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June 3, 2019

## *Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem OR 97301

Re: In the Matter of PACIFICORP, dba PACIFIC POWER  
2019 Renewable Adjustment Clause  
**Docket No. UE 352**

Dear Filing Center:

Please find enclosed the redacted version of the Rebuttal and Cross-Answering Testimony and Exhibits of Bradley G. Mullins on behalf of the Alliance of Western Energy Consumers ("AWEC") in the above-referenced docket.

Please note that Exhibits AWEC/201 and AWEC/205 contain protected information and are being handled in accordance with the general protective order issued in this proceeding. The confidential portions of AWEC's filing will follow to the Commission via Federal Express.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosures

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day served the **confidential pages of the Rebuttal and Cross-Answering Testimony and Exhibits of Bradley G. Mullins** upon the parties shown below via U.S. Mail, postage prepaid, and by posting to the Huddle workspace in this docket.

Dated at Portland, Oregon, this 3<sup>rd</sup> day of June, 2019.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

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**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**REBUTTAL AND CROSS-ANSWERING TESTIMONY OF  
BRADLEY G. MULLINS  
ON BEHALF OF  
THE ALLIANCE OF WESTERN ENERGY CONSUMERS**

**June 3, 2019**

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**EXHIBIT LIST**

Confidential AWEC/201 – Declining Rate Base: UE 263 to Repowering Dates

AWEC/202 – ORS 757.140(2) Regulatory Asset Amortization

AWEC/203 - ORS 757.140(2) Regulatory Asset Amortization Using RoR

AWEC/204 - ORS 757.140(2) Regulatory Asset Amortization with 20-yr. Amort. Period

Confidential AWEC/205 – PacifiCorp Responses to Data Requests

**I. INTRODUCTION AND SUMMARY**

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**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Bradley G. Mullins, and my business address is 1750 SW Harbor Way, Ste 450, Portland, Oregon 97201.

**Q. ARE YOU THE SAME WITNESS WHO SUBMITTED OPENING TESTIMONY IN THIS DOCKET?**

A. Yes. I filed Opening Testimony on behalf of the Alliance of Western Energy Consumers (“AWEC”).

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL AND CROSS-ANSWERING TESTIMONY?**

A. I respond to PacifiCorp’s Reply Testimony, filed on May 8, 2019.

**Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

A. In Opening Testimony, I recommended the Commission require PacifiCorp to update the rate base balances for the nine renewable resources at issue in this Renewable Adjustment Clause (“RAC”) proceeding (the “Repowering Resources”)<sup>1/</sup> to the actual plant balances as of October 1, 2019, and December 1, 2019, the dates PacifiCorp has requested new rates be effective in this RAC (the “Repowering Dates”). I also recommended the Commission adopt a regulatory accounting framework under ORS 757.140(2)(b) to provide PacifiCorp with full recovery of the undepreciated net book value of equipment removed from service due to repowering. While PacifiCorp did not agree to these recommendations in Reply Testimony, it also did not dispute the facts underlying my recommendations. As discussed below, therefore, I continue to support these two recommendations.

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<sup>1/</sup> The nine resources at issue in this proceeding are: Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I, and Marengo II.

1 **Q. HAVE YOU CALCULATED THE RATE IMPACT OF YOUR**  
2 **RECOMMENDATIONS?**

3 A. Yes. My Opening Testimony provided an estimate of the rate impact of the two  
4 recommendations summarized above because PacifiCorp had not provided sufficient  
5 information to calculate a precise number. After further discovery, PacifiCorp provided the  
6 necessary information and it became possible to precisely calculate the revenue requirement  
7 impacts of these two recommendations, which I have detailed in Table 1R, below:

**TABLE 1R**  
Impact of AWEC Recommendations  
Whole Dollars

<b>PacifiCorp Proposed Revenue Requirement</b>	<b>\$ 32,246,403</b>
<b><u>Adjustments:</u></b>	
<b><u>Declining Rate Base of Repowering Resources</u></b>	
Accum. Dep	(8,643,474)
Deferred Taxes	822,273
Net Capital Additions	1,535,510
<i>Subtotal</i>	<b>(6,285,690)</b>
<b><u>Regulatory Accounting for Removed Equipment</u></b>	
Remove Return On Rate Base	(14,503,944)
Remove Depreciation Expense	(9,941,442)
Add Regulatory Asset Amortization	24,445,386
<i>Subtotal</i>	-
<b>Adjusted Revenue Requirement</b>	<b>\$ 25,960,713</b>

8 Confidential Exhibit AWEC/201 details the change in rate base for the nine  
9 Repowering Resources since PacifiCorp's last general rate case, Docket UE 263, including  
10 accumulated depreciation, net capital additions and accumulated deferred income taxes. To be  
11 clear, this adjustment is intended to apply to all plant associated with the wind facilities, not

1 just the plant being removed. As discussed in detail in my Opening Testimony, the RAC is  
2 single-issue ratemaking defined in terms of scope by a renewable resource, so it is appropriate  
3 to consider the revenue requirement of all aspects of the renewable resource, including the  
4 tower and fixtures that are not being removed from service.

5 Further, Exhibits AWEC/202 and AWEC/203 detail the impact of using regulatory  
6 accounting under ORS 757.140(2)(b) to provide PacifiCorp with full recovery of the  
7 unrecovered plant balances associated with removed equipment. To clarify, my proposal is to  
8 use the sinking fund method and to set the regulatory asset amortization equal to the return of  
9 and return on associated with the removed equipment embedded in base rates. Table 1R,  
10 above, details the impact of removing the return of and return on, as well as the offsetting  
11 increase for amortization expense. This ratemaking treatment will produce no immediate  
12 revenue requirement impact relative to PacifiCorp's revenue requirement proposal, but will  
13 ensure that ratepayers get full credit for the amounts that ratepayers are contributing towards  
14 repaying PacifiCorp's investment in the Repowering Resources.

## 15 II. DECLINING RATE BASE OF RENEWABLES

### 16 Q. WHAT ISSUE DID YOU RAISE IN OPENING TESTIMONY REGARDING 17 ACCUMULATED DEPRECIATION?

18 A. In Opening Testimony, I noted that the overall rate base for the Repowering Resources has  
19 declined materially since last considered in rates due to the simple fact that the resources have  
20 depreciated over time. PacifiCorp's most recent general rate case, Docket UE 263, used a rate  
21 base valuation period corresponding to the year ending December 31, 2013, which is the basis  
22 for the amounts ratepayers presently pay in base rates. New RAC rates are to become effective  
23 on October 1, 2019, and December 1, 2019, and at that time the overall rate base associated



1 with the nine Repowering Resources will be materially lower than it was in the Docket UE 263  
2 rate base valuation period. In Confidential Exhibit AWEC/201, I show this difference based  
3 upon supplemental discovery from PacifiCorp, including the impacts of ADIT and capital  
4 additions.

