



September 11, 2018

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IDAHO PUBLIC
UTILITIES COMMISSION

1407 West North Temple, Suite 330
Salt Lake City, Utah 84116

VIA OVERNIGHT DELIVERY

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE NO. PAC-E-18-08
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
FOR AUTHORIZATION TO CHANGE DERECIATION RATES APPLICABLE
TO ELECTRIC PROPERTY**

Attention: Ms. Hanian

Please find enclosed an original and nine (9) copies of Rocky Mountain Power's application, direct testimony, and exhibits in the above referenced matter. The enclosed CD contains the application, direct testimony, exhibits, and work papers.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle Steward
Vice President, Regulation

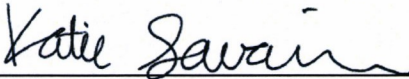
CERTIFICATE OF SERVICE

I hereby certify that on this 11th of September, 2018, I caused to be served, via electronic mail and/or overnight delivery a true and correct copy of Rocky Mountain Power's Application for Authorization to Change Depreciation Rates Applicable to Electric Property in Case No. PAC-E-18-08 to the following:

Service List

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Dated this 11th day of September, 2018.



Katie Savarin
Coordinator, Regulatory Operations

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE) CASE NO. PAC-E-18-08
APPLICATION OF ROCKY)
MOUNTAIN POWER FOR) APPLICATION
AUTHORIZATION TO CHANGE)
DERECIATION RATES APPLICABLE)
TO ELECTRIC PROPERTY)

**APPLICATION FOR CHANGE TO DEPRECIATION RATES
APPLICABLE TO ELECTRIC PROPERTY**

Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), pursuant to Section 61-525 of the Idaho Code and Rule 52 of the Idaho Public Utilities Commission Rules of Procedure, respectfully submits this application (“Application”) with the Idaho Public Utilities Commission (“Commission”) for approval of proposed changes

to depreciation rates applicable to Rocky Mountain Power's depreciable electric plant. The Company requests that the proposed depreciation rates be made effective January 1, 2021, as described in more detail in testimony and exhibits supporting this Application and generally referenced below ("Depreciation Study"). 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 Idaho 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 Idaho, Utah and Wyoming, and Pacific Power provides retail electric service in California, Oregon, and Washington.

2. Communications regarding this Application should be addressed to:

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Facsimile: (801) 578-6999
Email: matt.moscon@stoel.com
Email: lauren.shurman@stoel.com

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

By email (preferred)

datarequest@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 Ted Weston, at (801) 220-2963.

3. The Commission is authorized to determine the proper and adequate rates of depreciation of the Company's property used in providing retail electric service under Section 61-525 of the Idaho Code. Each utility under the Commission's jurisdiction is required to conform its depreciation expense to the rates determined by the Commission. The Commission may make changes in such rates of depreciation from time to time.

4. The Company's last depreciation case¹ was filed by the Company on January 22, 2013, and approved by the Commission² on November 18, 2013, with rates effective January 1, 2014.

5. The Company is submitting this Depreciation Study, attached to Company witness Mr. John J. Spanos' direct testimony as Exhibit No. 2, and requests authorization to implement the depreciation rates set forth therein. The Depreciation Study identifies changes that have occurred since the 2013 depreciation study, measures the effect of the changes on the recovery of presently surviving capital, and revises the capital recovery rate. The application of the depreciation rates in the Depreciation Study would increase annual depreciation expense by approximately \$14.1 million on an Idaho basis, based on projected plant balances as of December 31, 2020, and the inter-jurisdictional allocation methodology currently in effect (the

¹ Case No. PAC-E-13-02.

² Order No. 32926.

2017 Protocol³). In addition, ending the excess reserve amortizations increases the depreciation expense by approximately \$3.2 million and the incremental rate increase from the 2013 depreciation study increases the depreciation expense by approximately \$2.0 million on an Idaho basis. Combined, these proposed changes increase Idaho's jurisdictional depreciation expense by approximately \$19.3 million. The Company proposes to record the Depreciation Study recommendations on its books and records beginning with calendar year 2021. Rocky Mountain Power is not requesting, as part of this filing, that new depreciation rates approved in this case be reflected in tariff prices at this time. Rather, the Company intends to include the impacts of the Depreciation Study in Idaho rates as part of a future regulatory proceeding.

6. In support of this Application, the Company presents the direct testimony of Ms. Nikki L. Kobliha, Vice President, Chief Financial Officer and Treasurer of the Company. Ms. Kobliha supports and describes the development of the Depreciation Study, and describes significant depreciation-related issues related to steam generating facilities that were considered in the Depreciation Study.

7. The Company presents the direct testimony of Mr. 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.

8. The Company presents the direct testimony of Mr. Steve R. McDougal, Director of Revenue Requirements. Mr. McDougal calculates the effect on annual depreciation expense allocated to Idaho from applying the proposed depreciation rates to depreciable plant balances.

³ Approved in Case Nos. PAC-E-15-16 and PAC-E-17-01.

He also describes the Company's recommendations on certain state specific issues, and responds to the reporting requirements from the 2013 depreciation study.

9. The Company presents the direct testimony of Mr. Chad A. Teply, Senior Vice President of Strategy and Development for Rocky Mountain Power. Mr. Teply describes the process used to evaluate the approved plant depreciable lives for steam and gas generating stations. 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. Teply also explains why the rates proposed as terminal net salvage, or "decommissioning costs," in the calculation of depreciation rates for generating plants are reasonable and prudent.

10. Finally, the Company presents the direct testimony of Mr. Timothy J. Hemstreet, Director of Renewable Development for the Company. Mr. Hemstreet describes the repowering of the Company's wind facilities and the process of determining an appropriate life for the repowered wind facilities. He also describes the methodology used to estimate the retirement date for the Company wind and hydroelectric generating resources.

11. For administrative and economic efficiencies, the Company strives to maintain uniform utility accounts, including depreciation rates, across its six state service territories. To maintain consistent depreciation rates across all states, the Company is also filing the Depreciation Study in Oregon, Utah, Washington, and Wyoming. Maintaining consistent depreciation rates across all states avoids multiple sets of depreciation accounts and records that would impose a costly administrative burden on the Company and unnecessary expense for the Company's customers.

REQUEST FOR RELIEF

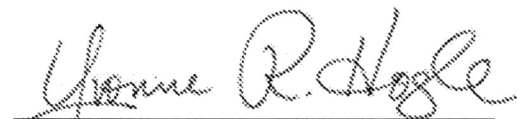
12. For the reasons described above and in the testimony and exhibits supporting this Application, Rocky Mountain Power respectfully requests that the Commission issue an order finding:

- 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 Idaho 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, 2021.

DATED this 11th day of September, 2018.

Respectfully submitted,

ROCKY MOUNTAIN POWER



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