

DAYN HARDIE
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0312
IDAHO BAR NO. 9917

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Street Address for Express Mail:
11331 W CHINDEN BVLD, BLDG 8, SUITE 201-A
BOISE, ID 83714

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On September 11, 2018, Rocky Mountain Power, a division of PacifiCorp ("Company") filed an Application with the Commission seeking approval of its proposed change to depreciation rates applicable to the Company's electric plant with a requested effective date of January 1, 2021.

On October 5, 2018, the Commission issued both a Notice of Application and a Notice of Intervention Deadline directing Staff and parties to discuss the appropriate scheduling for the case. The Monsanto Company ("Monsanto"), PacifiCorp Idaho Industrial Customers ("PIIC"), Idaho Irrigation Pumpers Association, Inc. ("IIPA"), Idaho Conservation League ("ICL"), and

the Sierra Club (“SC”) (collectively the “Parties” or individually “Party”) all intervened in the case.

On June 15, 2020, the Company filed a proposed Settlement Stipulation (“Stipulation”) signed by the Company, Monsanto, PIIC, IIPA, and Staff (collectively the “Stipulating Parties”)¹. The Stipulating Parties within the Stipulation, agreed among other issues, the Commission should establish a second phase in the proceeding (“Phase II”) to facilitate further review of the regulatory treatment of updated 2020 Coal Plant Decommissioning Cost Studies (“2020 Studies”)².

On January 17, 2020, and March 16, 2020, the Company filed supplemental information related to the 2020 Studies.

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.

On September 15, 2020, the Company held a technical conference call where parties discussed the 2020 Studies and expressed their positions. On September 22, 2020, parties participated in a settlement conference call where the Stipulating Parties reached agreement for treatment of the incremental decommissioning costs identified in the 2020 Studies.

On October 08, 2020, the Company filed a proposed second phase Settlement Stipulation (“Stipulation - Phase II”) signed by the Company, Monsanto, PIIC, IIPA, ICL, and Staff (collectively the “Stipulating Parties”) to address the incremental decommissioning costs identified in the 2020 Studies.

STAFF REVIEW

Based on Staff’s review, and negotiations with the Parties, Staff believes that the Stipulation - Phase II represents a fair, just, and reasonable compromise for all issues raised by the Parties and is in the public interest.

¹ Idaho Conservation League was not a Stipulating Party but did not oppose the Settlement Stipulation.

² As part of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol, pursuant to Section 4.3.1.1 - Decommissioning Studies, the Company committed to completing a contractor-assisted engineering study of decommissioning costs for its coal plants. These studies were provided as supplemental filings to this case and other Company depreciation dockets.

Staff reviewed the 2020 Studies filed as a supplement to the Company's Application. The 2020 Studies represent the most current estimates for decommissioning costs based on a third-party evaluation of coal plant decommissioning costs using the most up-to-date information available from the Company. The decommissioning costs included in the 2020 Studies provide estimates of what the decommissioning costs would be if all coal plants were decommissioned in the fourth quarter of 2019, even though forecasted coal plant closures and decommissioning activities are projected to occur between 2027 and 2042 based on the lives assumed in the Company's 2018 Depreciation study.

The Company's 2020 Studies provide a reasonable estimate of coal plant decommissioning costs, but there are still significant uncertainties that remain. These uncertainties include estimate accuracy, actual coal plant closure dates, other jurisdiction exit dates, and escalation of decommissioning costs over time.

The Stipulating Parties agreed to the following:

1. Idaho's incremental decommissioning costs based on the 2020 Decommissioning Studies is \$2,291,178 per year, as detailed in Table No. 1 below.

Table No. 1 - Coal Plant Decommissioning Costs (\$)

Plant	Plant Closure Date	Remaining Life (Years)	2018 Base Decommissioning Costs	2020 Decommissioning Studies	Incremental Decommissioning Costs	Total Company Annual Amount	Idaho Allocated Annual Amount
Hunter	2042	22	50,022,000	109,400,262	59,378,262	2,699,012	159,542
Huntington	2036	16	40,256,000	111,919,004	71,663,004	4,478,938	264,756
Dave Johnston	2027	7	26,095,000	101,989,356	75,894,356	10,842,051	640,887
Jim Bridger	2037	17	52,662,000	156,984,308	104,322,308	6,136,606	362,742
Naughton	2029	9	62,267,000	158,991,849	96,724,849	10,747,205	635,281
Wyodak	2039	19	7,138,000	30,690,185	23,552,185	1,239,589	73,274
Hayden	2030	10	352,000	14,093,486	13,741,486	1,374,149	81,228
Colstrip	2027	7	12,685,000	21,385,311	8,700,311	1,242,902	73,469
		Total	251,477,000	705,453,761	453,976,761	38,760,451	2,291,178

2. The Company will defer Idaho's incremental change in decommissioning expense for one year beginning January 1, 2021 through December 31, 2021.
3. The Company will defer \$190,931.50 each month (one-twelfth of the \$2,291,178 deferral amount) 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 account during the deferral period.

