

1 We are therefore faced with two intergenerational inequities that run in
2 opposing directions to one another. The intergenerational inequity posed by Colstrip
3 3 and 4 benefits previous ratepayers at the expense of the ratepayers of today and
4 tomorrow. The intergenerational inequity posed by the reduction in corporate tax rate
5 benefits the ratepayers of today and tomorrow at the expense of previous generations
6 of ratepayers.

7 This Settlement presents a unique opportunity to resolve these
8 intergenerational inequities, by assigning funds collected from previous generations
9 of ratepayers to cover costs that were not recovered from previous generations of
10 ratepayers.

11

12 **Q. How does Commitment 76 accomplish this?**

13 A. First, ~~all~~ funds available for immediate return to customers (approximately ~~\$16.710.4~~
14 million)²⁰ will be put towards the balance of customer liabilities related to Colstrip 3
15 and 4. This produces an immediate reduction in Net Plant of ~~\$16.710.4~~ million.

16 Second, the Settlement establishes that the depreciation expense for these
17 assets will remain at the current level of approximately \$4.53 million per year,
18 through 2027. The cumulative amount of Net Plant recovered through 2027 will be
19 approximately \$45 million.

20 Third, the Settlement proposes that the remaining portion of customer
21 liabilities (approximately ~~\$52.258.5~~ million) related to Colstrip 3 and 4 are accounted
for

²⁰ ~~This consists of unprotected excess DFIT as well as protected excess DFIT that meets the Average Rate Assumption Method provision and excess taxes collected since January 1, 2018. This consists of unprotected excess DFIT as of December 31, 2017.~~