass back the 61 million over 12 months,
6 meaning the rate decrease will change to 3.1 percent.

7 The difference between the 65.9 million and
8 the 61 million is 4.9 million, which the parties agree
9 will be deferred into a regulatory liability account
10 annually until the company's next general rate case. At
11 the end of each year in 2018, 2019, and 2020 the company
12 will apply the balance towards accelerating the
13 depreciation of the Dave Johnston thermal generation
14 plant, which will reduce Utah's share of the net book
15 balance.

16 The grossed up, non-protected property-related
17 EDIT of 138.9 million and the non-protected,
18 non-property related EDIT of 29.9 million will also be
19 used to accelerate depreciation of the Dave Johnston
20 plant.

21 The stipulation also states that the protected
22 property related EDIT will be normalized using the
23 average rate assumption method referred to by the
24 acronym ARAM, capital A, capital R, capital A, capital
25 M, as required by the Internal Revenue code.

1 The Utah allocation of the actual annual
2 amortization of protected property related EDIT under
3 ARAM, grossed up for taxes, will be placed into a
4 regulatory liability account. Rate making treatment for
5 the balance of the ARAM-related regulatory liability
6 account will be determined in the company's next general
7 rate case.

8 In addition to treatment of the tax reform
9 benefits previously noted, Section E of the stipulation
10 requests the commission to approve the use of the
11 regulatory liability established by STEP to depreciate
12 or buy down Utah's share of the remaining net book
13 balance of the thermal plant units identified in table A
14 found in paragraph 42.

15 Table C in paragraph 44 of the stipulation
16 depicts the projected balance of the STEP depreciation
17 fund from 2020 through 2026. The balance in the STEP
18 depreciation fund as of December 31st, 2020, will be --
19 which will be the last day prior to the proposed
20 effective date of the recently filed depreciation study,
21 will be used to buy down the total Utah allocated
22 balance of the qualifying thermal plant units in the
23 order listed in table A.

24 The incremental amounts in the STEP
25 depreciation fund that are collected from customers

1 after December 31st, 2020, will continue to be used to
2 offset the projected depreciation expense of the
3 qualifying thermal plant units until the results of the
4 next depreciation study are incorporated into rates.

5 This agreement on the use of the STEP
6 depreciation fund does not predetermine the prudence or
7 recoverability of the capital additions themselves,
8 which the parties have retained the right to review and
9 challenge. It does not determine the commission -- the
10 decommissioning costs, which will be addressed in the
11 depreciation docket.

12 Finally, in recognition that the buy-down of
13 plant balances associated with the tax reform benefits
14 and the use of the STEP depreciation fund will impact
15 the calculation of depreciation rates in the
16 depreciation docket, the company agrees to make a filing
17 in the depreciation docket within 30 days to reflect the
18 provisions in the stipulation.

19 **Q. Thank you, Ms. Kobliha. So you have been**
20 **testifying about STEP. You're generally familiar with**
21 **that STEP statute, specifically Section 54-7-12.8; is**
22 **that correct?**

23 A. Yes, I am.

24 **Q. So in your opinion, recognizing that you are**
25 **not a lawyer, does the stipulation comply with Section**

1 54-7-12.85 B Romanette 1 and 54-17 -- excuse me,

2 54-7-12.85 B Romanette 2?

3 A. In my lay person's opinion, yes. I believe
4 that it does. The STEP statute says that the commission
5 can authorize Rocky Mountain to use the STEP funds to
6 depreciate a thermal generation plant for which the
7 commission determines depreciation is in the public
8 interest for compliance with an environment regulation
9 or another purpose.

10 The company's reasons for depreciating the
11 qualifying thermal plants are explained in Mr. Chad
12 Teply's direct testimony that we filed in the
13 depreciation docket, but I'll give just a few high-level
14 views of those units, which are listed in the table in
15 the stipulation.

16 So the company is proposing to shorten the
17 life of our Cholla Unit 4, which aligns with the
18 approved regional haze compliance obligations in
19 Arizona. Unit -- for Jim Bridger Units 1 and 2 we're
20 actually aligning the shortened life with our integrated
21 resource plan portfolio, which actually reflects an
22 alternative analysis for compliance with regional haze.

23 Rather than actually having to put some
24 significant spend on those units for emissions control
25 equipment in 21 and 22, we're looking for an

1 alternative. The control equipment is required under
2 the Wyoming regional haze implementation plan that's
3 been approved by the EPA.

