

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1329

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	BENCH REQUEST
)	
Petition to File Preliminary Depreciation Study.)	

On February 15, 2008, PacifCorp, dba Pacific Power (Pacific Power), and the Staff of the Public Utility Commission of Oregon (Staff) filed a stipulation in the above-captioned docket. Under the terms of the stipulation, Pacific Power’s proposed depreciation rates would decrease its annual Oregon jurisdictional depreciation expense by approximately \$16.1 million.¹ Pacific Power and Staff assert that this change in Pacific Power’s depreciation rates is fair, just, and reasonable.

A substantial portion of the decrease in Pacific Power’s depreciation expense is the result of the stipulating parties’ agreement to increase the depreciable lives of Pacific Power’s coal-fired generating plans to 61 years for most plants and 64 years for the Carbon plant. In calculating the depreciable lives, Pacific Power apparently did not consider the potential for environmental regulations to make it economic to retire a coal-fired generating plant early.

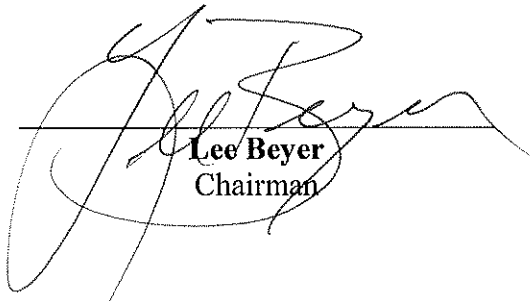
After a review of the stipulation and supporting testimony, the Commission concludes that there is insufficient information to determine whether the increase in the depreciable lives for Pacific Power’s coal-fired generating plants is fair, just, and reasonable. We therefore request that Pacific Power respond to the following questions by April 25, 2008:

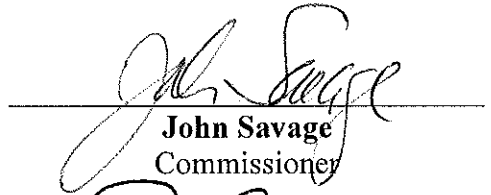
1. What are the current depreciable lives for Pacific Power’s coal-fired generating plants?
2. What is the basis for the extension in the depreciable lives for Pacific Power’s coal-fired generating plants?


¹ At this time, the change in depreciation rates is for accounting purposes only.

3. Describe any analysis Pacific Power performed regarding the effect of environmental regulations on the economic lives of Pacific Power's coal-fired generating plants and the significance of that analysis in calculating depreciable lives.
4. Given that increased environmental regulation of coal-fired generating plants is probable and may make it economic to retire at least some of those plants early, is it appropriate for the Commission to permit Pacific Power to increase the depreciable lives for its coal-fired generating plants?

Dated this 8th day of April, 2008, at Salem, Oregon.


Lee Beyer
Chairman


John Savage
Commissioner


Ray Baum
Commissioner