5 **Q. DID PACIFICORP DISPUTE THAT THE RATE BASE OF THE REPOWERING**  
6 **RESOURCES HAS DECLINED?**

7 A. No. PacifiCorp's response on this issue may be found at PAC/900, Page 8, Line 5 through  
8 Page 10, Line 9. PacifiCorp acknowledges that the rate base balances associated with the  
9 Repowering Resources have declined since the Docket UE 263 rate base valuation period.  
10 PacifiCorp did not agree, however, to account for the lower rate base of the Repowering  
11 Resources in this case.

12 PacifiCorp argues that it should be entitled to retain the benefits associated with the  
13 declining rate base of the Repowering Resources based on the following arguments: (1) AWEC  
14 "selectively reset" the rate base balances of the Repowering Resources by failing to account for  
15 past capital additions and accumulated deferred income taxes;<sup>2/</sup> (2) accounting for accumulated  
16 depreciation for the Repowering Resources exceeds the scope of the RAC and belongs in a  
17 general rate case;<sup>3/</sup> (3) AWEC's adjustment is overstated because it includes accumulated  
18 depreciation associated with plant from the Repowering Resources that is not being removed;<sup>4/</sup>  
19 and (4) AWEC's adjustment constitutes a "true-up" of past costs that violates the rule against  
20 retroactive ratemaking.<sup>5/</sup>

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<sup>2/</sup> PAC/900, McDougal/8:15-20.

<sup>3/</sup> Id. at 9:1-8.

<sup>4/</sup> Id. at 9:20-10:9.

<sup>5/</sup> Id. at 8:7-14.

1           Additionally, considering the declining rate base in the RAC, PacifiCorp argues, would  
2           “effectively penalize[] the company for pursuing wind repowering.” I disagree. There is  
3           nothing punitive, selective, or retroactive about updating the rate base balances for the nine  
4           Repowering Resources; there is no true-up involved. On the contrary, the lower rate base  
5           means that the overall cost of Repowering Resources has declined since UE 263, and not  
6           considering this reduced cost would represent a penalty to ratepayers, not the other way  
7           around.

8   **Q.   DID YOU “SELECTIVELY RESET” THE RATE BASE BALANCES OF THE**  
9   **REPOWERING RESOURCES?**

10  A.   No. My Opening Testimony only contained an estimate of the impact of declining rate base  
11       using the depreciation parameters approved in the 2013 Depreciation Study. I acknowledged it  
12       was an estimate because PacifiCorp had not provided the necessary rate base balances,  
13       including past capital additions and ADIT, when first requested. PacifiCorp argued that the  
14       UE 263 rate base balances were irrelevant, or could not be calculated. It was only through  
15       multiple rounds of discovery that PacifiCorp ultimately provided the rate base information,  
16       including capital additions and ADIT, necessary to determine the amount the rate base has  
17       declined for the Repowering Resources since UE 263. That additional information has been  
18       detailed in Exhibit AWEC/201, and includes the capital additions and accumulated deferred  
19       income taxes that PacifiCorp said I ignored.

20  **Q.   PLEASE SUMMARIZE EXHIBIT AWEC/201.**

21  A.   Exhibit AWEC/201 details the rate base of the nine Repowering Resources as of UE 263 and  
22       as of the respective Repowering Dates. It shows that, on the Repowering Dates, the rate base  
23       valuation of the Repowering Resources will have declined by \$72,742,445 on an Oregon-

1 allocated basis. This amounts to a revenue requirement reduction of \$6,724,372 relative to the  
2 revenues PacifiCorp is currently collecting for the resources.

3 The amounts in Exhibit AWEC/201 are from additional discovery AWEC conducted,  
4 requesting the plant balances for the Repowering Resources in PacifiCorp's 2018 Results of  
5 Operations, as well as additional information related to accumulated deferred income taxes and  
6 capital additions.

7 On Page 1, I detail the rate base balances of the nine Repowering Resources from  
8 Docket No. UE 263. PacifiCorp provided the gross plant and accumulated depreciation  
9 balances in response to AWEC Data Request 17, which is included in Exhibit AWEC/205.  
10 The ADIT balances were provided in response to AWEC Data Request 18, also included in  
11 Exhibit AWEC/205. Based upon these values, the Oregon-allocated rate base valuation for the  
12 nine Repowering Resources in UE 263 was \$221,046,066. Note that the plant balances for  
13 common plant were split between the respective resources based upon the nameplate capacity  
14 of the resources. Using PacifiCorp's post-tax-reform cost of capital, this corresponds to a  
15 revenue requirement of \$20,0433,681, effectively the overall return on rate base PacifiCorp is  
16 currently collecting from ratepayers for the nine Repowering Resources.

17 On Page 2, I detail the rate base balances of the Repowering Resources included in  
18 PacifiCorp's 2018 Oregon Results of Operations. PacifiCorp provided this data in response to  
19 AWEC Data Request 12, included in Exhibit AWEC/205. As can be seen, on December 31,  
20 2018, the rate base of the nine facilities had declined to \$157,195,578. Thus, based on the  
21 2018 Results of Operations, the rate base of the nine Repowering Resources had declined by  
22 29% since UE 263, equating to a reduced revenue requirement of \$5,902,392.

1           Finally, on Page 3, I detail the rate base balances of the nine resources as of the  
2           respective Repowering Dates of October 1, 2019, and December 1, 2019. I forecast the  
3           incremental accumulated depreciation, capital additions and deferred taxes that will accrue on  
4           the Repowering Resources over the additional 9- or 11-month period from the 2018 Oregon  
5           Results of Operations, depending on the resource. As can be seen, rate base for the nine  
6           Repowering Resources will decline further over this period. Thus, as of the Repowering Dates,  
7           the rate base of the nine Repowering Resources will have declined by 33%, equating to a  
8           revenue requirement reduction of \$6,285,690 on an Oregon-allocated basis.