4 We have a shortened life for Craig Unit 1, and
5 that was also to align with a regional haze compliance
6 obligation. On a Craig Unit 2, when considering the
7 timing of when Unit 1 is going to go out, we are looking
8 at in a least cost, least risk position for Craig Unit
9 2. So there's likely going to be an economic aspect of
10 that as well.

11 That -- we haven't officially approved
12 accelerating Craig Unit 2, but we believe that is likely
13 going to be the case. We're a minority party, so
14 there's many owners that are involved in that decision.

15 For Colstrip Units 3 and 4, Units 1 and 2 are
16 actually going to close in 2020. We don't own any
17 interest in Unit 1 and 2. But same concept of looking
18 at how those other units are going to continue to run
19 after Units 1 and 2 are closed. Again, there might be
20 some economic aspects of what we need to invest to keep
21 those two units running.

22 That's also not been formally approved by any,
23 any state. But both Avista and Puget have reached
24 agreements with their regulators to establish the
25 shortened life that we have in the depreciation study,

1 which is a 2027 time period.

2 So as I explained above, neither the company
3 nor the parties to the stipulation, we didn't consider
4 the existence of the STEP funds in our decisions to buy
5 down the balance for the qualifying plants. The reasons
6 for entering into the stipulation to buy down the
7 balance of these qualifying plants we believe complies
8 with the language in the STEP legislation.

9 **Q. Thank you very much. Why do you believe the**
10 **terms of the stipulation and everything that you have**
11 **just discussed represent a resolution of this proceeding**
12 **that's in the public interest?**

13 A. The terms of this agreement strike a balance
14 between providing customers an immediate rate reduction
15 while preserving some of the benefits to alleviate that
16 known future rate pressure, which we believe promotes
17 rate stability. The stipulation before you represents a
18 good faith compromise of the parties, and I believe will
19 result in rates that are just and reasonable and of
20 course in the public interest. So I recommend that the
21 commission approve the stipulation as filed. Thank you.

22 **Q. Thank you, Ms. Koblaha.**

23 MS. HOGLE: Ms. Koblaha is available for
24 questions.

25 HEARING OFFICER REIF: Thank you, Ms. Koblaha.

1 Any questions for Ms. Koblaha?

2 MS. SCHMID: Nothing from the division.

3 MR. MOORE: No questions from the office.

4 MR. DODGE: No questions.

5 MS. BALDWIN: No questions.

6 HEARING OFFICER REIF: Ms. Koblaha, just one
7 follow-up question to make sure that we have the precise
8 language on the record. Under 54-7-1, in order to
9 approve the settlement, the stipulation must be just and
10 reasonable in result. In paragraph 3 of the stipulation
11 the parties state such, and I wanted to ask you today
12 whether it is your testimony that the stipulation is
13 just and reasonable in result.

14 THE WITNESS: Yes.

15 HEARING OFFICER REIF: Thank you very much for
16 that clarification. I have no further questions.

17 MS. HOGLE: Thank you.

18 HEARING OFFICER REIF: Okay. The division.

19 MS. SCHMID: Thank you. The division would
20 like to call Mr. Lane Mecham as its witness. Could he
21 please be sworn.

22 HEARING OFFICER REIF: Mr. Mecham, good
23 morning.

24 THE WITNESS: Good morning.

25 HEARING OFFICER REIF: Do you swear to tell

1 the truth?

2 THE WITNESS: I do.

3 HEARING OFFICER REIF: Thank you.

4 LANE MECHAM,

5 was called as a witness, and having been first duly
6 sworn to tell the truth, testified as follows:

7 DIRECT EXAMINATION

8 BY MS. SCHMID:

9 Q. Mr. Mecham, did you participate in this docket
10 on behalf of the division?

11 A. Yes.

12 Q. Did you prepare and cause to be filed your
13 predirect testimony in both redacted and confidential
14 form and also your rebuttal testimony?

15 A. Yes.

16 Q. I notice that the name on, I'll call it the
17 cover sheet of that testimony, says William L. Mecham.
18 Are you the same?

19 A. I am the same.

20 Q. Do you have any changes or corrections to your
21 prefiled testimony?

22 A. No.

23 Q. I'll note that the prefiled testimony has been
24 admitted by the commission earlier today. Do you have a
25 summary to provide today, Mr. Mecham?

1 A. I do.

2 **Q. Please proceed.**

3 A. In August the division filed direct testimony
4 in this docket that argued for an increase in the amount
5 credited to customers' bills using Schedule 197. This
6 was based on the fact that EDIT balances were tax
7 expenses paid by rate payers in previous periods which
8 will not be realized by the company as a result of tax
9 reform and should be passed back to rate payers quickly.

