

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Request of	)	DOCKET NO. UE-021271
	)	
PACIFIC POWER & LIGHT	)	
COMPANY, INC.,	)	
	)	
For an Order Authorizing a Change in	)	
Depreciation Rates Applicable to Electric	)	ORDER AUTHORIZING REVISED
Property.	)	DEPRECIATION RATES
.....	)	

**BACKGROUND**

- 1 On October 1, 2002, Pacific Power & Light Company, Inc., (PacifiCorp or Company) filed with the Commission a depreciation rate study for its plant and equipment requesting revised depreciation rates pursuant to RCW 80.04.350 and WAC 480-09-420. PacifiCorp requests an April 1, 2003, effective date for the revised depreciation rates. The depreciation rate revisions, as proposed by PacifiCorp, would result in an increase in depreciation accruals of \$282,000 annually.
  
- 2 The testimony and depreciation study of Deloitte & Touche, by Donald S. Roff, based on electric property as of March 31, 2002, (“Study”) was concurrently filed in support of the Company’s application. The Study proposes a decrease in total Company annual depreciation expense, for all states combined, of approximately \$0.7 million compared with the level of annual depreciation expense developed by application of the currently authorized depreciation rates to the same plant balances. Washington jurisdictional depreciation expenses would increase by approximately \$282,000 under the Study recommendations. The Study was concurrently filed in Oregon, Idaho, Wyoming and Utah, as well as in Washington.
  
- 3 On April 17, 2003, the Utah Public Service Commission approved a stipulation that addressed PacifiCorp’s depreciation filing in that state. The Utah Stipulation established depreciation rates for production, transmission, and mining plant, as well as distribution and general plant located in Utah. PacifiCorp desires consistent depreciation rates for these properties because production, transmission, and mining plant are allocated system-wide for ratemaking purposes. Therefore, the Company provided copies of the Utah Stipulation to regulators in Oregon, Idaho, Wyoming and Washington and asked each of them to consider adopting the Utah Stipulation depreciation rates for production, transmission and mining plant.

- 4 Staff reviewed the Stipulation and concluded that the depreciation parameters and resulting rates for generating, transmission and mining plant are reasonable and should be authorized by the Commission. In addition to adopting the changes to production and transmission plant depreciation parameters reflected in the Utah Stipulation, Staff reviewed the Study for Washington distribution and general plant and proposed two changes which the Company has accepted.
- 5 The changes to Washington distribution plant depreciation, combined with the elements included in the Utah Stipulation, result in an overall reduction in annual Washington depreciation expense of approximately \$1.3 million, based on March 31, 2002, plant balances. Staff recommends the Commission authorize the revised depreciation parameters and resulting rates shown in Attachment 1 to be effective April 1, 2003.
- 6 The timing of this review is for PacifiCorp's convenience. In order to simplify PacifiCorp's financial reporting, review of PacifiCorp's depreciation rates is undertaken in advance of resolving assignment and allocation of plant to PacifiCorp's Washington operations, and determination of PacifiCorp's Washington rate base. Issues involving plant assignment, plant allocation, and rate base are expected to be resolved in a future filing.
- 7 Review for this filing includes plant that may not be used and useful for PacifiCorp's Washington operations, and may not be assigned or allocated to PacifiCorp's Washington rate base. Review and authorization of depreciation rates for plant in no way implies that that plant is used and useful for PacifiCorp's Washington operations, or that that plant will be assigned or allocated for inclusion in PacifiCorp's Washington rate base.

#### **FINDINGS AND CONCLUSIONS**

- 8 (1) PacifiCorp is engaged in the business of providing electric service within the state of Washington. As a public service company, it is subject to the jurisdiction of the Commission under the provisions of RCW 80.01.040, Chapter 80.04 RCW and Chapter 80.28 RCW.
- 9 (2) The Commission is empowered to ascertain and determine proper and adequate depreciation rates of PacifiCorp's property used in the rendering of retail electric service under the provisions of RCW 80.04.350.

- 10 (3) The PacifiCorp petition included the testimony and depreciation study of Deloitte & Touche, by Donald S. Roff, based on electric property as of March 31, 2002.
- 11 (4) This matter was brought before the Commission at its regularly scheduled meeting on July 31, 2003.

**ORDER**

THE COMMISSION ORDERS:

- 12 The depreciation parameters and the depreciation rates in Attachment 1 are authorized to become effective as of April 1, 2003.
- 13 This Order shall in no way affect the authority of this Commission over rates, services, accounts, allocation factors, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs claimed or asserted.

DATED at Olympia, Washington, and effective this 31st day of July 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner