

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: WELDON STUTZMAN

DATE: SEPTEMBER 24, 2007

**SUBJECT: CASE NO. PAC-E-07-14
APPLICATION OF ROCKY MOUNTAIN POWER FOR AN ORDER
AUTHORIZING A CHANGE IN DEPRECIATION RATES**

On August 31, 2007, Rocky Mountain Power, a division of PacifiCorp, filed an Application requesting an Order authorizing a change in depreciation rates for electric property. The Company seeks an effective date for the depreciation rate change of January 1, 2008.

Rocky Mountain's Application states that its last depreciation rate application was filed in October 2002, and in May 2003 the Company entered into a stipulation with the Staff regarding the depreciation rates. The stipulation included a commitment that the Company perform another depreciation study within five years. Accordingly, the Company retained a depreciation consultant and prepared a depreciation study. The study proposes a reduction to the current composite depreciation rate of 2.91% for the Company's electric utility plant, resulting in a new composite depreciation rate of 2.69%. The effect of applying the recommended depreciation rates to the Company's depreciable plant balances would result in a decrease in depreciation expense of approximately \$3.5 million to plant balances allocated to the Idaho jurisdiction. The Company requests that its Application be processed by Modified Procedure.

Staff believes that processing the case by Modified Procedure may be appropriate, but also believes the comment period should come after Staff and other interested parties have an opportunity to review the Company's Application and discuss specific depreciation rates with the Company. Accordingly, Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure, but without establishing a comment period deadline. Staff

also recommends the notice include a Notice of Opportunity to Intervene. After the intervention period, Staff will convene workshops with the Company and other parties, which may result in an agreement on depreciation rates. After conclusion of the workshops, a Notice of Comment Period can be issued. Although this process may extend the case beyond January 1, 2008, the Commission Order approving any changes to depreciation rates can be made effective as of January 1, 2008, even if the Order is issued after that date.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Modified Procedure, and Notice of Opportunity to Intervene, and then later issue a Notice of Comment Period Deadline sometime after Staff and the Company have discussed depreciation rates in workshops?



Weldon Stutzman

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