10 It was also driven by the estimated reduction
11 in ongoing taxes, which were greater than 61 million
12 currently being passed through Schedule 197. On
13 September 11th, 2018, the company filed an application
14 requesting to increase its depreciation rates effective
15 January 1st, 2021. The amount requested by the company
16 is an annual increase of 128 million.

17 The division reviewed the depreciation
18 application made by the company and began settlement --
19 excuse me, settlement discussions in this tax reform
20 docket in October. Those settlement negotiations
21 resulted in the settlement stipulation filed with the
22 commission on October 24th.

23 The settlement stipulation was designed to use
24 the benefits created by tax reform to offset the impacts
25 that are expected to result from the depreciation

1 docket.

2 The division supports the settlement for
3 several reasons. First, depreciation rates are being
4 accelerated on plans that have or will have
5 disproportionately benefitted older generations of
6 customers. This is approximately the same group of
7 customers that also paid tax expenses that created the
8 EDIT balances being used to offset the accelerated
9 depreciation of these plants.

10 This matching of costs and benefits is a
11 long-standing principle of utility regulation, and the
12 division finds it to be a compelling reason to support
13 the settlement stipulation.

14 Second, the company's concern that its credit
15 rating might be impacted is mitigated through this
16 settlement. The division noted in its previous filings
17 that it would be inappropriate to base decisions on
18 securing any specific level of credit rating and is
19 satisfied that this settlement helps secure the credit
20 rating of the company while not using it as the basis
21 for the ultimate disposition of the tax benefits.

22 Lastly, the division is satisfied that the
23 result of this settlement agreement will create more
24 stability in rates by offsetting future rate increases.
25 The division advocated a position early in this docket

1 that would have begun refunding tax benefits on January
2 1st, 2019. This was driven by a concern that those who
3 paid in to create those balances should see most of the
4 benefits.

5 As noted earlier, the division finds that
6 offsetting accelerated depreciation reasonably matches
7 those costs and benefits and also helps achieve rate
8 stability. For these reasons, the division supports the
9 settlement stipulation as being just, reasonable and in
10 the public interest and recommends that -- excuse me,
11 and recommends that the commission approve it as filed.
12 Thank you.

13 **Q. And just to follow up on a question from our**
14 **hearing officer earlier, would you confirm that it is**
15 **the division's position that the settlement proposal is**
16 **just and reasonable in result?**

17 A. Yes.

18 **Q. Thank you very much.**

19 MS. SCHMID: Mr. Mecham is now available for
20 questions.

21 HEARING OFFICER REIF: Thank you, Ms. Schmid.
22 Any questions?

23 MR. MOORE: No questions from the office.

24 HEARING OFFICER REIF: Ms. Hogle?

25 MS. HOGLE: No questions.

1 MR. DODGE: No questions.

2 MS. BALDWIN: No questions.

3 HEARING OFFICER REIF: Thank you. Thank you
4 for your testimony, Mr. Mecham.

5 THE WITNESS: Thank you.

6 HEARING OFFICER REIF: And thank you for the
7 follow-up, Ms. Schmid. Mr. Moore from the office.

8 MR. MOORE: The office calls Michele Beck to
9 the stand and asks that she be sworn.

10 HEARING OFFICER REIF: Good morning, Ms. Beck.

11 THE WITNESS: Good morning.

12 HEARING OFFICER REIF: Do you swear to tell
13 the truth?

14 THE WITNESS: Yes, I do.

15 HEARING OFFICER REIF: Thank you.

16 MICHELE BECK,
17 was called as a witness, and having been first duly
18 sworn to tell the truth, testified as follows:

19 DIRECT EXAMINATION

20 BY MR. MOORE:

21 **Q. Ms. Beck, please state your full name and**
22 **occupation for the record.**

23 A. My name is Michele Beck, and I am the director
24 of the Office of Consumer Services.

25 **Q. In your capacity as director of the Office of**

1 **Consumer Services, have you reviewed the filings in this**
2 **docket, including the stipulation which is the substance**
3 **of this hearing, and did you participate in the**
4 **negotiations leading to the stipulation?**

5 A. Yes, I have.

6 Q. In your opinion is the stipulation, taken as a
7 whole, just and reasonable in result and in the public
8 interest?

9 A. Yes, it is.

10 Q. Do you have any comments you would like to
11 make concerning the stipulation?

12 A. Yes, just briefly. I'd like to agree with the
13 previous testifiers today and say that, that the office
14 finds that the balance of the use of the funds is
15 reasonable with a large amount being returned right away
16 to customers, and then a portion being used to buy down
17 depreciation and another portion being deferred for use
18 to be determined in the next rate case. So we find that
19 to be a reasonable balance.

