

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) NOTICE OF PROPOSED
DEPRECIATION RATES APPLICABLE TO) SETTLEMENT
ELECTRIC PROPERTY)
)
) NOTICE OF MODIFIED
) PROCEDURE
)
) ORDER NO. 34714

On September 11, 2018, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) filed an Application seeking approval of its proposed changes to depreciation rates applicable to the Company’s electric plant. The Company’s last depreciation case, PAC-E-13-02, was approved by the Commission in 2013.

On October 5, 2018, the Commission issued a Notice of Application and Notice of Intervention Deadline directing Staff and parties to discuss the appropriate scheduling for the case.

Monsanto, PacifiCorp Idaho Industrial Customers (“PIIC”), Idaho Irrigation Pumpers Association, Inc., (“IIPA”) and Idaho Conservation League (“ICL”) intervened in this case.

On April 18, 2018, a technical conference was held in Boise, followed by several meetings and conference calls where settlement discussions were held with parties.

On June 15, 2020, the Company filed a proposed Settlement Stipulation (“Settlement Stipulation”) signed by the Company, Staff, Monsanto, PIIC, and IIPA (collectively the “Stipulating Parties”)¹. The Company, on behalf of the Stipulating Parties, requested the case be processed by Modified Procedure.

The Commission now issues this Notice of Proposed Settlement and Notice of Modified Procedure establishing deadlines for public comments and the Company’s reply.

¹ Idaho Conservation League is not a Stipulating Party but does not oppose the Settlement Stipulation.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE HEREBY NOTIFIED that, in summary, the Stipulating Parties entered the Settlement Stipulation on depreciation rates in resolution of all issues other than decommissioning costs that will be addressed in a proposed Phase II in this case.²

YOU ARE FURTHER NOTIFIED that the Stipulating Parties agreed to depreciation rates that would increase annual depreciation expenses allocated to Idaho by about \$8.7 million. The Stipulating Parties further agreed:

1. That the proposed depreciation rates in Attachments 1-3 of the Settlement Stipulation are just and reasonable depreciation rates and would take effect on January 1, 2021.
2. Cholla Unit 4 would be removed from electric plant in-service as of December 2020 and ratemaking treatment for unrecovered plant balances, decommissioning, and other closing costs would be addressed in Case No. PAC-E-20-03.
3. To recognize the conversion of Naughton Unit 3 to natural gas with a retirement date of December 2029. Additionally, Naughton Units 1 and 2 would reflect the filed retirement date of December 2029.
4. Any solar and/or battery storage assets acquired or developed by the Company before its next depreciation study is filed would use a 25-year lifespan based on Iowa Curves and Net Salvage values in Table 3 of the Settlement Stipulation.
5. The Company would defer the changes in depreciation expense from current rates, \$13,940,303, for one year through December 31, 2020. This amount includes about \$8.7 million of the Idaho jurisdictional allocation for the depreciation study, about \$3.2 million of excess reserve amortization in rates that end as of the effective date of the depreciation study, and about \$2.0 million for the incremental increase from 2013 depreciation study not yet reflected in rates. The Company would defer \$1,161,692 per month for 12 months in a regulatory asset account for recovery to be determined in the Company's next general rate case. No carrying charge would be applied to the regulatory asset during the deferral period until the next general rate case. A carrying charge or rate base treatment after the deferral period and the amortization period would be determined in the Company's next general rate case. The depreciation expense tracked in the RTM would be calculated using the depreciation rates provided in Case No. PAC-E-13-02, Order No.

² The actual Stipulation, including its attachments, is about 35 pages long and includes much more detail than the summary provided here.

32926, to eliminate any double counting. The Company would also stop deferring incremental depreciation expense from PAC-E-13-02 currently recovered in the Energy Cost Adjustment Mechanism effective December 31, 2020.

6. If the Company decides to retire any thermal plant besides Cholla Unit 4 before its next depreciation study, the Company will not seek to shorten the cost recovery period for such thermal plant prior to the approval of its next depreciation study.
7. The Company agrees to present an analysis supporting the proposed lives and net salvage value for all Company-owned wind resources in its next depreciation study.
8. To support a Phase II in this case which will evaluate incremental decommissioning costs filed with the Commission on January 17, 2020 and March 16, 2020 (collectively “2020 Decommissioning Studies”) and appropriate ratemaking treatment. The Settlement Stipulation proposes to complete the review of the regulatory treatment of the 2020 Decommissioning Studies in Phase II in time to allow the Commission to issue a final order before December 31, 2020.

YOU ARE FURTHER NOTIFIED that any reference to other States in the Settlement Stipulation is for illustrative purposes only and does not purport to bind other State Commissions.

YOU ARE FURTHER NOTIFIED that the Stipulating Parties are not able to agree that each specific component of this Settlement Stipulation is just and reasonable in isolation, all of the Stipulating Parties agree that this Settlement Stipulation as a whole is just and reasonable in result and in the public interest.

YOU ARE FURTHER NOTIFIED that the Stipulating Parties agree that if any person challenges the approval of this Settlement Stipulation or requests rehearing or reconsideration of any order of the Commission approving this Settlement Stipulation, each Stipulating Party will use its best efforts to support the terms and conditions of this Settlement Stipulation. In the event any person seeks judicial review of a Commission order approving this Settlement Stipulation, no Stipulating Party shall take a position in that judicial review proceeding in opposition to the Settlement Stipulation.

YOU ARE FURTHER NOTIFIED that the Settlement Stipulation in Case No. PAC-E-18-08 has been filed with the Commission and is available for public inspection during regular

business hours at the Commissions office³ (address below). The Company's Application is also available on the Commission's web site at www.puc.idaho.gov. Click on the "ELECTRIC" tab in the left-hand column of the home page, click "Open Cases," click on the case number as shown on the front of this document. You then may access the Stipulation by clicking on "Stipulation on Depreciation Rate Changes.PDF" under the "Company" heading.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the Settlement Stipulation reached by the parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair, and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept a settlement, reject a settlement, or state additional conditions under which a settlement will be accepted. IDAPA 31.01.01.274-.276.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Settlement Stipulation **must file a written comment in support or opposition with the Commission within 21 days of the service date of this Order.** The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Settlement Stipulation should be emailed to the Commission and the Company at the addresses reflected below. If e-mail is unavailable, written comments can be mailed to the addresses reflected below:

³ Interested persons are encouraged to view the actual Stipulation on the Commission's web site, if possible.

**For the Idaho Public Utilities
Commission:**

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

11331 W. Chinden Blvd.
Bldg. 8, Ste. 201-A
Boise, ID 83714

secretary@puc.idaho.gov

For Rocky Mountain Power:

Ted Weston
Emily Wegener
Rocky Mountain Power
1407 W. North Temple, Suite 330
Salt Lake City, UT 84116

ted.weston@pacificorp.com
emily.wegener@pacificorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment Form" tab then click the "Case Comment Form" under "Consumers" and complete the comment form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that the Company must file any reply comments within 28 days of the service date of this Order.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter an order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the proposed Settlement Stipulation be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do within 21 days of the service date of this Order. The Company must file any reply comments within 28 days of the service date of this Order.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 34602, issued March 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02.

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Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of June 2020.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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