9   **Q. DOES YOUR PROPOSAL EXCEED THE SCOPE OF THIS CASE?**

10  A. No. To the contrary, my proposal ensures that rates established in this RAC proceeding are  
11  fair and reasonable. Contrary to being a “selective” adjustment, as PacifiCorp alleges, it is  
12  PacifiCorp’s proposal to focus only on increases to costs associated with the Repowering  
13  Resources that is selective. If PacifiCorp is allowed to change rates to reflect changes to the  
14  cost of the wind resources it is repowering, then those rates should accurately reflect the  
15  overall cost of those resources at the time RAC rates are effectuated. That is the fundamental  
16  principle behind AWEC’s recommendation to account for the declining rate base of these  
17  renewables.

18  **Q. DOES INCLUDING BOTH THE REPLACED AND NON-REPLACED PLANT**  
19  **BALANCES IN YOUR CALCULATION OVERSTATE YOUR ADJUSTMENT?**

20  A. No. PacifiCorp summarily states that “[t]he non-replaced wind equipment is not impacted by  
21  wind repowering and there is no principled basis for including it.” Notwithstanding, the  
22  principled basis for considering all costs associated with a renewable resource was described  
23  both in my Opening Testimony and in the testimony supporting the stipulation in UM 1330

1 that established the RAC (“RAC Stipulation”).<sup>6/</sup> To reiterate, the RAC is single-issue  
2 ratemaking that is defined within the context of a renewable resource; therefore, all costs  
3 associated with the renewable resource are appropriately considered within a RAC, whether  
4 replaced or not.

5 **Q. ARE YOU PROPOSING TO “TRUE-UP” ACCUMULATED DEPRECIATION, AS**  
6 **PACIFICORP ALLEGES?**

7 A. No. PacifiCorp’s suggestion that AWEC is proposing to “true-up” past depreciation expenses  
8 is also a plain mischaracterization of my Opening Testimony. A true-up would involve a  
9 historical review of each year 2014 through 2018, to determine the benefit associated with the  
10 declining rate base for each year. That is not what AWEC is proposing. A true-up of historical  
11 accumulated depreciation would be a significantly larger adjustment. It is true, however, that  
12 PacifiCorp has historically realized material benefits due to the declining rate base of  
13 renewable resources.

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<sup>6/</sup> AWEC/100, Mullins/9:10-10:11; Docket No. UM 1330, Order No. 07-572, Appen. A at 4 (specifying that RAC rates are to include “the return of and grossed up return on costs of the renewable energy source” (emphasis added)); Docket No. UM 1330, Joint Parties/100 at 6:4-6 (describing the stipulation requirement that RAC rates be updated annually so that “customers’ rates will reflect both the reduction in rate base due to depreciation and the current forecast of all costs within the upcoming calendar year” (emphasis added)).

**TABLE 2R**  
**PacifiCorp Over Recovery of Return on Repowering Resources 2014 through 2018**  
**(\$000)**

	UE 263 (2013)	2014	2015	2016	2017	2018
Gross Plant	1,497,512	1,501,725	1,505,937	1,510,150	1,514,363	1,518,575
Accum. Dep.	(234,918)	(285,332)	(335,888)	(386,586)	(461,134)	(535,683)
ADIT	(414,147)	(407,222)	(400,298)	(393,373)	(386,449)	(379,524)
Rate Base	848,448	809,171	769,752	730,191	666,780	603,368
SG	26.05%	26.05%	26.05%	26.05%	26.05%	26.05%
Oregon	221,046	210,813	200,543	190,237	173,716	157,196
Rev. Req. @ 10.77%*	23,807	22,705	21,599	20,488	18,709	16,930
UE 263 Revenues	23,807	23,807	23,807	23,807	23,807	23,807
Hist. Over-Recovery	-	1,102	2,208	3,318	5,097	6,877
Total Over-recovery 2014 - 2018						<b>18,603</b>
* Pretax return before tax reform						

1           As noted in Table 2R, PacifiCorp has historically over-recovered the return on rate base  
2 for the nine Repowering Resources by approximately \$18.6 million over the five-year period  
3 2014 through 2018. AWEC’s adjustment, however, is not requesting that the Commission  
4 refund those historical amounts. Rather, AWEC’s adjustment only applies on a going-forward  
5 basis, applying the impact of declining rate base beginning on the respective Repowering  
6 Dates.

7 **Q. DOES YOUR ADJUSTMENT CONSTITUTE RETROACTIVE RATEMAKING?**

8 A. No. There is nothing retroactive about updating the plant balances for renewable resources  
9 reflected in rates on a going-forward basis. If there were, any rate case in which plant balances  
10 are updated would constitute retroactive ratemaking. In effect, depreciation would cease to  
11 exist in ratemaking. To be clear, AWEC is not proposing to change any past rates or the past  
12 impact of past proceedings.

1 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION RELATED TO**  
2 **ACCUMULATED DEPRECIATION.**

3 A. PacifiCorp does not dispute that the rate base balances for the Repowering Resources have  
4 declined and presents no valid argument for why it is appropriate for PacifiCorp to retain the  
5 benefit associated with the declining rate base while simultaneously increasing rates through  
6 the RAC. If new rates from this proceeding do not reflect the accumulated depreciation of the  
7 Repowering Resources since the last time they were considered in rates, customers will  
8 overpay for these resources. This would be inconsistent with the Commission's obligation to  
9 ensure customers pay fair and reasonable rates.

10 **III. ORS 757.140(2)(B) REGULATORY ACCOUNTING**

11 **Q. PLEASE SUMMARIZE YOUR REGULATORY ACCOUNTING PROPOSAL.**

12 A. In Opening Testimony, I recommended moving recovery of unrecovered net plant balances of  
13 removed equipment into an ORS 757.140(2)(b) regulatory asset.<sup>7/</sup> I also argued for setting the  
14 level of amortization expense equal to the level of return on and return of rate base currently  
15 embedded in rates for the removed equipment on the basis that this would promote rate  
16 stability.<sup>8/</sup> I also proposed that the regulatory asset be amortized using the sinking fund  
17 method and offered two alternatives, one that applied a carrying charge of 3.94%, equivalent to  
18 a modified blended treasury rate to reflect the time value of money, and one that applied a  
19 carrying charge of 9.24%, which is PacifiCorp's currently authorized pre-tax rate of return.<sup>9/</sup>

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<sup>7/</sup> AWEC/100, Mullins/13-21.

<sup>8/</sup> Id. at 19:18-20:3.

<sup>9/</sup> Id. at 20:4-13.