20 And further, the office specifically endorses
21 the provisions regarding the STEP legislation here, so
22 further buying down the depreciation or the book value.
23 And we think that it is specifically in the interest of
24 customers and in the general public interest to have
25 those provisions specified and approved at this time in

1 this docket. And that's all I have to say.

2 MR. MOORE: Director Beck is available for
3 questioning.

4 HEARING OFFICER REIF: Thank you. Any
5 questions from the company?

6 MS. HOGLE: No questions.

7 HEARING OFFICER REIF: Division?

8 MS. SCHMID: No questions.

9 MR. DODGE: No questions.

10 MS. BALDWIN: No questions.

11 HEARING OFFICER REIF: Okay. Thank you,
12 Ms. Beck for your testimony, and thank you for directly
13 addressing the settlement stipulation statute.
14 Mr. Dodge, you have indicated that Mr. Higgins is in the
15 room and available to testify.

16 MR. DODGE: Yes.

17 HEARING OFFICER REIF: Do you intend to call
18 him?

19 MR. DODGE: If your Honor would like his
20 testimony, we were prepared to call him. But we don't
21 feel the need to.

22 HEARING OFFICER REIF: There is only one
23 question that I wish to clarify, but there may be
24 others, so let's --

25 MR. DODGE: Let's call him then.

1 HEARING OFFICER REIF: Okay. Mr. Higgins,
2 good morning. Thank you for being here.

3 THE WITNESS: Good morning.

4 HEARING OFFICER REIF: Do you swear to tell
5 the truth, sir?

6 THE WITNESS: I do.

7 KEVIN HIGGINS,
8 was called as a witness, and having been first duly
9 sworn to tell the truth, testified as follows:

10 HEARING OFFICER REIF: Okay. And before I
11 proceed with my question, let me ask the other parties
12 if they have any questions. Are there any questions
13 from the company? Division? Office?

14 MS. BALDWIN: No questions.

15 HEARING OFFICER REIF: Okay. Thank you.

16 EXAMINATION

17 BY HEARING OFFICER REIF:

18 Q. Mr. Higgins, I just had one question from you,
19 and that is to confirm that, as stated in paragraph 3,
20 the parties represent the stipulation is just and
21 reasonable in result. Is that your testimony this
22 morning?

23 THE WITNESS: Yes, it is.

24 HEARING OFFICER REIF: Okay. Thank you, sir.
25 I have no further questions. Thank you for being here.

1 THE WITNESS: Thank you.

2 HEARING OFFICER REIF: You may be excused if
3 you wish. Ms. Baldwin, is it -- just to circle back on
4 what you said earlier, do you not intend to call anyone
5 this morning?

6 MS. BALDWIN: That's correct.

7 HEARING OFFICER REIF: Okay. And Mr. Dodge,
8 you have indicated that you do not intend to call anyone
9 on behalf of U.S. Magnesium, Nucor Steel, that you do
10 not oppose the stipulation.

11 MR. DODGE: One clarification. Nucor Steel, I
12 don't believe they are represented here, but they did
13 sign the stipulation and support it. U.S. Magnesium
14 intervened in this case early on to address a specific
15 issue relative to special contracts. Once that issue
16 was resolved, it ceased active participation, was not
17 involved in the settlement discussions.

18 And so it did not sign the stipulation, but
19 again, it authorized me to represent that it does not
20 oppose approval of the stipulation.

21 HEARING OFFICER REIF: Okay. Thank you for
22 that clarification.

23 MR. DODGE: Sure.

24 HEARING OFFICER REIF: Is there anything
25 further that needs to come before the commission today?

1 All right. Very good. We will take the
2 matter under consideration and issue an order in a
3 timely fashion. Thank you for coming today and for your
4 testimony.

5 MS. SCHMID: Thank you.

6 MS. HOGLE: Thank you.

7 (The hearing concluded at 9:29 a.m.)

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C E R T I F I C A T E

STATE OF UTAH)
COUNTY OF SALT LAKE)

THIS IS TO CERTIFY that the foregoing proceedings were taken before me, Teri Hansen Cronenwett, Certified Realtime Reporter, Registered Merit Reporter and Notary Public in and for the State of Utah.

That the proceedings were reported by me in Stenotype, and thereafter transcribed by computer under my supervision, and that a full, true, and correct transcription is set forth in the foregoing pages, numbered 4 through 29 inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND and official seal at Salt Lake City, Utah, this 8th day of August, 2018.



Teri Hansen Cronenwett, CRR, RMR
License No. 91-109812-7801

My commission expires:
January 19, 2019

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