

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )**  
**PACIFICORP FOR AN ORDER AUTHORIZING ) CASE NO. PAC-E-02-5**  
**A CHANGE IN DEPRECIATION RATES )**  
**APPLICABLE TO ELECTRIC PROPERTY )**  
**) NOTICE OF APPLICATION**  
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YOU ARE HEREBY NOTIFIED that on October 1, 2002, PacifiCorp dba Utah Power & Light Company (PacifiCorp; Company) filed an Application with the Idaho Public Utilities Commission (Commission) seeking an Order authorizing a change in the depreciation rates applicable to PacifiCorp's depreciable electric property. This change, the Company states, is for accounting purposes only. PacifiCorp intends to seek approval of the requested changes for ratemaking purposes in a future rate case. Pursuant to *Idaho Code* § 61-525, the Commission is empowered to determine the proper depreciation rates of property used to provide retail electric service. The Company requests that the depreciation rate changes become effective as of April 1, 2002.

**THE APPLICATION**

The accounting changes proposed in the Application are supported by the prefiled testimony of three PacifiCorp witnesses. The Company's first witness is Mr. Donald S. Roff of Deloitte & Touche LLP, who prepared PacifiCorp's Depreciation Study ("D&T Study"). The purpose of the D&T Study was to identify the changes that have occurred since the last PacifiCorp depreciation study, to measure the effect of the changes on the recovery of presently surviving capital, and to properly revise the capital recovery rate. If approved, the proposed depreciation rate changes will decrease the annual depreciation expense by \$732,000 on a total Company basis. The composite depreciation rate of 3.11% for the Company's electric plant will not change. Based on depreciable plant balances as of March 31, 2002, the proposed changes specific to the Idaho jurisdiction would increase the depreciation expense by approximately \$612,000.

PacifiCorp's Application is also supported by the prefiled testimony of Ms. Kathryn C. Hymas, PacifiCorp's Managing Director and Corporate Business Services Controller. She

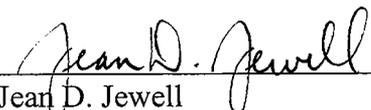
provides testimony addressing the depreciation rates the Company proposes for both financial reporting and ratemaking purposes. Ms. Hymas also provides background information that describes the depreciation process, identifies a number of significant issues considered during preparation of the D&T Study, and addresses the Company's confidence in the integrity of the accounting data relied on by Mr. Roff.

Mr. Barry G. Cunningham, PacifiCorp's Senior Vice-President of Generation, explains the process used to develop estimated life spans for the Company's thermal and hydroelectric generating plants. Mr. Cunningham also explains the reasons for including terminal net salvage in the steam generating plant depreciation rates and addresses the inclusion of decommissioning and removal costs for PacifiCorp's Condit and American Fork Hydroelectric plants. Lastly, Mr. Cunningham explains why depreciation of water rights acquired for the operation of steam generating plants is appropriate for ratemaking purposes.

YOU ARE FURTHER NOTIFIED that Commission Staff contends that the depreciation rate change proposed in this Application could substantially impact the multi-state cost recovery issues under consideration in Case No. PAC-E-02-3. In order to efficiently review the Application, Staff recommends that the Commission wait to establish further procedure for processing this case until the depreciation rate issue is more fully developed at the multi-state level. The Commission has been apprised that this proposed procedure is acceptable to the Company.

YOU ARE FURTHER NOTIFIED that the Application in Case No. PAC-E-02-5 can be reviewed at the Commission's office and at the Idaho offices of PacifiCorp in Rexburg, Preston, Shelley and Montpelier during regular business hours.

DATED at Boise, Idaho this 7<sup>th</sup> day of November 2002.

  
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Jean D. Jewell  
Commission Secretary

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