1 **Q. DID PACIFICORP OBJECT TO USING REGULATORY ACCOUNTING?**

2 A. Not necessarily. PacifiCorp acknowledged that establishing a regulatory asset with a sinking  
3 fund “could properly compensate PacifiCorp for both the return of and return on the  
4 unrecovered investment,” as long as a carrying charge of 9.24 percent is used.<sup>10/</sup>  
5 Notwithstanding, PacifiCorp continues to have a preference for using its proposed accounting  
6 method of transferring the gross book value of the removed equipment between FERC  
7 accounts.

8 **Q. IS PACIFICORP’S ACCOUNTING APPROACH FAIR TO RATEPAYERS?**

9 A. As explained in my Opening Testimony, PacifiCorp’s approach does not account for reduced  
10 depreciation expense it will experience as a consequence of replacing old equipment with new  
11 equipment. Under PacifiCorp’s proposal, it will recover its investment in the new repowering  
12 equipment at current depreciation rates and, simultaneously, will also continue to recover the  
13 depreciation expense associated with the replaced equipment that was set in its last general rate  
14 case. This would result in a windfall to PacifiCorp because applying the unrecovered plant  
15 balances to accumulated depreciation will result in an immediate reduction to depreciation  
16 expense in the amount of \$8,793,421 per year. PacifiCorp, however, is not proposing to reduce  
17 revenue requirement for the reduction to depreciation expense that will result from its  
18 accounting proposal until new depreciation rates are effective, thus allowing it to keep all of  
19 the benefits of this reduced depreciation expense until then.

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<sup>10/</sup> PAC/900, McDougal/12:8-10.



1 **Q. HOW DOES YOUR PROPOSAL ADDRESS THIS FLAW IN PACIFICORP'S**  
2 **APPROACH?**

3 A. My proposal addresses this problem by transferring the removed equipment into a regulatory  
4 asset at its net book value as of the Repowering Dates (thus accounting for accumulated  
5 depreciation), and amortizing the regulatory asset by an amount equal to the current level of  
6 revenue requirement associated with the removed equipment. As can be seen in Table 1R,  
7 above, this proposal is designed to have no incremental impact on revenue requirement.  
8 Notwithstanding, ratepayers will benefit over time because they will get full credit for the  
9 amounts they are paying for the removed equipment as the regulatory asset is amortized.

10 **Q. DOES PACIFICORP DISPUTE THAT ITS PROPOSAL WILL RESULT IN IT OVER-**  
11 **RECOVERING DEPRECIATION EXPENSE?**

12 A. No. PacifiCorp does not dispute that its proposal will result in PacifiCorp over-recovering  
13 depreciation expense. PacifiCorp simply argues that adjusting depreciation expense for the  
14 Repowering Resources should be done in its depreciation case. However, PacifiCorp  
15 requested, and was granted, a stay in that case and, therefore, if depreciation expense for the  
16 Repowering Resources is not adjusted in this case, it will result in a windfall to PacifiCorp  
17 until those rates are updated.<sup>11/</sup> As with accumulated depreciation, the Commission should  
18 ensure that the revenue requirement for the Repowering Resources accurately reflects the true  
19 costs of those resources once they are revalued in rates through this RAC proceeding. This  
20 involves not only adjusting rate base to account for accumulated depreciation on the  
21 Repowering Resources, but also accurately reflecting depreciation expense associated with  
22 these resources. Use of a regulatory asset to provide recovery of the equipment removed from  
23 service accomplishes this goal.

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<sup>11/</sup> Docket UM 1968, ALJ Ruling (Feb. 15, 2019).

1 **Q. WHY IS THE USE OF A SINKING FUND METHOD APPROPRIATE?**

2 A. Because the removed equipment is no longer productive, use of a straight-line method of  
3 amortization will result in PacifiCorp over-recovering the cost of removed equipment. This is  
4 a similar concept illustrated in the hypothetical true-up of depreciation expense for the  
5 Repowering Resources, as shown in Table 2R, above. PacifiCorp will continue to recover the  
6 same level of depreciation expense associated with the removed equipment until that expense  
7 is revalued in a rate case, giving it the benefits of regulatory lag on the back end. While this is  
8 common and may be appropriate for plant that remains in service, it is not appropriate for plant  
9 that is no longer being used to serve ratepayers. PacifiCorp is no longer obligated to make  
10 ongoing capital investments or bear any risk with respect to the removed equipment, and  
11 accordingly, using a sinking fund method is a more equitable approach than straight-line in  
12 these circumstances.

13 **Q. DID PACIFICORP RAISE ANY OTHER CONCERNS WITH YOUR REGULATORY**  
14 **ASSET PROPOSAL?**

15 A. Yes. PacifiCorp alleges that I “incorrectly calculated interest in [my] amortization  
16 schedule,”<sup>12/</sup> and that a nine-year amortization period (assuming a 9.24% carrying charge) will  
17 not provide PacifiCorp with full cost recovery and will increase rates.<sup>13/</sup>

18 **Q. DO YOU AGREE THAT YOUR INTEREST CALCULATION CONTAINS AN**  
19 **ERROR?**

20 A. No. I calculated the interest compounded on an annual basis, assuming the payment made,  
21 and interest accrued, in the middle of the annual period. PacifiCorp’s analysis in PAC/901,  
22 however, suggests that the interest payment should be based on the average of the beginning

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<sup>12/</sup> PAC/900, McDougal/12:12.

<sup>13/</sup> Id. at 13:13-17.

1 and ending balance, including the incremental interest accrued over the period. Such an  
2 approach is flawed, however, because the ending balance already includes the additional  
3 interest accruals PacifiCorp is attempting to calculate. PacifiCorp's proposed correction  
4 effectively double-counts a portion of interest because it assumes interest accrues on interest  
5 that is accruing in the same time interval. That is not AWEC's amortization proposal.  
6 Notwithstanding, compounding interest on a monthly basis is not unreasonable, so I have  
7 incorporated that into my recommendation in Exhibits AWEC/202 and AWEC/203. As  
8 AWEC/202 and AWEC/203 show, the amortization period compounding interest monthly is  
9 either 88 months (7 years, 4 months) or 117 months (9 years, 9 months), depending on the  
10 interest rate used.

