

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT COMPANY

Petition for an Order Approving a Change in
Depreciation Rates Applicable to Electric
Property.

DOCKET UE-180778

PACIFICORP’S UPDATE TO ITS
PETITION IN COMPLIANCE WITH
ORDER 05

I. INTRODUCTION

1 In accordance with Order 05 issued by the Washington Utilities and
Transportation Commission (Commission), PacifiCorp dba Pacific Power & Light
Company (PacifiCorp or the Company), submits this update to its 2018 depreciation
study filing.

II. BACKGROUND

2 On September 13, 2018, PacifiCorp filed with the Commission a petition
requesting approval of a proposed change to its depreciation rates applicable to electric
property (Petition).

3 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.

4 On February 22, 2019, the Commission issued Order 03 and thereby granted the
Company’s request to suspend the procedural schedule in this docket and set a status
conference for September 4, 2019.

5 On September 4, 2019, the Commission convened a status conference before
Administrative Law Judge Andrew J. O’Connell.

6 On September 11, 2019, the Commission issued Order 04, continuing the suspension of the procedural schedule and requiring the Company to file updates to its depreciation study by the earlier date of its general rate case filing or December 31, 2019.

7 On September 23, 2019, PacifiCorp filed with the Commission a motion for clarification of Order 04. The Company requested clarification from the Commission that the updates to its depreciation study required by Order 04 could be met by filing updates to: the data underlying the depreciation study results and forecast for the coal generation affecting Washington ratepayers (Jim Bridger and Colstrip Unit 4), the effects of PacifiCorp’s 2019 Integrated Resource Plan (IRP),¹ the effects of Washington’s recently passed Clean Energy Transformation Act (CETA),² and any other material changes to its initial filing. The Company argued that a broader update to the depreciation study would be unnecessary and counter-productive to the expeditious resolution of this matter because it would require much more time to complete than what Order 04 prescribes.

8 On October 10, 2019, administrative law judge Andrew J. O’Connell issued Order 05 in this proceeding. Order 05 granted PacifiCorp’s request for clarification and directed PacifiCorp 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 Company’s depreciation filing resulting from its updated IRP;
- (2) Updates to the Company’s depreciation filing resulting from CETA; and

¹ *Pacific Power & Light Company 2019 Integrated Resource Plan*, Docket No. UE-180259, Volume I at ¶¶14–15 (Oct. 18, 2019).

² S.B. 5116, 66th Leg., 2019 Reg. Sess. (Wa. 2019).

- (3) Updates to the underlying data related to the coal generation units serving Washington customers, Jim Bridger and Colstrip Unit 4, and for any material changes to the Company's depreciation filing.

III. DISCUSSION

9 In compliance with Order 05, PacifiCorp files this update to its Petition.

PacifiCorp's 2019 IRP identifies coal unit retirements under the preferred portfolio.

Under the 2019 IRP preferred portfolio, Jim Bridger Unit 1 will retire by the end of 2023.

Jim Bridger Unit 2 will retire by the end of 2028, Jim Bridger Units 3 and 4 will retire by end of 2037. Colstrip Unit 4 will retire by the end of 2027. With the exception of Jim Bridger Unit 1, these dates exceed the statutory requirement under CETA.

10 Under CETA, each electric utility in Washington must eliminate coal-fired resources from its allocation of electricity by December 31, 2025.³ Accordingly, the dates included in the 2019 IRP for Jim Bridger Units 2 through 4 and Colstrip Unit 4 would not comply with the requirements under CETA.

11 Given that an update based solely on PacifiCorp's 2019 IRP would not be in compliance with RCW 19.405.030(1)(a), PacifiCorp is submitting a combined update that includes depreciation rates for Jim Bridger Unit 1 based on the 2019 IRP preferred portfolio retirement date of December 31, 2023, and depreciation rates for Jim Bridger Units 2 through 4 and Colstrip Unit 4 based on the CETA requirement that PacifiCorp eliminate coal-fired resources from its allocation of electricity on or before December 31, 2025.

12 The third requirement of Order 05 directs PacifiCorp to update the underlying data related to the coal generation units serving Washington customers and for any

³ RCW 19.405.030(1)(a).

material changes to the Company's depreciation filing. PacifiCorp recently executed the Washington Inter-Jurisdictional Allocation Methodology (WIJAM) Memorandum of Understanding (MOU) with Staff of the Commission, the Public Counsel Unit of the Washington Attorney General's Office (Public Counsel), and Packaging Corporation of America (PCA).⁴ Per the WIJAM MOU, PacifiCorp is proposing in its general rate case, filed concurrently with this filing, to further accelerate depreciation of all Jim Bridger units and Colstrip Unit 4 to December 31, 2023. PacifiCorp's WIJAM MOU replaces PacifiCorp's current allocation method under the West Control Area Inter-Jurisdictional Allocation Methodology with the WIJAM. PacifiCorp's proposal for a different allocation method is a material change affecting PacifiCorp's depreciation filing. Accordingly, PacifiCorp is including with this filing additional depreciation rates using the depreciable lives for Jim Bridger Units 1 through 4 and Colstrip Unit 4 to December 31, 2023, which are the rates reflected in the Company's general rate case filed concurrently with this compliance filing.

13 The supplemental testimony of Mr. John J. Spanos, Exhibit No. JJS-5T, provides the updated information on depreciation rates for PacifiCorp's coal-fired resources in compliance with the requirements of Order 05. Supplemental testimony from Mr. Steven R. McDougal, Exhibit No. SRM-3T, calculates the impact on the annual depreciation expense allocated to Washington for the coal-fired resources.

⁴ In the WIJAM MOU, PacifiCorp and Commission Staff agreed to support a final depreciation date of December 31, 2020, for Bridger Units 1-4, Colstrip 4, and any transmission assets associated solely with the interconnection of these units to the transmission network. Public Counsel and PCA reserve the right to make an alternative recommendation in the Company's general rate case, submitted simultaneously with this compliance filing.

Respectfully submitted this 13th day of December, 2019.

By: /s/
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