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IDAHO PUBLIC
UTILITIES COMMISSION

October 28, 2020

VIA ELECTRONIC DELIVERY

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd.
Building 8 Suite 201A
Boise, ID 83714

**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. Noriyuki

Please find enclosed for filing Rocky Mountain Power's comments in support of the Phase II Stipulation filed in the above-referenced matter addressing decommissioning costs.

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

Very truly yours,

Joelle Steward
Vice President, Regulation

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. PAC-E-18-08
OF ROCKY MOUNTAIN POWER FOR)	
AUTHORIZATION TO CHANGE)	ROCKY MOUNTAIN POWER'S
DEPRECIATION RATES APPLICABLE)	COMMENTS SUPPORTING THE
TO ELECTRIC PROPERTY)	PHASE II STIPULATION

Rocky Mountain Power, a division of PacifiCorp (the "Company"), submits the following comments on the Phase II Stipulation.

I. PROCEDURAL BACKGROUND

1. On September 11, 2018, Rocky Mountain Power filed an application requesting Commission approval the Company's proposed changes to its depreciation rates for electric plant. Included in those depreciation rates was an estimate of decommissioning costs.

2. Pursuant to Section 4.3.1.1 - Decommissioning Studies, of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, ("2020 Protocol"), the Company committed to complete a contractor-assisted engineering study of decommissioning costs for its coal plants.

3. On January 17, 2020 and March 16, 2020, Rocky Mountain Power filed supplemental information relating to the 2020 Confidential Decommissioning Studies, ("2020 Decommissioning Studies"). These studies were provided as supplemental filings

in this and all of PacifiCorp's other applicable depreciation dockets.

4. On June 15, 2020, the Company filed a proposed Settlement Stipulation ("Settlement Stipulation") for Phase I. In the Settlement Stipulation, the parties agreed: 1) Idaho's incremental change in depreciation expense from current rates should be \$13,940,303 annually; 2) the incremental increase would be deferred for one year beginning January 1, 2021 through December 31, 2021; and 3) the Commission should establish Phase II under this docket to facilitate further review of the regulatory treatment of the 2020 Decommissioning Studies.

5. On August 18, 2020, the Commission issued Order No. 34754 approving the Settlement Stipulation and authorizing Phase II to evaluate incremental decommissioning costs and ratemaking treatment alternatives.

6. On September 15, 2020, a technical conference call was held where parties were able to ask questions about the 2020 Decommissioning Studies and express their positions. The technical conference was followed by a settlement conference call on September 22, 2020 where the Stipulating Parties reached agreement on treatment of the incremental decommissioning costs identified in the 2020 Decommissioning Studies.

7. On October 8, 2020, the Company filed the Phase II Stipulation signed by all Parties to the case, with the exception of the Sierra Club. The Phase II Stipulation addressed the treatment of the incremental decommissioning costs identified in the 2020 Decommissioning Studies.

II. COMMENTS

8. The Company supports the Phase II Stipulation as a fair, just and reasonable compromise to the issues raised by the Parties and believes it is in the public interest.

9. As part of the Multi-State Process the Company committed to conduct a thorough study of decommissioning and site reclamation costs for certain coal-fueled generation resources.

10. The 2020 Decommissioning Studies were performed by independent engineering consultant Kiewit Engineering Group Inc., with input from the Company and independent contractors with direct experience decommissioning coal-fueled facilities and site reclamation. The studies included review and input from an independent demolition contractor North American Dismantling Corporation and independent hazardous materials abatement contractors Winter Environmental and ARC Abatement. Two additional independent demolition contractors, Bierlein Companies, Inc. and Brandenburg Industrial Service Company, also reviewed the 2020 Decommissioning Studies results.

11. The scope of work for the 2020 Decommissioning Studies included the following requirements: (1) provide an owner-informed, overall decommissioning design basis to be used for all of the generating facilities in the study. The design basis established the fundamental assumptions for the cost estimates provided in the final 2020 Decommissioning Studies; (2) provide a Class 3 cost estimate to identify all of the costs for the decommissioning, demolition, reclamation, and remediation of the Hunter, Huntington, Dave Johnston, Jim Bridger, Naughton, Wyodak, and Hayden, and Colstrip generating facilities; (3) provide a narrative report describing the entities involved, process used to prepare the report, and assumptions; (4) provide a spreadsheet report incorporating the Association for the Advancement of Cost Engineering (“AACE”)¹ Class 3 cost estimates inclusive of certain owner provided Asset Retirement Obligation (“ARO”) cost

¹ AACE is a 501(c)(3) non-profit professional association founded in 1956 that offers publications, practice guides, education, certification and recommended practices for cost estimating.

estimates as verified by the third-party study provider; and (5) provide cost estimates based on fourth quarter 2019 dollars.

12. The Stipulating Parties agreed that Idaho's incremental decommissioning costs based on the 2020 Decommissioning Studies is \$2,291,178 per year. The Stipulating Parties agree that the Company will defer Idaho's incremental change in decommissioning expense of \$2,291,178, for one year beginning January 1, 2021 through December 31, 2021. The Company will defer \$190,931.50 ($\$2,291,178 / 12$) each month in a regulatory asset account for recovery in the Company's next general rate case. No carrying charge will be applied to the regulatory asset during the deferral period.

13. The Stipulating Parties agreed the \$2,291,178 deferral will be amortized over fifteen years beginning with the rate effective date of the Company's next general rate case. A carrying charge or rate base treatment will be determined in the Company's next general rate case.

14. The Stipulating Parties agreed that the Company will provide quarterly updates on the 2020 Decommissioning Studies beginning after the quarter ending December 31, 2020, until the Company files its next general rate case. The quarterly updates will report on any actions in other states related to the 2020 Decommissioning Studies. In addition to the quarterly updates the Stipulating Parties will convene to discuss alternative rate treatment options before the next general rates case.

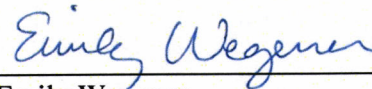
COMPANY RECOMMENDATION

The 2020 Decommissioning Studies are the most accurate and current estimate the Company has of the cost to decommission its coal plants. The Company supports the Phase

II Stipulation as a reasonable compromise of the issues raised by the Parties and believes it is a fair, just, and reasonable solution in the interest of Idaho customers.

Respectfully submitted this 28th day of October, 2020.

ROCKY MOUNTAIN POWER



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