

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET UE-161204
)	
Complainant,)	
)	
v.)	
)	
PACIFIC POWER & LIGHT COMPANY,)	
)	
Respondent.)	
)	
)	
_____)	

EXHIBIT NO. MPG-6

**NET SALVAGE INCLUDED IN
ANNUAL DEPRECIATION EXPENSE**

April 21, 2017

Pacific Power & Light Company

Net Salvage Included in Annual Depreciation Expense

<u>Group</u> (1)	<u>Total Annual Depreciation Expense</u> ¹ (2)	<u>Annual Net Salvage Recovered</u> ² (3)	<u>Percent</u> (4)=(3)/(2)
Production - Total PacifiCorp	\$ 365,344,595	\$ 26,035,546	7.13%
Transmission - Total PacifiCorp	80,462,727	11,098,975	13.79%
Distribution - Washington Only	11,318,557	3,624,244	32.02%
General - Washington Only	<u>1,149,872</u>	<u>(98,288)</u>	<u>(8.55%)</u>
Total	\$ 458,275,751	\$ 40,660,476	8.87%

Source: 1. Exhibit No.____(JJS-3), PacifiCorp 2011 Depreciation Study, Docket No. UE-130052

2. Calculated from net salvage rates included with the approved depreciation rates in Docket No. UE-130052. The amount of net salvage expense recovered through the depreciation rates was calculated by determining, for each account, the portion of the annual depreciation expense that is required to recover the original investment, which is the annual depreciation expense divided by 1 minus the net salvage rate (A negative net salvage rate means the cost of removal exceeds any gross salvage proceeds). That value is subtracted from the total account depreciation expense, which leaves the portion of the annual depreciation expense that is required for net salvage.