

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PACIFIC POWER & LIGHT  
COMPANY

For an Order Approving a Change in  
Depreciation Rates Applicable to  
Electric Property

DOCKET UE-180778

ORDER 04

CONTINUING SUSPENSION OF  
PROCEDURAL SCHEDULE;  
REQUIRING FILING

**BACKGROUND**

- 1 On September 13, 2018, Pacific Power & Light Company (Pacific Power or Company) filed with the Washington Utilities and Transportation Commission a petition requesting approval of a proposed change to its depreciation rates applicable to electric property (Petition).
- 2 At the Company's request, the Commission commenced an adjudicative proceeding and convened a prehearing conference on December 20, 2018, to establish a procedural schedule to address the Petition.
- 3 On February 20, 2019, the Company requested that the procedural schedule be suspended and held in abeyance until additional information became available through the Company's Integrated Resource Plan (IRP) stakeholder process.
- 4 On February 22, 2019, the Commission issued Order 03, granting the Company's request to suspend the procedural schedule in this docket and setting a status conference for September 4, 2019.
- 5 On September 4, 2019, the Commission convened a status conference to discuss the procedural schedule going forward. Although the parties did not agree to a process going forward, all parties requested that the Commission continue to suspend the procedural schedule. The parties did not agree on a timeframe.

- 6 Pacific Power requests that the Commission continue to suspend the procedural schedule until after the Company files its general rate case (GRC) as expected on December 13, 2019, at which time the Commission could consider consolidating the Petition with the Company's GRC. The Company also explains that it plans to file an updated IRP on October 18, 2019, and plans to convene a meeting with stakeholders from all six states in which it operates on October 22, 2019. The updated IRP will contain new information regarding the Company's plans for its coal generation facilities in light of recent legislation passed in the states in which it operates. All parties agree that the new information will likely affect the positions taken in this proceeding. The Company stated its belief that the multi-state conference on October 22, 2019, could lead to some resolution of the issues in this proceeding, and that the Company would continue to work towards resolution with the parties.
- 7 Commission staff (Staff) concurs with the Company's request, asserting that it is more efficient to extend the suspension until after the Company's GRC is filed. Staff observes that the Company must already file updates to its Petition to account for both Washington's recently passed Clean Energy Transition Act (CETA) and its IRP, both of which will require responses from the parties. Instead of requiring multiple rounds of updates and responses, Staff argues it would be more efficient for all parties if the Commission would allow the Company to update its Petition just once.
- 8 Staff further argues that consolidating this proceeding with the Company's next GRC will allow the parties to address the issue of accelerated depreciation, which Staff contends the parties are unable to consider in this proceeding.
- 9 The Public Counsel Unit of the Attorney General's Office (Public Counsel) argues against suspending the procedural schedule in this matter until after the Company's GRC filing and, instead, proposes suspending the procedural schedule only until after the Company's October 22, 2019, multi-state conference, after which the Commission could convene another status conference. Public Counsel argues that consolidating the Petition with the Company's next GRC would delay the implementation of depreciation rates affected by CETA, particularly those for the Company's coal assets, until the conclusion of GRC filing, which may be as long as 11 months from the filing date.<sup>1</sup>

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<sup>1</sup> See RCW 80.04.130, stating that the Commission may suspend a tariff change for a period not exceeding 10 months from the initial effective date of the proposed tariff change (which must be at least 30 days after the filing of the proposed tariff change with the Commission). See also RCW 80.28.060.

- 10 Public Counsel next argues that the Company's depreciation study is already stale because the study was based on data from 2017. Public Counsel's argument brings in to question whether the data in the depreciation study would remain relevant if consideration of that data were delayed until the Company's next GRC. In response, the Company explained that the 2017 data used in its depreciation study included forecasted data extending until December 2020. The Company stated that it has no plans to update the data used in its depreciation study.
- 11 Packaging Corporation of America (PCA) concurs with Public Counsel and requests the Commission continue to suspend the procedural schedule in this matter until after October 22, 2019. PCA noted its concern that the rate pressure on customers will amplify if resolution of these issues is delayed, thereby decreasing the time period over which customers would be able to spread any increased costs recovered in rates prior to the 2025 deadline established by CETA.
- 12 Sierra Club argued that the Commission should suspend the procedural schedule until after October 22, 2019, but takes no position regarding whether the procedural schedule should be suspended until the Company's next GRC filing.

