

UE-161204 / Pacific Power & Light Company  
March 13, 2017  
CREA Data Request 008

### **CREA Data Request 008**

Please identify all criteria the Company intends to use to establish Fair Market Value under the Net Removal Tariff.

### **Response to CREA Data Request 008**

The Company's proposed Rule 1 defines Fair Market Value as follows:

The price at which Facilities would sell on the open market between a willing buyer and a willing seller as determined by the Company or a Company requested third party appraisal.

When the Company determines Fair Market Value it uses a method designated "Replacement Cost Depreciated." Replacement cost recognizes that the purchaser's alternative to acquiring the existing facilities from Pacific Power is to construct new facilities. The value is reduced by accumulated depreciation in recognition of the fact that the facilities are used.

Replacement cost represents the cost to rebuild the facilities today and is estimated using the Company's standard construction estimating tool.

Accumulated depreciation is calculated by applying the Company's approved depreciation rates, from the year the facilities were installed.

PREPARER: Mark Paul

SPONSOR: TBD