4. The \$2,291,178 deferral amount will be amortized over 15 years beginning with the rate effective date of the Company's next general rate case. Rate base treatment and whether a carrying charge will be included will be determined in the Company's next general rate case.
5. The Company will provide periodic quarterly updates to the 2020 Decommissioning Studies beginning with the quarter ending December 31, 2020, until the Company files its next general rate case. The quarterly updates will report on any actions occurring 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 rate case.
6. Any Party may propose any ratemaking treatment for Idaho's allocation of decommissioning costs in the Company's next general rate case.
7. No Party waives the right to take any position in any other docket, provided that the Party agrees to support the Stipulation.

The Stipulation - Phase II provides the means to recognize and implement the start of recovery for incremental decommissioning costs above those amounts currently recovered through depreciation expense. In recognizing the increased amounts identified in the 2020 Studies, the Stipulation - Phase II allows ratepayers to transition one-year of incremental decommissioning costs over a 15-year amortization period. Although the deferral recognizes the incremental costs for recovery, the Company will not start recovery through rates until completion of the Company's next general rate case. The delay will allow Parties additional time to: 1) understand how the Company and other state jurisdictions are addressing coal plant decommissioning costs; and 2) evaluate alternative ratemaking treatment for Idaho's allocation of decommissioning costs.

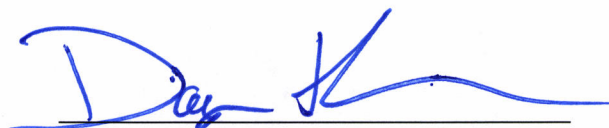
PUBLIC COMMENTS

As of October 13, 2020, the Commission has not received any comments from customers.

STAFF RECOMMENDATION

Staff believes the Stipulation - Phase II represents a fair, just, and reasonable compromise of the issues raised by the parties in the second phase of the case, and therefore recommends the Commission approve the Stipulation - Phase II with its terms and conditions.

Respectfully submitted this ^{14th} day of October 2020.



Dayn Hardie
Deputy Attorney General

Technical Staff: Rick Keller
Joseph Terry
Bentley Erdwurm
Travis Culbertson

i: umisc/comments/pace18.8dhrkjtbetnc comments phase II

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14th DAY OF OCTOBER 2020, SERVED THE FOREGOING COMMENTS OF THE COMMISSION STAFF IN SUPPORT OF PHASE II SETTLEMENT STIPULATION, IN CASE NO. PAC-E-18-08, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

YVONNE R HOGLE
TED WESTON
ROCKY MOUNTAIN POWER
1407 WEST NORTH TEMPLE STE 330
SALT LAKE CITY UT 84116
E-MAIL: yvonne.hogle@pacificorp.com
ted.weston@pacificorp.com

D MATTHEW MOSCON
LAUREN SHURMAN
STOEL RIVES LLP
201 S MAIN ST STE 1100
SALT LAKE CITY UT 84111
E-MAIL: matt.moscon@stoel.com
lauren.shurman@stoel.com

DATA REQUEST RESPONSE CENTER
E-MAIL ONLY:
datarequest@pacificorp.com

RANDALL C BUDGE
THOMAS J BUDGE
RACINE OLSON PLLP
PO BOX 1391
POCATELLO ID 83204
E-MAIL: randy@racineolson.com
tj@racineolson.com

BRUBAKER & ASSOCIATES
16690 SWINGLEY RIDGE RD
#140
CHESTERFIELD MO 63017
E-MAIL: mbrubaker@consultbai.com
kiverson@consultbai.com
b.collings@consultbai.com

ELECTRONIC ONLY
Jim.smith1@bayer.com

ERIC L OLSEN
ECHO HAWK & OLSEN
PO BOX 6119
POCATELLO ID 83205
E-MAIL: elo@echohawk.com

DR LANCE D KAUFMAN
4801 W YALE AVE
DENVER CO 80219
E-MAIL: lance@aegisinsight.com

RONALD L WILLIAMS
WILLIAMS BRADBURY PC
PO BOX 388
BOISE ID 83701
E-MAIL: ron@williamsbradbury.com

ELECTRONIC ONLY
JIM DUKE
IDAHOAN FOODS
E-MAIL: jduke@idahoan.com

ELECTRONIC ONLY
KYLE WILLIAMS
BYU IDAHO
E-MAIL: williamsk@byui.edu


ELECTRONIC ONLY
VAL STEINER
NU-WEST INDUSTRIES INC
E-MAIL: val.steiner@itafos.com

CERTIFICATE OF SERVICE

BENJAMIN J OTTO
ID CONSERVATION LEAGUE
710 N 6TH STREET
BOISE ID 83702
E-MAIL: botto@idahoconservation.org

MATTHEW GERHART
SIERRA CLUB
1536 WYNKOOP ST STE 200
DENVER CO 80202
E-MAIL: matt.gerhart@sierraclub.org

ANA BOYD
SIERRA CLUB
2101 WEBSTER ST STE 1300
OAKLAND CA 94612
E-MAIL: ana.boyd@sierraclub.org


SECRETARY