

Exhibit No. JJS-5T
Docket UE-180778
Witness: John J. Spanos

**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 & LIGHT COMPANY
SUPPLEMENTAL TESTIMONY OF JOHN J. SPANOS**

December 2019

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1 **Q. Please state your name and address.**

2 A. My name is John J. Spanos. My business address is 207 Senate Avenue, Camp Hill,
3 Pennsylvania, 17011.

4 **Q. Have you previously submitted testimony in this proceeding?**

5 A. Yes. My direct testimony was submitted in September 2018.

6 **Q. On whose behalf are you testifying in this case?**

7 A. I am testifying on behalf of PacifiCorp dba Pacific Power & Light Company
8 (PacifiCorp or the Company).

9 **PURPOSE OF SUPPLEMENTAL TESTIMONY**

10 **Q. What is the purpose of your supplemental testimony?**

11 A. I am sponsoring a depreciation study update for steam production assets related to the
12 Colstrip and Jim Bridger generating facilities. The initial depreciation study
13 performed for PacifiCorp, Exhibit No. JJS-3 set forth the calculated annual
14 depreciation accrual rates by account as of December 31, 2017. Based on these
15 depreciation accrual rates, I recommended depreciation rates using the projected
16 December 31, 2020 plant and reserve balances for approval. The updated
17 depreciation accrual rates set forth historical data as of December 31, 2018, and
18 projected depreciation rates as of December 31, 2020, for steam assets for the
19 Colstrip and Jim Bridger generating plants.

1 **DEPRECIATION STUDY UPDATE**

2 **Q. Can you explain what has changed since the original Depreciation Study was**
3 **filed by PacifiCorp in this proceeding?**

4 A. Yes. The original Depreciation Study was submitted by PacifiCorp in September
5 2018 with actuarial data through December 31, 2017, and projected data through
6 December 31, 2020, based on life parameters as of that time period. Since that time
7 there have been revisions to the probable retirement dates for generating units at
8 Colstrip and Jim Bridger. The changes in probable retirement dates are consistent
9 with the 2019 Integrated Resource Plan (IRP),¹ passage of Washington’s Clean
10 Energy Transformation Act (CETA), and the negotiation of a new inter-jurisdictional
11 cost-allocation methodology for use in Washington (the Washington Inter-
12 Jurisdictional Allocation Methodology). Additionally, the historical 2018 plant and
13 reserve data has been recorded and updated 2019 and 2020 forecasted.

14 **Q. What was the change to probable retirement dates for each generating facility?**

15 A. As stated above, there are two different scenarios that establish different retirement
16 dates for each unit. In scenario 1, the probable retirement date for Jim Bridger Unit 1
17 is changed from 2025 to 2023, consistent with the 2019 IRP. The probable retirement
18 dates for Jim Bridger Units 2–4 were maintained at 2025. The probable retirement
19 date for Colstrip is changed from 2027, as proposed in the initial Depreciation Study
20 filing, to 2025, consistent with the requirement of CETA. In scenario 2, which is
21 consistent with Washington Inter-Jurisdictional Allocation Methodology proposal

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

1 presented in the Company's concurrent general rate case filing, the probable
2 retirement dates for Colstrip and Jim Bridger are 2023.

3 **Q. Were there changes to the data utilized in the depreciation calculations?**

4 A. Yes. The actual historical additions and retirements during 2018 for each account and
5 unit were not exactly the same as the projected data utilized for 2018 in the original
6 depreciation study for these generating units. Also, the updated forecasted data for
7 2019 and 2020 have been revised to reflect the new budgets of the units in the next
8 few years.

9 **Q. Does the change in calculation dates and forecasted data affect any other**
10 **components of the depreciation study update?**

11 A. Yes. There are two additional components that are affected by these changes. First,
12 the bring-forward of the book reserve to December 31, 2020, will change as a result
13 of the new starting point of December 31, 2018, with revised rates and revised
14 forecasted data. Second, the weighted net salvage percentage by unit will change due
15 to the revised probable retirement dates.

16 **Q. Have you prepared updated depreciation schedules which set forth these**
17 **changes?**

18 A. Yes. Exhibit No. JJS-6 sets forth the updated depreciation accrual rates for Colstrip
19 and Jim Bridger assets by account and location as of December 31, 2020, utilizing the
20 scenario 1 parameters. Exhibit No. JJS-7 sets forth the updated depreciation accrual
21 rates for Colstrip and Jim Bridger assets by account and location as of December 31,
22 2020, utilizing the scenario 2 parameters.

1 **Q. Have you prepared any other exhibits?**

2 A. Yes. The detailed schedules that support the depreciation results of Exhibit No. JJS-6
3 and Exhibit No. JJS-7 have been prepared. These schedules consist of the detailed
4 depreciation calculations by account and unit for each scenario as well as the
5 weighted net salvage percentage calculations for each unit for each scenario.

6 **Q. Does this conclude your supplemental testimony?**

7 A. Yes.