

**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

**PACIFIC POWER'S MOTION FOR
CLARIFICATION OF ORDER 04**

I. INTRODUCTION

1 In accordance with WAC 480-07-835, Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, respectfully moves the Washington Utilities and Transportation Commission (Commission) for clarification of Order 04, entered on September 11, 2019. Pacific Power has conferred with other parties to this case, Staff of the Washington Utilities and Transportation Commission (Staff), the Public Counsel Unit of the Attorney General's Office (Public Counsel), Packaging Corporation of America (PCA), and Sierra Club. No party objects to this motion.

II. BACKGROUND

2 Pacific Power filed a petition requesting approval for new depreciation rates on September 13, 2018, seeking implementation of new rates on January 1, 2021. The company's filing was based on a depreciation study using data through December 31, 2017, with projected plant balances as of December 31, 2020. The Commission opened an adjudicative proceeding and established a schedule in Order 01,

issued on December 21, 2018. The schedule reflected Pacific Power's requested effective date of January 1, 2021.

3 On February 20, 2019, Pacific Power moved to suspend the proceeding to allow completion of the company's 2019 Integrated Resource Plan (IRP), which then had a target filing date of August 1, 2019. No party opposed this motion. In Order 02, issued on February 22, 2019, the Commission granted the motion, suspended the procedural schedule, and set a status conference on September 4, 2019.

4 Pacific Power's target filing date for the 2019 IRP is now October 18, 2019. The 2019 IRP will include new information on the projected lives of Pacific Power's coal generation facilities.

5 At the status conference, Staff requested that the Commission consolidate the depreciation proceeding with Pacific Power's upcoming general rate case, now planned for December 13, 2019, given that the requested effective date for both proceedings would be January 1, 2021. Pacific Power supported Staff's proposal to suspend this case until its general rate case filing.

6 Public Counsel asked to extend the suspension of this case until October 22, 2019, after the company's multi-state depreciation conference, and for another status conference. Public Counsel raised concerns about updating depreciable lives to comply with CETA, and the potential rate impact of delaying implementation of new depreciation schedules required to fully depreciate coal assets by 2025. PCA requested that, if the Commission were to further suspend the procedural schedule, that suspension be no later than October 22, 2019. Sierra Club supported an extension until at least

October 22, 2019, and did not take a position on an extension until Pacific Power's rate case filing.

7 The Commission entered Order 04 on September 11, 2019, suspending this case until the earlier of the filing of Pacific Power's general rate case or December 31, 2019. In paragraph 18 of Order 04, the Commission also ordered Pacific Power to make three updates to its filing: (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 from CETA.

8 Pacific Power is fully prepared to update its depreciation filing for its 2019 IRP, to reflect the enactment of CETA, and to capture any other material changes to Pacific Power's initial filing. Pacific Power is unclear, however, about the scope of the update contemplated for the data underlying the depreciation study. This motion seeks clarification limiting that update to Pacific Power's coal generation now serving Washington customers, the Jim Bridger and Colstrip 4 generation units. As outlined below, a broader update to the depreciation study is unnecessary and counter-productive to the goal of expeditiously resolving this case.

III. DISCUSSION

9 Pacific Power files a new depreciation study approximately every five years. The long interval between filings reflects the fact that depreciation rates change relatively slowly over time and are based upon a review of data over very long historical periods (i.e., in some cases, as far back as 1924). It also reflects the practical challenges of

preparing a depreciation study for the company's large system and working to maintain generally uniform depreciation rates across multiple states.

10 In this case, Pacific Power's depreciation study is Exhibit JJS-3 to the testimony of Pacific Power expert witness John J. Spanos. The study is 1422 pages long. The company is currently relying on this study to support its pending depreciation cases in five different jurisdictions.

11 The preparation of an entirely new depreciation study based on a more recent time period would take many months. It could not be completed by December 13, 2019, the timeframe set in Order 04. The production of a new depreciation study would also require the company to refile its depreciation cases in all other states to ensure that depreciation rates across the company's system remained aligned. Because the depreciation study remains fairly recent, an update is not likely to materially change its results. Thus, a new study would ultimately slow the process of resolving the company's depreciation rates in Washington, without appreciably developing the record required for resolution of the key issues in this case.

12 An update to the parts of the depreciation study and forecast addressing the Jim Bridger and Colstrip 4 generation units, however, could be completed in the requisite timeframe. This more limited update of the data underlying the depreciation study and forecast would also provide the information most relevant to the major issues in this case.

IV. CONCLUSION

13 In summary, Pacific Power seeks clarification confirming it can comply with Order 04 by filing an update to the data underlying the depreciation study results and forecast for the Jim Bridger and Colstrip 4 generation units, along with updates reflecting

the results of the 2019 IRP, the enactment of CETA, and any other material changes to the initial filing.

Respectfully submitted this 23rd day of September, 2019.



Katherine A. McDowell
McDowell Rackner & Gibson PC
419 SW 11th Ave., Suite 400
Portland, OR 97205
Telephone: (503) 595-3924
Facsimile: (503) 595-3928
Email: katherine@mrg-law.com

Matthew McVee
Chief Regulatory Counsel
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Phone: (503) 813-5585
Email: matthew.mcvee@pacificorp.com

Attorneys for Pacific Power & Light Company