

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL

DATE: JANUARY 30, 2008

SUBJECT: CASE NO. PAC-E-07-14
PACIFICORP DBA ROCKY MOUNTAIN POWER'S APPLICATION
FOR AN ORDER TO CHANGE DEPRECIATION RATES

On August 31, 2007, PacifiCorp dba Rocky Mountain Power filed an Application requesting an Order authorizing a change in depreciation rates for electric property. The Company requested the depreciation rate change be effective as of January 1, 2008. The Application states that the Company's 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 Rocky Mountain perform another depreciation study within five years. The Company retained a depreciation consultant and prepared a depreciation study, which resulted in the current Application. The study proposed 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 depreciation rates proposed in the Application would result in a decrease in depreciation expense of approximately \$3.5 million to plant balances allocated to the Company's Idaho operations.

On October 3, 2007, the Commission issued a Notice of Application and Notice of Intervention Deadline. The Notice stated that the Company requested its Application be processed by Modified Procedure, but the Commission stated it would determine after the Company and Staff review the proposed depreciation rates in workshops whether Modified Procedure would be appropriate.

On January 30, 2008, the Company and Staff filed a Stipulation on Rocky Mountain Power's Application to change depreciation rates. The Stipulation sets forth new depreciation rates for Rocky Mountain's depreciable electric plant. The proposed depreciation rates applied to plant balances as of December 31, 2006, result in a decrease of approximately \$4 million in Rocky Mountain Power's annual depreciation expense for its Idaho jurisdiction operations. The Stipulation provides that if approved by the Commission the depreciation rates set forth in the Stipulation should become effective as of January 1, 2008.

Commission Rule of Procedure 274 states that "the Commission may summarily accept settlement of an essentially private dispute that has no significant implications for regulatory law or policy or for other utilities or customers upon the written request of the affected parties." The depreciation rates for Rocky Mountain Power's electric plant are essentially a private matter and have no significant implications for other utilities or regulatory law or customers. Accordingly, the Stipulation asks that the Commission simply issue an Order approving the Stipulation and adopt the terms and conditions of the Stipulation without further procedure.

Staff recommends that the Commission issue an Order approving the Stipulation on Rocky Mountain Power's Application to change depreciation rates, and direct that the new depreciation rates in the Stipulation are effective as of January 1, 2008.

COMMISSION DECISION

Should the Commission issue an Order approving the Stipulation on Rocky Mountain Power's Application to change depreciation rates, making the new depreciation rates effective as of January 1, 2008?



Weldon Stutzman
Deputy Attorney General

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