11 **Q. DID PACIFICORP DISPUTE OTHER ASPECTS OF YOUR AMORTIZATION**  
12 **PROPOSAL?**

13 A. No. When setting the amortization level equal to the return on and return of the removed  
14 equipment in rates, I relied directly on information provided by the Company. For example,  
15 PacifiCorp provided the unrecovered net book value of removed equipment in response to  
16 AWEC Data Request 09. The depreciation expense of the removed equipment was provided in  
17 response to Staff Data Request 22. PacifiCorp did not dispute these amounts.

18 **Q. WHY DOES PACIFICORP STATE THAT AN AMORTIZATION PERIOD CLOSER**  
19 **TO 20 YEARS IS NECESSARY?**

20 A. It is not clear. In Reply Testimony, PacifiCorp did not provide any analytical support for a 20-  
21 year amortization period, so it is not known whether PacifiCorp's suggestion for a 20-year  
22 amortization period was illustrative or based off a specific calculation.

23 In fact, as Exhibit AWEC/204 demonstrates, if such a long amortization period were  
24 used, it will result in an amortization expense that is significantly less than the amount of

1 recovery currently embedded in rates. Using the parameters identified in AWEC/204, a 20-  
2 year amortization amounts to an amortization of \$10,620,103, which is materially less than the  
3 \$24,080,791 of revenue requirement associated with the removed equipment embedded in  
4 rates. Accordingly, use of a 20-year amortization period would require an additional  
5 \$13,460,688 reduction to the RAC revenue requirement.

#### 6 **IV. RATE CASE REQUIREMENT**

7 **Q. DID PACIFICORP OBJECT TO FILING A RATE CASE IN IN SIX MONTHS?**

8 A. Yes. In my Opening Testimony, I recommended that the Commission require PacifiCorp to  
9 file a rate case within six months after this RAC is concluded. PacifiCorp stated that it intends  
10 to file a rate case anyway, although not necessarily within six months.<sup>14/</sup>

11 **Q. WHAT DO YOU RECOMMEND?**

12 A. I continue to recommend the Commission condition its order on PacifiCorp filing a rate case,  
13 although I believe it is reasonable to give PacifiCorp additional time to file within nine months  
14 of the date of the final order in this docket.

#### 15 **V. PHASE-IN APPROACH**

16 **Q. ARE YOU CONTINUING TO PROPOSE AN ADJUSTMENT FOR THE PHASE-IN**  
17 **PERIOD?**

18 A. No. In Opening Testimony, I proposed a minor adjustment to update the rate base associated  
19 with the October 1, 2019 Repowering Resources for the second rate period. After reviewing  
20 PacifiCorp's testimony, I agree that this adjustment is not necessary. Since the first rate

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<sup>14/</sup> PAC/600, Lockety/21:19-22:2.

1 increase was calculated as an annual increase, but applied only for two months, an additional  
2 adjustment is not necessary.

3 **Q. SHOULD THE PLANT BALANCES FOR ALL RESOURCES BE RECALCULATED**  
4 **NEXT YEAR?**

5 A. Yes. As discussed above, the RAC Stipulation requires that costs be updated annually until  
6 PacifiCorp files a rate case. Accordingly, if PacifiCorp makes a RAC filing for the remaining  
7 Repowering Resources next year, it should be offset by the accumulated depreciation accrued  
8 with respect to the nine wind facilities at issue in this proceeding.

9 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

10 A. Yes.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/201**

**DECLINING RATE BASE: UE 263 TO REPOWERING DATES**

**(REDACTED VERSION)**

UE 263 (AWEC DR 17 and 18)

Resource	Gross Plant	Accum. Depr.	ADIT	Rate Base
Glenrock 1	212,723			123,503
Seven Mile Hill 2	202,100			118,331
Seven Mile Hill 2	46,340			28,178
High Plains	225,373			136,066
McFadden	58,354			35,284
Leaning Juniper	179,052			88,962
Marengo 1	245,805			128,945
Marengo 2	135,474			78,571
Goodnoe Hills	192,290			110,607
<b>Total Company</b>	<b>1,497,512</b>	<b>(234,918)</b>	<b>(414,147)</b>	<b>848,448</b>
Oregon SG	26.05%	26.05%	26.05%	26.05%
Oregon Allocated	390,147	(61,203)	(107,898)	221,046
Pre-tax ROR	9.24%	9.24%	9.24%	9.24%
Return on Rate Base	36,066	(5,658)	(9,974)	<b>20,434</b>

Resource	2018 ROO			Rate Base	Rate Base Delta UE 263 to Repwr Dates
	Gross Plant	Accum. Depr.	ADIT		
Glenrock 1	217,550	(73,509)	(54,275)	89,766	(33,737)
Seven Mile Hill 2	204,202	(68,520)	(50,714)	84,968	(33,363)
Seven Mile Hill 2	47,486	(15,214)	(10,545)	21,727	(6,451)
High Plains	226,053	(72,560)	(61,363)	92,130	(43,936)
McFadden	58,529	(18,852)	(15,069)	24,609	(10,675)
Leaning Juniper	183,391	(73,659)	(47,156)	62,577	(26,385)
Marengo 1	249,219	(98,760)	(62,627)	87,831	(41,114)
Marengo 2	136,702	(49,558)	(29,565)	57,580	(20,991)
Goodnoe Hills	195,442	(65,052)	(48,211)	82,180	(28,428)
<b>Total Company</b>	<b>1,518,575</b>	<b>(535,683)</b>	<b>(379,524)</b>	<b>603,368</b>	<b>(245,079)</b>
Oregon SG	26.05%	26.05%	26.05%	26.05%	
Oregon Allocated	395,634	(139,561)	(98,877)	<b>157,196</b>	<b>(63,850)</b>
Pre-tax ROR	9.24%	9.24%	9.24%	9.24%	
Return on Rate Base	36,573	(12,901)	(9,140)	<b>14,531</b>	<b>(5,902)</b>



