

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

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|---------------------------------------|---|---------------------------|
| In the Matter of the Petition of |) | DOCKET UE-071795 |
| |) | |
| PACIFICORP, d/b/a PACIFIC POWER |) | ORDER 01 |
| |) | |
| Petitioner, |) | |
| |) | |
| For An Accounting Order Authorizing a |) | ORDER GRANTING ACCOUNTING |
| Revision to Depreciation Rates |) | PETITION |
| |) | |

BACKGROUND

1 On August 31, 2007, PacifiCorp, d/b/a Pacific Power, (Pacific Power 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 Pacific Power to place the new depreciation rates in effect January 1, 2008. The depreciation rates filed by the Company would result in a reduction of Washington annual depreciation expense by approximately \$1.2 million.

2 Pacific Power is an electrical company and public service company doing business in the state of Washington and is subject to the jurisdiction of the Commission with regard to its public utility operations, retail rates, service and accounting practices. The Company also provides retail electric service under the name Pacific Power in Oregon and California and under the name Rocky Mountain Power in Utah, Wyoming and Idaho.

3 Pacific Power performs depreciation studies (Study) every five years. The Study was based on December 31, 2006, electric plant balances. The depreciation study filed with the petition supports a change to the Company's depreciation rates. The Company also filed petitions in Oregon, Idaho, Utah and Wyoming requesting a revision of its existing depreciation rates in those states. The Study proposes a decrease in total Company' annual depreciation expense of approximately \$30.6 million (0.22 percent decrease from the current composite depreciation rate of 2.91 percent).

- 4 The Company negotiated with the Commission Staff of the five states in which it petitioned. A stipulation between the Company and Commission Staffs was reached for production, transmission and mining electric plant. Distribution and general electric plant rates were negotiated with Commission Staff in each state. Pacific Power desires consistent depreciation rates for production, transmission and mining electric plant because those plant categories are allocated system-wide for ratemaking purposes. The West Control Area factors were used for inter-jurisdictional allocations of production, transmission and mining depreciation expense to Washington. The West Control Area factors were approved by this Commission in Order 08 Docket UE-061546 dated June 21, 2007.
- 5 After review of the stipulated depreciation rates, Staff concludes that the depreciation parameters and resulting rates for production, transmission and mining electric plant are reasonable and should be authorized by the Commission. Staff also reviewed the Study depreciation parameters for Washington distribution and general plant. Staff proposed a modification to Pacific Power's proposed Washington distribution plant depreciation rates. The Company accepted Staff's changes. The results are that in Washington the annual depreciation expense will decrease approximately \$1.8 million (approximately .31 percent on a total Company composite depreciation rate basis).
- 6 Review of this filing includes electric plant that has not been deemed used and useful by this Commission for Pacific Power'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) Pacific Power 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 Pacific Power seeks approval.
- 10 (4) Staff has reviewed the petition in Docket UE-071795 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 April 10, 2008.
- 13 (7) After review of Pacific Power's petition filed in Docket UE-071795 on August 31, 2007 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) PacifiCorp, dba Pacific Power request to revise its depreciation rates set forth in Attachment 1 to this Order is granted. The rates are effective January 1, 2008.
- 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 PacifiCorp, dba Pacific Power 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 April 10, 2008.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary