

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PACIFICORP, d/b/a Pacific Power & Light  
Company,

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

**DOCKET NO. UE-13 \_\_\_\_\_**

**PETITION OF PACIFICORP**

**I. INTRODUCTION**

1. Pursuant to WAC 480-07-370(1)(b), PacifiCorp, d/b/a Pacific Power & Light Company (PacifiCorp or Company), petitions the Washington Utilities and Transportation Commission (Commission) for an accounting order authorizing a change in depreciation rates applicable to PacifiCorp's depreciable electric plant. The Company requests that the proposed depreciation rates be effective on January 1, 2014.
2. PacifiCorp is an electrical company and public service company in the state of Washington under RCW 80.04.010 and subject to the jurisdiction of the Commission with regard to its retail rates, service, and accounting practices. PacifiCorp also provides retail electricity service in the states of California, Idaho, Oregon, Utah, and Wyoming. PacifiCorp's address is 825 NE Multnomah, Suite 2000, Portland, OR 97232.
3. Communications regarding this Petition should be addressed to:

Mary Wiencke  
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825 NE Multnomah, Suite 1800  
Portland, OR 97232  
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Portland, OR 97205  
Telephone: (503) 595-3924  
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Email: katherine@mcd-law.com

4. Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By email (preferred)

datarequest@pacificorp.com

By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

5. Informal inquiries may be directed to Bryce Dalley, Director of Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

## II. DISCUSSION

6. PacifiCorp files this Petition under RCW 80.04.350, which authorizes the Commission to determine the proper and adequate rates of depreciation of property used in the rendering of retail electric service. Under this statute, the Commission may ascertain and by order fix the proper and adequate rates of depreciation of utility property. Each utility must conform its depreciation accounts to the rates ordered by the Commission.

7. The Company last performed a depreciation study approximately five years ago. The Commission authorized the current PacifiCorp depreciation rates in Order 01 issued in Docket UE-071795 on April 10, 2008. The current rates were effective January 1, 2008.

8. PacifiCorp has performed an updated Depreciation Study and requests authorization to implement the depreciation rates set forth in the Exhibit No. \_\_ (JJS-3). The Depreciation Study has identified changes that have occurred since the Company's last depreciation study, measured the effect of the changes on the recovery of presently surviving capital, and revised the capital recovery rate. The application of the depreciation rate changes based on the Depreciation Study would result in an increase in annual depreciation expense of approximately \$83.9 million (\$160.8 million including the accelerated depreciation

associated with early retirement of the Carbon plant) on a total Company basis, based on projected plant balances as of December 31, 2013. The proposed changes would result in an increase to the Washington jurisdictional depreciation expense of approximately \$0.8 million. The Company proposes to record Depreciation Study recommendations on its books and records beginning with calendar year 2014. The Company has also used these updated depreciation rates to calculate rates in its 2013 general rate case filed on January 11, 2013.

9. In support of this Petition, the Company presents the direct testimony of Henry Lay, Corporate Controller of PacifiCorp. Mr. Lay's testimony, attached as Exhibit No. \_\_ (HEL-1T), summarizes the effect on annual depreciation expense from applying the proposed depreciation rates to depreciable plant balances. Mr. Lay also provides background on the depreciation study process, identifies a number of significant issues considered during the preparation of the Depreciation Study, and calculates the Washington jurisdictional impact of the proposed changes to the depreciation rates. Additionally, Mr. Lay introduces the other Company witnesses providing testimony.

10. The Company also presents the direct testimony of John J. Spanos, Senior Vice President of Gannett Fleming, Inc., as Exhibit No. \_\_ (JJS-1T). Mr. Spanos presents the Depreciation Study, describes how the Depreciation Study was prepared, presents the depreciation rates for which the Company is seeking Commission approval, and discusses the basis for the recommended changes in depreciation rates.

11. Finally, the Company presents the direct testimony of K. Ian Andrews, Manager of Resource Development for PacifiCorp Energy as Exhibit No. \_\_ (KIA-1T). Mr. Andrews' testimony describes the process to evaluate the current plant depreciable lives for steam generating stations and the procedure used to estimate the retirement date for the Company's

gas, wind, and hydroelectric generating resources. He also demonstrates that the estimated retirement dates proposed for the Company's generation plants are reasonable and appropriate for use in the Depreciation Study. Mr. Andrews also explains why the rates the Company proposes to include as terminal net salvage, or "decommissioning costs," in the calculation of depreciation rates for generating plants are reasonable and prudent.

12. For administrative and economic efficiencies, the Company prefers to maintain uniform utility accounts, including depreciation rates, across its six state service territories. To maintain consistent depreciation rates across all states, the Company is also filing the Depreciation Study in Oregon, Utah, Idaho, and Wyoming, and anticipates receiving approval for the same depreciation rates from the states for system-allocated plant. Maintaining consistent depreciation rates across all states is critical to avoid multiple sets of depreciation accounts and records that would impose a costly administrative burden on the Company and unnecessary expense for the Company's customers.

### **III. REQUEST FOR RELIEF**

13. For the reasons described above and in the testimony and exhibits supporting this Petition, PacifiCorp respectfully requests that the Commission issue an order finding:
- a. The Depreciation Study recommendations regarding depreciation rates are proper and adequate depreciation rates for the Company;
  - b. Adoption of the Depreciation Study's recommendations into Washington electric rates will result in fair and reasonable rates and accurately impose costs on those customers for whom such costs are incurred; and

- c. The Depreciation Study's recommended depreciation rates should be reflected in the Company's accounts and records beginning on January 1, 2014.

DATED: January 11, 2013.

Respectfully submitted,



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