Resource	Forward to Repowering Dates (Oct 1, 2019, Dec 1, 2019)									Rate Base Delta UE 263 to Repwr Dates
	Adt'l Months Accum.	Dep. Accr. Rate	Incr. Accum Depr.	Incr. ADIT Reversal	Inc. Cap Maint.	Gross Plant	Accum. Depr.	ADIT	Rate Base	
Glenrock 1	9.00	3.42	(5,580)	1,172	724	218,274	(79,089)	(53,103)	86,082	<b>37,421</b>
Seven Mile Hill 2	9.00	3.35	(5,131)	1,077	315	204,517	(73,651)	(49,636)	81,230	<b>37,101</b>
Seven Mile Hill 2	9.00	3.35	(1,193)	251	172	47,658	(16,407)	(10,295)	20,956	<b>7,222</b>
High Plains	11.00	3.37	(6,983)	1,466	125	226,178	(79,543)	(59,896)	86,738	<b>49,328</b>
McFadden	11.00	3.37	(1,808)	380	32	58,561	(20,660)	(14,690)	23,212	<b>12,072</b>
Leaning Juniper	9.00	3.32	(4,566)	959	651	184,042	(78,225)	(46,197)	59,620	<b>29,341</b>
Marengo 1	11.00	3.37	(7,699)	1,617	626	249,845	(106,459)	(61,011)	82,375	<b>46,570</b>
Marengo 2	11.00	3.37	(4,223)	887	225	136,928	(53,781)	(28,678)	54,469	<b>24,102</b>
Goodnoe Hills	11.00	3.36	(6,020)	1,264	578	196,020	(71,071)	(46,947)	78,002	<b>32,605</b>
Total Company			(43,203)	9,073	3,448	1,522,023	(578,885)	(370,452)	572,686	<b>275,762</b>
Oregon SG (RAC SG)						26.72%	26.72%	26.72%	26.72%	
Oregon Allocated						406,758	(154,706)	(99,002)	153,049	<b>(67,997)</b>
Pre-tax ROR						9.24%	9.24%	9.24%	9.24%	
Return on Rate Base						37,601	(14,301)	(9,152)	14,148	<b>(6,286)</b>

Impact by Repower Date

Oct 1, 2019	2,521
Dec 1, 2019	3,764

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/202**

**ORS 757.140(2) – REGULATORY ASSET AMORTIZATION**

Amortization schedule for ORS 757.140(2)(b) regulatory asset at MBT rate

Proposed Amortization Target	
Remove Unrecovered Plant From Rate Base (Below)	14,503,944
Adjust Depreciation Expense For Retirements ( OPUC 22)	<u>9,941,442</u>
ORS 757.140(2)(b) Amortization Annual	24,445,386
ORS 757.140(2)(b) Amortization Monthly	2,037,116

Wind Repowering Property Removed From Service:	
Net Book Value	587,094,258
Oregon SE	26.72%
Oregon-Allocated	156,899,766
Pre-Tax ROR	9.24%
Return on Rate Base in Rates	14,503,944

Amortization Schedule				
MBT Rate:		3.49%		
Month	Beg. Bal	Amortization	Interest	End Balance
1	156,899,766	(2,037,116)	453,355	155,316,005
2	155,316,005	(2,037,116)	448,748	153,727,638
3	153,727,638	(2,037,116)	444,129	152,134,652
4	152,134,652	(2,037,116)	439,496	150,537,032
5	150,537,032	(2,037,116)	434,850	148,934,766
6	148,934,766	(2,037,116)	430,190	147,327,840
7	147,327,840	(2,037,116)	425,516	145,716,241
8	145,716,241	(2,037,116)	420,829	144,099,954
9	144,099,954	(2,037,116)	416,128	142,478,967
10	142,478,967	(2,037,116)	411,414	140,853,266
11	140,853,266	(2,037,116)	406,686	139,222,836
12	139,222,836	(2,037,116)	401,944	137,587,665
13	137,587,665	(2,037,116)	397,188	135,947,738
14	135,947,738	(2,037,116)	392,419	134,303,041
15	134,303,041	(2,037,116)	387,636	132,653,561
16	132,653,561	(2,037,116)	382,838	130,999,284
17	130,999,284	(2,037,116)	378,027	129,340,196
18	129,340,196	(2,037,116)	373,202	127,676,283
19	127,676,283	(2,037,116)	368,363	126,007,530
20	126,007,530	(2,037,116)	363,510	124,333,924
21	124,333,924	(2,037,116)	358,642	122,655,451
22	122,655,451	(2,037,116)	353,761	120,972,096
23	120,972,096	(2,037,116)	348,865	119,283,845
24	119,283,845	(2,037,116)	343,955	117,590,685
25	117,590,685	(2,037,116)	339,031	115,892,600
26	115,892,600	(2,037,116)	334,092	114,189,576
27	114,189,576	(2,037,116)	329,139	112,481,600
28	112,481,600	(2,037,116)	324,172	110,768,656
29	110,768,656	(2,037,116)	319,190	109,050,730
30	109,050,730	(2,037,116)	314,194	107,327,808
31	107,327,808	(2,037,116)	309,183	105,599,875

32	105,599,875	(2,037,116)	304,157	103,866,917
33	103,866,917	(2,037,116)	299,117	102,128,919
34	102,128,919	(2,037,116)	294,063	100,385,866
35	100,385,866	(2,037,116)	288,993	98,637,744
36	98,637,744	(2,037,116)	283,909	96,884,537
37	96,884,537	(2,037,116)	278,810	95,126,232
38	95,126,232	(2,037,116)	273,696	93,362,813
39	93,362,813	(2,037,116)	268,568	91,594,265
40	91,594,265	(2,037,116)	263,424	89,820,574
41	89,820,574	(2,037,116)	258,266	88,041,725
42	88,041,725	(2,037,116)	253,092	86,257,701
43	86,257,701	(2,037,116)	247,904	84,468,490
44	84,468,490	(2,037,116)	242,700	82,674,074
45	82,674,074	(2,037,116)	237,481	80,874,440
46	80,874,440	(2,037,116)	232,248	79,069,572
47	79,069,572	(2,037,116)	226,998	77,259,455
48	77,259,455	(2,037,116)	221,734	75,444,074
49	75,444,074	(2,037,116)	216,454	73,623,412
50	73,623,412	(2,037,116)	211,159	71,797,456
51	71,797,456	(2,037,116)	205,849	69,966,189
52	69,966,189	(2,037,116)	200,523	68,129,596
53	68,129,596	(2,037,116)	195,181	66,287,662
54	66,287,662	(2,037,116)	189,824	64,440,371
55	64,440,371	(2,037,116)	184,452	62,587,707
56	62,587,707	(2,037,116)	179,064	60,729,655
57	60,729,655	(2,037,116)	173,660	58,866,199
58	58,866,199	(2,037,116)	168,240	56,997,324
59	56,997,324	(2,037,116)	162,805	55,123,013
60	55,123,013	(2,037,116)	157,354	53,243,252
61	53,243,252	(2,037,116)	151,887	51,358,023
62	51,358,023	(2,037,116)	146,404	49,467,311
63	49,467,311	(2,037,116)	140,905	47,571,101
64	47,571,101	(2,037,116)	135,390	45,669,376
65	45,669,376	(2,037,116)	129,859	43,762,120
66	43,762,120	(2,037,116)	124,313	41,849,317
67	41,849,317	(2,037,116)	118,749	39,930,951
68	39,930,951	(2,037,116)	113,170	38,007,005
69	38,007,005	(2,037,116)	107,575	36,077,464
70	36,077,464	(2,037,116)	101,963	34,142,312
71	34,142,312	(2,037,116)	96,335	32,201,531
72	32,201,531	(2,037,116)	90,690	30,255,106
73	30,255,106	(2,037,116)	85,030	28,303,020
74	28,303,020	(2,037,116)	79,352	26,345,257
75	26,345,257	(2,037,116)	73,658	24,381,800
76	24,381,800	(2,037,116)	67,948	22,412,633
77	22,412,633	(2,037,116)	62,221	20,437,738
78	20,437,738	(2,037,116)	56,477	18,457,100
79	18,457,100	(2,037,116)	50,717	16,470,702
80	16,470,702	(2,037,116)	44,940	14,478,526
81	14,478,526	(2,037,116)	39,146	12,480,557
82	12,480,557	(2,037,116)	33,335	10,476,777
83	10,476,777	(2,037,116)	27,508	8,467,169
84	8,467,169	(2,037,116)	21,663	6,451,716
85	6,451,716	(2,037,116)	15,801	4,430,402
86	4,430,402	(2,037,116)	9,923	2,403,209
87	2,403,209	(2,037,116)	4,027	370,121
88	370,121	(2,037,116)	(1,886)	(1,668,881)
89	-	-	-	-

