

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON  
AHD REPORT  
PUBLIC MEETING DATE: August 11, 2015

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: July 31, 2015

TO: Public Utility Commission

FROM: Diane Davis

THROUGH: Michael Grant, Patrick Power, Marc Hellman, Ming Peng

SUBJECT: OREGON PUBLIC UTILITY COMMISSION ADMINISTRATIVE  
HEARINGS DIVISION: (Docket No. AR 588) Adopt new permanent rule  
OAR 860-027-0350, Depreciation Study Requirements for Energy Utilities.

**AHD RECOMMENDATION:**

Adopt the rule as proposed.

**DISCUSSION:**

This rulemaking requires a regulated energy utility to file a new depreciation study with the PUC no less frequently than once every five years. While the regulated energy utilities are generally already meeting this requirement; the rule will help to ensure adequately updated information when considering the effect of depreciation on the revenue requirement of an energy utility.

**PROPOSED COMMISSION MOTION:**

Adopt new rule 860-027-0350 as set forth in Appendix A of the attached draft order.

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

AR 588

In the Matter of Depreciation Study  
Requirements for Energy Utilities.

ORDER

DISPOSITION: RULE ADOPTED

**I. INTRODUCTION**

In this order, we adopt OAR 860-027-0350 to require regulated energy utilities to file depreciation studies no less frequently than once every five years.

**II. PROCEDURAL HISTORY**

On May 26, 2015, we filed a Notice of Proposed Rulemaking Hearing and Statement of Need and Fiscal Impact for this rulemaking with the Secretary of State. On May 27, 2015, we provided notice to all interested persons on the service lists established under OAR 860-001-0030(1)(b) and to legislators specified in ORS 183.335(1)(d). Notice of the rulemaking was published in the July 2015 *Oregon Bulletin*, setting a hearing date of July 22, 2015. The notice established a comment due date of July 30, 2015.

**III. COMMENTS**

On July 22, 2015, Administrative Law Judge Patrick Power presided over the rulemaking hearing which was attended in person by the PUC Staff and its counsel. Idaho Power Company; Northwest Natural Gas Company, dba NW Natural; PacifiCorp, dba Pacific Power; Avista Corporation, dba Avista Utilities<sup>1</sup>; and the Industrial Customers of Northwest Utilities attended by telephone. At the hearing, Staff presented written and oral comments providing a definition of depreciation and summarizing the need for the rule. Following Staff's comments, there was brief discussion about the rule provisions among the participants. The discussion supported adoption of the rule as proposed.<sup>2</sup>

<sup>1</sup> Avista dialed in late in the hearing and did not announce itself.

<sup>2</sup> Northwest Natural noted and Staff's counsel confirmed that NW Natural's next depreciation study is due in December 2016 per the company's agreement with Staff. The company will not need to file a waiver of the rule to keep this agreement.

No written comments were filed subsequent to the hearing.

**IV. ORDER**

IT IS ORDERED that:

1. Oregon Administrative Rule 860-027-0350, as shown in Appendix A, is adopted.
2. The rule becomes effective upon filing with the Secretary of State.

Made, entered, and effective \_\_\_\_\_.

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**Susan K. Ackerman**  
Chair

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**John Savage**  
Commissioner

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**Stephen M. Bloom**  
Commissioner

A person may petition the Public Utility Commission of Oregon for the amendment or repeal of a rule under ORS 183.390. A person may petition the Oregon Court of Appeals to determine the validity of a rule under ORS 183.400.

**860-027-0350**

**Depreciation Study Requirements for Energy Utilities**

**(1) As used in this rule, a “depreciation study” means a study by an energy utility sufficient to allow the Commission to determine the proper and adequate rates of depreciation of the several classes of property of the public utility.**

**(2) Each energy utility must file a new depreciation study with the Commission no less frequently than once every five years.**

**Stat. Auth.: ORS Ch. 183, 756, 757**

**Stats. Implemented: ORS 756.040, 756.105, 757.140**

**Hist.: NEW**