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November 13, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

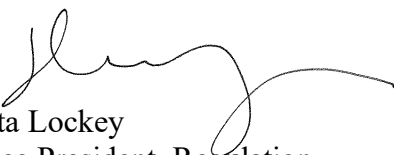
Attn: Filing Center

RE: UE 374—Response to ALJ Bench Requests 1 - 2

Pursuant to Administrative Law Judge (ALJ) Alison Lackey's Ruling of November 6, 2020, enclosed for filing in this docket are the Responses to ALJ Bench Request Nos. 1 and 2. Also enclosed is Attachment ALJ Bench Request 2.

Please direct any questions regarding this filing to Cathie Allen at (503) 813-5934.

Sincerely,



Etta Lockey
Vice President, Regulation

Enclosures

UE 374/PacifiCorp
November 13, 2020
ALJ Bench Request 1

ALJ Bench Request 1

Refer to Exhibit Staff/1500, Anderson/7-8. In addition to the testimony explaining the 2025 Exit Dates in the 2020 Protocol for Jim Bridger Units 2-4, please provide any existing analysis supporting those Exit Dates.

Response to ALJ Bench Request 1

PacifiCorp and Staff have conferred on this Bench Request 1 and respond as follows:

There is no other analysis. These Exit Dates were a negotiated outcome from the multi-state process and the 2020 Protocol and were based on the existing Oregon depreciable lives.

ALJ Bench Request 2

Refer to Exhibit 1602 (September 13, 2018 UM 1968 depreciation study). Provide a recalculation of test year depreciation expense for the company's coal-fired resources based on the September 13, 2018 UM 1968 depreciation study, revising depreciable lives based on the Exit Dates in the 2020 Protocol. Provide the total increase in depreciation expense as compared to current rates and the revenue requirement impact.

Response to ALJ Bench Request 2

In the Company's surrebuttal filing in docket UE 374, the Company included depreciation rates for coal-fired resources based on the depreciation study filed in docket UM 1968 on September 13, 2018 (2018 Depreciation Study), and the Exit Dates in the 2020 Protocol. The non-coal depreciation rates included in the Company's surrebuttal filing are per the agreed-to settlement of the 2018 Depreciation Study. Exhibit PAC/4402 in the surrebuttal filing, specifically, adjustments 6.1_SR and 6.2_SR – Depreciation and Amortization Expense and Reserve, included these depreciation rates. The Excel file was included in the confidential workpapers provided with the Company's surrebuttal filing. Attachment ALJ Bench Request 2 provided with this response, pulls out the coal-fired steam depreciation expense increase included in the adjustment in the rate case due to the change in steam depreciation rates as compared to current depreciation rates and was included on page 6.1.2_SR in Exhibit 4402.

As shown on Tab "6.1.6-6.1.7_SR" of the attachment, total-company test period depreciation expense for coal resources is \$455,185,380. Also shown on this tab is the increase in depreciation expense over current depreciation rates of \$125,472,377. The Oregon allocation of \$32,651,216 in increased depreciation expenses is calculated on Tab "6.1.2_SR." The revenue requirement impact of this increase is \$33,712,694.

Please note, there are two exceptions to the use of Exit Dates in calculating the depreciation rates for coal-fired resources in the Company's surrebuttal position and in the attachment to this response.

First, the 2020 Protocol sets an Exit Date of January 1, 2023, for Cholla Unit 4. However, as this resource will be retired December 31, 2020, depreciation expense for Cholla Unit 4 is not included in this general rate case.

Second, the 2020 Protocol does not set forth an Exit Date for Hayden Units 1 and 2. Therefore, Oregon's current depreciable life of December 31, 2023, was used in calculating the depreciation rate for these units.

**PacifiCorp
Oregon General Rate Case - December 2021
Attachment Bench Request #2**

The information below was included in witness Shelley McCoy's Exhibit 4402 in UE-374.
The excel file which includes the calculations (file called 6.1_SR & 6.2_SR - Depr & Amort Expense & Reserve_CONF)
was included in the Confidential workpapers provided with the Company's surrebuttal filing.

Adjustment to Proposed Depreciation Study Rates

PAGE 6.1.2_SR

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>OREGON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Steam Depreciation Expense	403SP	3	21,194,885	SG	26.023%	5,515,467	
Steam Depreciation Expense	403SP	3	13,725,646	SG	26.023%	3,571,774	
Steam Depreciation Expense	403SP	3	90,551,846	SG	26.023%	23,563,974	
			<u>125,472,377</u>			<u>32,651,216</u>	6.1.7_SR

Description of Adjustment:

This adjustment reflects the incremental depreciation expense for the proposed depreciation study rates. The depreciation expense is calculated by applying the proposed composite depreciation rates to the December 2020 projected plant balances. The Company's application to implement revised depreciation rates was filed September 13, 2018, under Docket No. UM 1968. This adjustment is subject to change depending on the outcome of that docket.

The incremental decommissioning costs related to the January 2020 Decommissioning Study is not included in this adjustment. The depreciation expense is calculated by applying the proposed composite depreciation rates to the December 2020 projected plant balances.

PacifiCorp
Oregon General Rate Case - December 2021
Depreciation and Amortization Expense Summary

Description	Account	Factor	Existing Rates Dec 2020 Expense	Proposed Rates Dec 2020 Expense	Adjustment to Proposed Depreciation Rates
DEPRECIATION EXPENSE					
Steam Production Plant - Coal:					
Pre-merger Pacific	403SP	SG	46,484,878	67,679,763	21,194,885
Pre-merger Utah	403SP	SG	39,066,942	52,792,588	13,725,646
Post-merger	403SP	SG	244,161,183	334,713,029	90,551,846
Total Coal Steam Plant			329,713,003	455,185,380	125,472,377