



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

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201 South Main, Suite 2300
Salt Lake City, Utah 84111

January 22, 2013

IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: Case No. PAC-E-13-02
In the Matter of Rocky Mountain Power's Application for an Order Authorizing
Changes in Depreciation Rates Applicable to Electric Property**

Dear Ms. Jewell:

Rocky Mountain Power, a division of PacifiCorp, hereby submits for filing an original and nine (9) copies of its Application, testimony, and exhibits in the above-referenced matter.

All formal correspondence and regarding this Application should be addressed to:

Ted Weston
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Fax: (801) 220-2798
Email: ted.weston@pacificorp.com

Daniel E. Solander
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Fax: (801) 220-3299
Email: daniel.solander@pacificorp.com

Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail:
Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232

Idaho Public Utilities Commission

January 22, 2013

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Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

A handwritten signature in black ink that reads "Jeffrey K. Larsen" followed by a diagonal slash and the initials "PBD". The signature is written in a cursive, somewhat stylized font.

Jeffrey K. Larsen

Vice President, Regulation & Government Affairs

Daniel E. Solander (ISB # 8931)
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
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E-mail: daniel.solander@pacificorp.com

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UTILITIES COMMISSION

Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)
POWER'S APPLICATION FOR AN ORDER) CASE NO. PAC-E-13-02
AUTHORIZING CHANGES IN DEPRECIATION)
RATES APPLICABLE TO ELECTRIC PROPERTY)

**APPLICATION FOR A CHANGE IN DEPRECIATION RATES
APPLICABLE TO ELECTRIC PROPERTY**

Rocky Mountain Power, a division of PacifiCorp (the "Company"), pursuant to Section 61-525 of the Idaho Code and Rule 52 of the Idaho Public Utilities Commission ("Commission") Rules of Procedure hereby respectfully applies to the Commission for approval of proposed changes to depreciation rates applicable to Rocky Mountain Power's depreciable electric plant. The Company requests that the proposed depreciation rates be effective on January 1, 2014. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a public utility in the state of Idaho 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 electricity service under

the name Rocky Mountain Power in the states of Utah and Wyoming and under the name Pacific Power in the states of Oregon, Washington and California.

2. Communications regarding this Application should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
E-mail: ted.weston@pacificorp.com

Daniel E. Solander
Senior Counsel
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
Rocky Mountain Power
E-mail: daniel.solander@pacificorp.com

In addition, Rocky Mountain Power requests that all data requests regarding this matter be sent in Microsoft Word or plain text format addressed to:

By email (preferred) datarequest@pacificorp.com

Or by regular mail to: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

3. The Commission is empowered to ascertain and determine the proper and adequate rates of depreciation of the Company's property used in the rendering of retail electric service under the provisions of Section 61-525 of the Idaho Code. Each utility under the Commission's jurisdiction is required to conform its depreciation accounts to the rates ascertained and determined by the Commission. The Commission may make changes in such rates of depreciation from time to time.

4. The Company's last depreciation application, Case No. PAC-E-07-14, was

filed by the Company on August 31, 2007, and was approved by the Commission in Order No. 30499, issued February 8, 2008, with rates effective January 1, 2008.

5. The Company has performed an updated depreciation study (the "Depreciation Study") and requests authorization to implement the depreciation rates set forth in the Exhibit No. 3. The Depreciation Study has identified changes that have occurred since the Company's last depreciation study, measured the effect of the changes on the prudent recovery of presently surviving capital, and is proposing revisions to the depreciation rates. The application of the depreciation rate changes based on the Depreciation Study would result in an increase in annual depreciation expense of approximately \$83.9 million (\$160.8 million including the accelerated depreciation associated with early retirement of the Carbon plant) on a total Company basis, based on projected plant balances as of December 31, 2013. The proposed changes would result in an estimated increase to the Idaho jurisdictional depreciation expense of approximately \$4.5 million (\$8.9 million including the early retirement of the Carbon plant). The Company proposes to record the Depreciation Study's recommendations on its books and records beginning January 1, 2014.

6. In support of this Application, the Company presents the direct testimony of Henry E. Lay, Corporate Controller of PacifiCorp. Mr. Lay's testimony summarizes the effect on annual depreciation expense from applying the proposed depreciation rates to depreciable plant balances. Mr. Lay also provides background on the Depreciation Study process, identifies a number of significant issues considered during the preparation of the Depreciation Study, and calculates the Idaho jurisdictional impact of the proposed changes to the depreciation rates. Additionally, Mr. Lay introduces the other Company witnesses providing testimony.

7. The Company also presents the direct testimony of John J. Spanos, Senior Vice President of Gannett Fleming, Inc. Mr. Spanos testimony is supported by Exhibit No. 3 which is the Depreciation Study, he describes how the Depreciation Study was prepared, presents the depreciation rates for which the Company is seeking Commission approval, and discusses the basis for the recommended changes in depreciation rates.

8. Finally, the Company presents the direct testimony of K. Ian Andrews, Manager of Resource Development for PacifiCorp. Mr. Andrews' testimony describes the process to evaluate the current plant depreciable lives for steam generation plants and the procedure used to estimate the retirement date for the Company's gas, wind, and hydroelectric generation resources. He also demonstrates that the estimated retirement dates proposed for the Company's generation plants are reasonable and appropriate for use in the Depreciation Study. Mr. Andrews also explains why the rates the Company proposes to include as terminal net salvage, or "decommissioning costs," in the calculation of depreciation rates for generating plants are reasonable and prudent.

9. For administrative and economic efficiencies, the Company prefers to maintain uniform utility accounts, including depreciation rates, across its six state service territories. To maintain consistent depreciation rates across its states, the Company is also filing the Depreciation Study in Oregon, Utah, Wyoming, and Washington. Accordingly, the Company requests that the Commission issue a Notice, and establish a procedural schedule that will allow for review of this Application in time for updated depreciation rates to go into effect January 1, 2014.

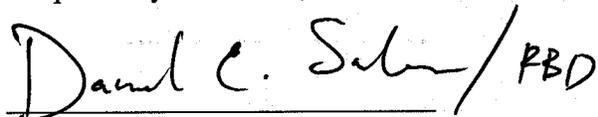
III. REQUEST FOR RELIEF

10. For the reasons described above and in the testimony and exhibits supporting this Application, PacifiCorp respectfully requests that the Commission issue an order finding:

- a. The Depreciation Study recommendations regarding depreciation rates are proper and adequate depreciation rates for the Company;
- b. Adoption of the Depreciation Study's recommendations into Idaho electric rates will result in fair and reasonable rates and accurately impose costs on those customers for whom such costs are incurred; and
- c. The Depreciation Study's recommended depreciation rates should be reflected in the Company's accounts and records beginning on January 1, 2014.

DATED: January 22, 2013.

Respectfully submitted,



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