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/203**

**ORS 757.140(2) – REGULATORY ASSET AMORTIZATION USING ROR**

Amortization schedule for ORS 757.140(2)(b) regulatory asset at Pre-tax RoR rate

Proposed Amortization Target	
Remove Unrecovered Plant From Rate Base (Below)	14,503,944
Adjust Depreciation Expense For Retirements ( OPUC 22)	<u>9,941,442</u>
ORS 757.140(2)(b) Amortization Annual	24,445,386
ORS 757.140(2)(b) Amortization Monthly	2,037,116

Wind Repowering Property Removed From Service:	
Net Book Value (AWEC DR 09)	587,094,258
Oregon SE	26.72%
Oregon-Allocated	156,899,766
Pre-Tax ROR	9.24%
Return on Rate Base in Rates	14,503,944

Amortization Schedule				
RoR Rate:		9.24%		
Month	Beg. Bal	Amortization	Interest	End Balance
1	156,899,766	(2,037,116)	1,200,816	156,063,466
2	156,063,466	(2,037,116)	1,194,373	155,220,724
3	155,220,724	(2,037,116)	1,187,881	154,371,490
4	154,371,490	(2,037,116)	1,181,339	153,515,714
5	153,515,714	(2,037,116)	1,174,747	152,653,345
6	152,653,345	(2,037,116)	1,168,104	151,784,333
7	151,784,333	(2,037,116)	1,161,409	150,908,627
8	150,908,627	(2,037,116)	1,154,663	150,026,175
9	150,026,175	(2,037,116)	1,147,866	149,136,925
10	149,136,925	(2,037,116)	1,141,015	148,240,825
11	148,240,825	(2,037,116)	1,134,112	147,337,822
12	147,337,822	(2,037,116)	1,127,156	146,427,863
13	146,427,863	(2,037,116)	1,120,146	145,510,893
14	145,510,893	(2,037,116)	1,113,083	144,586,860
15	144,586,860	(2,037,116)	1,105,964	143,655,709
16	143,655,709	(2,037,116)	1,098,791	142,717,385
17	142,717,385	(2,037,116)	1,091,563	141,771,833
18	141,771,833	(2,037,116)	1,084,279	140,818,996
19	140,818,996	(2,037,116)	1,076,939	139,858,820
20	139,858,820	(2,037,116)	1,069,542	138,891,247
21	138,891,247	(2,037,116)	1,062,089	137,916,220
22	137,916,220	(2,037,116)	1,054,578	136,933,682
23	136,933,682	(2,037,116)	1,047,009	135,943,575
24	135,943,575	(2,037,116)	1,039,382	134,945,842
25	134,945,842	(2,037,116)	1,031,696	133,940,422
26	133,940,422	(2,037,116)	1,023,951	132,927,257
27	132,927,257	(2,037,116)	1,016,146	131,906,287
28	131,906,287	(2,037,116)	1,008,281	130,877,452
29	130,877,452	(2,037,116)	1,000,355	129,840,692
30	129,840,692	(2,037,116)	992,369	128,795,945
31	128,795,945	(2,037,116)	984,321	127,743,150
32	127,743,150	(2,037,116)	976,211	126,682,245