### DISCUSSION AND DECISION

- 13 On February 22, 2019, the Commission granted the Company's request to suspend the procedural schedule in Order 03 pursuant to WAC 480-07-385(2)(b), finding that the request was not inconsistent with the public interest or the Commission's administrative needs. Here, we agree with the parties that continuing to suspend the procedural schedule is consistent with the public interest and the Commission's administrative needs. We determine that the procedural schedule in this matter should be suspended until December 2019, and that the Company should be required to file an update to its Petition, as explained below.
- 14 The passage of CETA was unforeseeable at the time the Commission initiated this proceeding. CETA dramatically affects the Commission's considerations regarding coal facilities owned or operated by investor-owned utilities regulated by the Commission. It is important that the Commission have current and updated data to inform its decision regarding the depreciation rates for Pacific Power's coal facilities. It is also important that the Commission consider the efficiencies of evaluating Pacific Power's petition to change the depreciation rates applicable to its electric property, including its coal facilities.

- 15 We find that the Company's proposal to suspend the procedural schedule until December 2019, with which Staff concurs, is appropriate under the circumstances presented here. As Staff explained, the Company must update its Petition and those updates must be considered and responded to by the other parties. These updates include the Company's IRP filing on October 18, 2019, and updates it should make due to CETA requirements. It is substantially more efficient for the Commission, as well as all parties involved, to receive all updates to the Company's Petition prior to requiring the parties to respond. Requiring multiple updates, each of which could alter the underlying bases that justify changes in depreciation rates, would increase the burden on all parties to evaluate and respond. We seek to avoid the confusion and delay caused by such an inefficient handling of the issues presented in this matter.
- 16 We understand and appreciate Public Counsel's and PCA's concerns about delaying the resolution of the issues in this proceeding, particularly for the Company's coal facilities. While the Company included estimates and projections through December 2020 in its depreciation study, the context for those estimates and projections have since been dramatically affected by new legislation.
- 17 The Commission must address CETA's significant impacts on all regulated electric utilities. By requiring the Company to update its depreciation filing, Pacific Power will be among the first utilities to address those impacts. Continuing to suspend the procedural schedule until no later than December 31, 2019, will both improve efficient consideration of the issues presented in this matter and afford the Company reasonable notice and time to conduct the necessary updates to its Petition.
- 18 We require the Company to update its Petition by the earlier of (a) the date of the Company's general rate case filing or (b) December 31, 2019, to include:
- (1) updates to the underlying data upon which the Company's depreciation study is based by using a more recent period;
  - (2) updates to the Company's depreciation filing resulting from its updated IRP; and,
  - (3) updates to the Company's depreciation filing resulting from CETA.
- 19 At this juncture, it is premature to consider consolidating the Petition with the Company's next GRC. Accordingly, we make no such determination. After the Company has made its filing in compliance with this Order, the Commission will issue a notice convening a status conference or a prehearing conference in order to determine the procedural schedule going forward.

### FINDINGS AND CONCLUSIONS

- 20 (1) The Commission is an agency of the state of Washington, vested by statute with authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 21 (2) Pacific Power is engaged in the business of providing electric services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 22 (3) All parties agree that the suspension of the procedural schedule in this matter should be extended.
- 23 (4) The parties disagree as to how long the procedural schedule should be suspended. The Company and Staff believe that the procedural schedule should be suspended until after the Company files its general rate case in December 2019. All other parties advocate for suspending the procedural schedule only until after October 22, 2019.
- 24 (5) The Clean Energy Transition Act has a significant impact on Pacific Power's Petition.
- 25 (6) The Commission and all parties will gain efficiencies in this proceeding by considering a comprehensive update to the Company's depreciation filing, including updates resulting from the Company's IRP and incorporating CETA's impacts.
- 26 (7) Continuing to suspend the procedural schedule is consistent with the public interest and the Commission's administrative needs.
- 27 (8) It is appropriate and reasonable to require the Company to update its Petition. A deadline of December 31, 2019, at the latest, for making an update provides reasonable notice for the Company to comply with the updates required in paragraph 18.
- 28 (9) The Commission should issue an order requiring the Company to update its Petition as described in paragraph 18, and suspending the procedural schedule in this matter until after the Company makes the filing required by this Order.

- 29 (10) The Commission should issue a notice setting a status conference or a prehearing conference to determine a procedural schedule in this proceeding after the Company makes the filing required by this Order.

**ORDER**

THE COMMISSION ORDERS:

- 30 The procedural schedule in this matter is suspended until after Pacific Power and Light Company updates its Petition, as required in paragraph 18, by the earlier of (a) the date of the Company's general rate case filing or (b) December 31, 2019.

DATED at Olympia, Washington, and effective September 11, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ *Andrew J. O'Connell*  
ANDREW J. O'CONNELL  
Administrative Law Judge