

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UE-130052
)	
Pacific Power & Light Company)	ORDER 01
)	
Petitioner,)	
)	
For An Accounting Order Authorizing a)	ORDER GRANTING ACCOUNTING
Revision to Depreciation Rates)	PETITION
.....)	

BACKGROUND

- 1 On January 11, 2013, Pacific Power & Light Company (PacifiCorp or Company) filed with the Utilities and Transportation Commission (Commission) a petition seeking to revise its Depreciation Rates for Electric Plant under WAC 480-07-370(1)(b) authorizing PacifiCorp to place the new depreciation rates in effect January 1, 2014. The depreciation rates originally filed by the Company would result in an increase of Washington annual depreciation expense by approximately \$792,000.

- 2 PacifiCorp is an electric company and public service company in the state of Washington under RCW 80.04.010 and subject to the jurisdiction of the Commission with regard to its retail rates, service, and accounting practices. PacifiCorp also provides retail electricity service in the states of California, Idaho, Oregon, Utah, and Wyoming. PacifiCorp’s address is 825 NE Multnomah, Suite 2000, Portland, OR 97232.

- 3 PacifiCorp last performed a Depreciation Study (study) approximately five years ago as filed in Docket UE-071795. This updated study is based on December 31, 2013, electric plant balances. The study filed with the petition supports a change to the Company’s existing depreciation rates. The Company also filed petitions in Oregon, Idaho, Utah and Wyoming requesting a revision of its existing depreciation rates in those states. On July 30, 2013, PacifiCorp filed First Supplemental Testimony and a revised study reducing depreciation charges by \$340,000 from its original filing; and given further revisions accepted in other jurisdictions, the Company filed a Second Supplemental testimony and a second revised study on September 20, 2013. The latest revised study decreases Washington jurisdictional depreciation expense by approximately a further \$669,000.

The net result is an overall decrease in total depreciation expense of \$217,000 per year. The depreciation rates and expense captured in the Company's general rate case, UE-130043 were based on the first revised depreciation study. Therefore, upon receiving confirmation of the final depreciation rates in the second revised depreciation study, PacifiCorp will submit a request to defer the incremental reduction to depreciation expense of about \$669,000 until a future general rate case.

4 PacifiCorp desires consistent depreciation rates for production, transmission, distribution, general and mining electric plant because those plant categories are allocated system-wide for ratemaking purposes. Multiple sets of depreciation accounts and records would impose a costly administrative burden on the Company and unnecessary expense for the Company's customers. PacifiCorp allocates depreciation expense to Washington by the West Control Area inter-jurisdictional allocations of production, transmission and mining depreciation expense. The West Control Area factors were approved by this Commission in Order 08, Docket UE-061546 dated June 21, 2007, and confirmed in Order 05 in Docket UE-130043 dated December 4, 2013.

5 After review of the revised depreciation rates, Staff concludes that the depreciation parameters and resulting rates for production, transmission, distribution, general and mining electric plant are reasonable and should be authorized by the Commission.

6 Review of this filing includes electric plant that has not been deemed used and useful by this Commission for PacifiCorp's Washington operations. Future general rate case activity will allow Commission Staff to review the prudence of the Company's expenditures for inter-jurisdictional allocated plant to Washington and direct expenditures for distribution and general plant in Washington.

FINDINGS AND CONCLUSIONS

7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.

- 8 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction.
- 9 (3) WAC 480-07-370(1)(b), allows companies to file petitions including that for which PacifiCorp seeks approval.
- 10 (4) Staff has reviewed the petition in Docket UE-130052 including related work papers.
- 11 (5) Staff believes the proposed accounting order should be issued, adopting the depreciation rates set forth in Attachment 1 to this Order. Staff further believes that the rates are reasonable and should be granted, subject to future review of the electric plant for prudence.
- 12 (6) This matter came before the Commission at its regularly scheduled meeting on December 27, 2013.
- 13 (7) After review of PacifiCorp's petition filed in Docket UE-130052 on January 11, and revised on July 30, and September 20, 2013, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the depreciation rates set forth in Attachment 1 to this Order should be granted.

ORDER

THE COMMISSION ORDERS:

- 14 (1) Pacific Power & Light Company's request to revise its depreciation rates set forth in Attachment 1 to this Order is granted. The rates are effective January 1, 2014.
- 15 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 16 (3) The Commission retains jurisdiction over the subject matter and Pacific Power & Light Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Executive Secretary to enter this Order.

DATED at Olympia, Washington, and effective December 27, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary