

1 A.Please state your name, address and position with PacifiCorp.

2 **A. My name is Daniel C. Peterson, and my address is 20<sup>th</sup>**  
3 **Floor, One Utah Center, Salt Lake City, Utah. I am**  
4 **employed by PacifiCorp as a Manager in the Regulation**  
5 **Department.**

6 Q. What is the purpose of this supplemental testimony?

7 A. This supplemental testimony discusses the Company's depreciation expense, and the  
8 effect of including a proposed new depreciation study as part of this proceeding. Mr.  
9 O'Brien's direct testimony noted that our initial filing did not include the effect of  
10 new depreciation rates, which at the time were under review in multiple PacifiCorp  
11 jurisdictions. Mr. O'Brien's testimony indicated that once those proceedings were  
12 resolved, the Company would propose to include the effects of the new depreciation  
13 rates in this filing Exhibit T-\_\_ (RTO-T), p. 4, lines 4-7).

14 Q. Have those proceedings now been resolved?

15 A. Yes. Orders have been received from the Utah and Wyoming Commissions and a  
16 settlement in principle has been reached with the Oregon Staff that will allow  
17 proposed new depreciation rates to become effective in those states.

18 Q. How is the Company proposing to implement its new depreciation rates in  
19 Washington?

20 A. The Company has provided its depreciation study and the Utah stipulation as part of  
21 this proceeding. (Response to Staff Data Request No. 7, provided on January 7,  
22 2000.) In addition, the supporting workpapers for the depreciation study and the  
23 orders from Utah and Wyoming were provided on March 8 to the Commission Staff

1 person assigned to review the depreciation filing. These documents are also available  
2 to all other parties in the case.

3 Q. When were the Company's depreciation rates last considered by the Commission?

4 A. The Company filed revised electric plant depreciation rates in December 1992, and  
5 they were authorized by the Commission to become effective as of January 1, 1993.

6 Q. What is the impact of the new depreciation study on depreciation expense?

7 A. Based on December 31, 1998 plant balances, the depreciation study supports an  
8 increase of approximately \$6.9 million in the Company's annual depreciation expense  
9 in Washington, comprising \$4.7 million relating to transmission, generation, mining  
10 and general plant assets and \$ 2.2 million relating to distribution plant. Consistent  
11 with the treatment in Utah, Wyoming, and Oregon, however, the Company is  
12 proposing that the increase related to transmission, generation, mining and general  
13 plant assets be limited to \$1.2 million in Washington, thereby limiting the total annual  
14 depreciation expense increase to \$3.4 million. The proposed adjustment to  
15 depreciation expense and accumulated depreciation is provided as Exhibit \_\_\_(DCP-  
16 1) to this testimony.

17 Q.

18 Is the Company proposing to increase the level of requested rate relief as a result of  
19 this increase in annual depreciation expense?

20 A. No. The new depreciation study does not change the amount of rate relief the  
21 Company is requesting in this filing. If the Commission approves the depreciation filing and  
22 it is implemented in this proceeding, the effect is that the Company would have established a  
23 revenue requirement deficiency of \$29.2 million. However, we are not proposing to increase

1 the requested rate increase above the \$25.8 million shown in our initial filing.

2 Q. Does this conclude your supplemental testimony?

3 A. Yes, it does.