

UE-152253 / Pacific Power & Light Company  
February 5, 2016  
PC Data Request 64

### **PC Data Request 64**

#### **Re: Pro Forma Major Plant Additions.**

Please refer to the response to Public Counsel Data Request No. 21.

- (a) Please provide the amount of depreciation expense included in the actual test year and in the adjusted test year on a total Company and a Washington Jurisdictional basis for the retired plant assets identified in the Confidential attachment to the response.
- (b) Does the Company agree that the depreciation expense included in the adjusted test year associated with the retired plant assets identified in the Confidential response should be removed? If no, explain in detail why not.
- (c) If not already included in the \$4.1 million of Jim Bridger Unit 4 SCR project retirements identified in the response, please provide the projected amount of plant retirements that will result from the Jim Bridger Unit 4 overhaul projects and provide the amount of depreciation expense included in the adjusted test year associated with these additional overhaul project related retirements. The response should only include retirements not already incorporated in the \$4.1 million projection included in the response.
- (d) Please provide the amount of depreciation expense included in the actual test year and in the adjusted test year on a total Company and a Washington Jurisdictional basis associated with the \$4.1 million projected retirement to be recorded as a result of the Jim Bridger Unit 4 SCR project.
- (e) Since the Company is adding the Jim Bridger Unit 4 Overhaul and SCR Installation Project as a year-two incremental revenue requirement adjustment, does the Company agree that the amount included in the adjusted test year depreciation expense associated with the assets that will be retired as a result of these projects should be removed as part of the year-two revenue requirement adjustment? If no, explain, in detail, why not.

### **Response to PC Data Request 64**

- (a) Please refer to Attachment PC 64 for the amount of depreciation expense included in actual test year and in the adjusted test year on a total-company basis and a Washington-allocated basis for the retired plant assets identified in the Company's response to Public Counsel Data Request 21; specifically Confidential Attachment PC 21.
- (b) Yes, for purposes of this proceeding, the Company agrees that depreciation expense associated with retirements related to the installation of pro forma capital additions should be removed from test year results. However, the removal of retired plant depreciation expense as identified in Attachment PC 64 will not result in a reduction to the Company's requested revenue

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requirement increase of \$10.3 million, because the revenue requirement increase, as calculated by the company's revenue requirement models, exceeded \$10.3 million, the excess of which the Company did not request as part of the current filing.

- (c) The Company does not forecast retirements. Instead, equipment is considered to be retired when an asset replacing the equipment to be replaced is placed in service. The \$4.1 million of Jim Bridger Unit 4 selective catalytic reduction (SCR) project retirements identified is the Company's best estimate at present. There are no further retirement amounts to be provided.
- (d) Please refer to Attachment PC 64 for amount of depreciation expense included in the actual test year and in the adjusted test year on a total-company basis and a Washington-allocated basis associated with the \$4.1 million projected retirement to be recorded as a result of the Jim Bridger Unit 4 SCR project.
- (e) Yes, the Company agrees that the amount included in the adjusted test-year depreciation expense associated with the Jim Bridger Unit 4 Overhaul and SCR Installation Project assets that will be retired should be removed from year-two revenue requirement adjustment. However, the removal of retired plant depreciation expense as identified in Attachment PC 64 will not result in a reduction to the Company's year-two requested revenue requirement increase of \$10.3 million, because the revenue requirement increase, as calculated by the revenue requirement model, exceeded \$10.3 million, the excess of which the Company did not request as part of the current filing.

PREPARER: Shelley McCoy

SPONSOR: Shelley McCoy

WA UE-152253  
PC 64

**WA UE-152253**  
**PC 64a and 64d**

	Retirement Amount	Depreciation Rate	Annual Depreciation		Factor	Factor %	Washington Allocated
			Expense	Expense			
<b>Jim Bridger Unit 3 Overhaul Retirements:</b>							
Account 312	4,648,682	2.86%	132,952	JBG	22.437%	29,830	
Account 314	5,252,603	3.36%	176,487	JBG	22.437%	39,598	
			<u>309,439</u>			<u>69,429</u>	

**Jim Bridger Unit 4 SCR project:**  
Account 312

4,092,126	2.86%	117,035	JBG	22.437%	26,259
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