

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 456

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RE: Rebuttal Testimony of John J. Spanos, Exh. JJS-4T at 33:15-34:15.

Please refer to Mr. Spanos' Rebuttal Testimony (Exh. JJS-4T) at 33:15-34:15. This excerpt includes a hypothetical example of a Company's depreciation and decommissioning of a power plant.

- a. Does this hypothetical example assume, cited above, that the depreciation rates would not be reviewed over the entire 40-year period that hypothetical plant is in service? Please start the response with a yes or no.
- b. If the response to part (a) is no, please explain when the hypothetical example, cited above, assumes that depreciation rates would be reviewed over the 40-year period.

Response:

- a. Yes. If depreciation rates and accruals are developed in a systematic and rational manner using the straight line method, then the depreciation rates developed in year 1 should allocate the full service value of the assets over their service life of the power plant (assuming the experienced service lives and net salvage match the life and net salvage in forecasted year 1). Ms. McCullar's approach would not do so, as demonstrated on pages 33 and 34 of the Prefiled Rebuttal Testimony of John J. Spanos, Exhibit JJS-4T. Further, her approach would not do so even if the terminal net salvage costs were updated using her method in subsequent depreciation studies.
- b. N/A.