33	126,682,245	(2,037,116)	968,038	125,613,168
34	125,613,168	(2,037,116)	959,802	124,535,855
35	124,535,855	(2,037,116)	951,503	123,450,242
36	123,450,242	(2,037,116)	943,141	122,356,267
37	122,356,267	(2,037,116)	934,713	121,253,865
38	121,253,865	(2,037,116)	926,221	120,142,971
39	120,142,971	(2,037,116)	917,663	119,023,518
40	119,023,518	(2,037,116)	909,040	117,895,442
41	117,895,442	(2,037,116)	900,350	116,758,677
42	116,758,677	(2,037,116)	891,593	115,613,154
43	115,613,154	(2,037,116)	882,768	114,458,806
44	114,458,806	(2,037,116)	873,876	113,295,567
45	113,295,567	(2,037,116)	864,915	112,123,366
46	112,123,366	(2,037,116)	855,885	110,942,136
47	110,942,136	(2,037,116)	846,786	109,751,806
48	109,751,806	(2,037,116)	837,616	108,552,306
49	108,552,306	(2,037,116)	828,376	107,343,566
50	107,343,566	(2,037,116)	819,064	106,125,515
51	106,125,515	(2,037,116)	809,681	104,898,081
52	104,898,081	(2,037,116)	800,226	103,661,191
53	103,661,191	(2,037,116)	790,697	102,414,773
54	102,414,773	(2,037,116)	781,096	101,158,753
55	101,158,753	(2,037,116)	771,420	99,893,058
56	99,893,058	(2,037,116)	761,670	98,617,612
57	98,617,612	(2,037,116)	751,845	97,332,342
58	97,332,342	(2,037,116)	741,944	96,037,170
59	96,037,170	(2,037,116)	731,967	94,732,021
60	94,732,021	(2,037,116)	721,912	93,416,818
61	93,416,818	(2,037,116)	711,781	92,091,483
62	92,091,483	(2,037,116)	701,571	90,755,939
63	90,755,939	(2,037,116)	691,283	89,410,107
64	89,410,107	(2,037,116)	680,916	88,053,907
65	88,053,907	(2,037,116)	670,468	86,687,260
66	86,687,260	(2,037,116)	659,940	85,310,085
67	85,310,085	(2,037,116)	649,332	83,922,301
68	83,922,301	(2,037,116)	638,641	82,523,826
69	82,523,826	(2,037,116)	627,868	81,114,578
70	81,114,578	(2,037,116)	617,012	79,694,475
71	79,694,475	(2,037,116)	606,072	78,263,432
72	78,263,432	(2,037,116)	595,048	76,821,364
73	76,821,364	(2,037,116)	583,940	75,368,188
74	75,368,188	(2,037,116)	572,745	73,903,818
75	73,903,818	(2,037,116)	561,464	72,428,167
76	72,428,167	(2,037,116)	550,097	70,941,148
77	70,941,148	(2,037,116)	538,642	69,442,675
78	69,442,675	(2,037,116)	527,098	67,932,658
79	67,932,658	(2,037,116)	515,466	66,411,008
80	66,411,008	(2,037,116)	503,744	64,877,637
81	64,877,637	(2,037,116)	491,932	63,332,454
82	63,332,454	(2,037,116)	480,029	61,775,367
83	61,775,367	(2,037,116)	468,034	60,206,286
84	60,206,286	(2,037,116)	455,947	58,625,117
85	58,625,117	(2,037,116)	443,766	57,031,768
86	57,031,768	(2,037,116)	431,492	55,426,145
87	55,426,145	(2,037,116)	419,124	53,808,153
88	53,808,153	(2,037,116)	406,659	52,177,697
89	52,177,697	(2,037,116)	394,099	50,534,681
90	50,534,681	(2,037,116)	381,443	48,879,008
91	48,879,008	(2,037,116)	368,688	47,210,581
92	47,210,581	(2,037,116)	355,836	45,529,301
93	45,529,301	(2,037,116)	342,884	43,835,069

94	43,835,069	(2,037,116)	329,833	42,127,787
95	42,127,787	(2,037,116)	316,681	40,407,352
96	40,407,352	(2,037,116)	303,428	38,673,664
97	38,673,664	(2,037,116)	290,072	36,926,621
98	36,926,621	(2,037,116)	276,614	35,166,120
99	35,166,120	(2,037,116)	263,052	33,392,057
100	33,392,057	(2,037,116)	249,386	31,604,327
101	31,604,327	(2,037,116)	235,614	29,802,826
102	29,802,826	(2,037,116)	221,737	27,987,448
103	27,987,448	(2,037,116)	207,752	26,158,084
104	26,158,084	(2,037,116)	193,660	24,314,629
105	24,314,629	(2,037,116)	179,459	22,456,972
106	22,456,972	(2,037,116)	165,149	20,585,005
107	20,585,005	(2,037,116)	150,728	18,698,618
108	18,698,618	(2,037,116)	136,197	16,797,699
109	16,797,699	(2,037,116)	121,553	14,882,137
110	14,882,137	(2,037,116)	106,797	12,951,818
111	12,951,818	(2,037,116)	91,927	11,006,629
112	11,006,629	(2,037,116)	76,942	9,046,456
113	9,046,456	(2,037,116)	61,842	7,071,182
114	7,071,182	(2,037,116)	46,626	5,080,693
115	5,080,693	(2,037,116)	31,292	3,074,869
116	3,074,869	(2,037,116)	15,841	1,053,594
117	1,053,594	(2,037,116)	270	(983,251)
118	-	-	-	-



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/204**

**ORS 757.140(2) – REGULATORY ASSET AMORTIZATION WITH  
20-YR. AMORTIZATION PERIOD**

Illustrative 20-year amortization schedule for ORS 757.140(2)(b) regulatory asset at MBT Rate rate

Proposed Amortization Target	
Remove Unrecovered Plant From Rate Base (Below)	(14,139,349)
Adjust Depreciation Expense For Retirements ( OPUC 22)	(9,941,442)
Add PacifiCorp 20-yr amort	<u>10,620,103</u>
<i>Net Reduction to RAC Recovery</i>	<i>(13,460,688)</i>

Wind Repowering Property Removed From Service:	
Net Book Value	587,094,258
Oregon SE	26.05%
Oregon-Allocated	152,955,677
Pre-Tax ROR	9.24%
Return on Rate Base in Rates	14,139,349

Amortization Schedule				
MBT Rate:	3.49%			
	12 Months	(10,620,103)		
Month	Beg. Bal	Amortization	Interest	End Balance
1	152,955,677	(885,009)	443,559	152,514,227
2	152,514,227	(885,009)	442,275	152,071,494
3	152,071,494	(885,009)	440,988	151,627,473
4	151,627,473	(885,009)	439,696	151,182,160
5	151,182,160	(885,009)	438,401	150,735,553
6	150,735,553	(885,009)	437,102	150,287,647
7	150,287,647	(885,009)	435,800	149,838,438
8	149,838,438	(885,009)	434,493	149,387,922
9	149,387,922	(885,009)	433,183	148,936,097
10	148,936,097	(885,009)	431,869	148,482,957
11	148,482,957	(885,009)	430,551	148,028,499
12	148,028,499	(885,009)	429,229	147,572,720
13	147,572,720	(885,009)	427,904	147,115,615
14	147,115,615	(885,009)	426,574	146,657,181
15	146,657,181	(885,009)	425,241	146,197,413
16	146,197,413	(885,009)	423,904	145,736,309
17	145,736,309	(885,009)	422,563	145,273,863
18	145,273,863	(885,009)	421,218	144,810,072
19	144,810,072	(885,009)	419,869	144,344,933
20	144,344,933	(885,009)	418,516	143,878,440
21	143,878,440	(885,009)	417,160	143,410,591
22	143,410,591	(885,009)	415,799	142,941,381
23	142,941,381	(885,009)	414,434	142,470,807
24	142,470,807	(885,009)	413,066	141,998,864
25	141,998,864	(885,009)	411,693	141,525,549
26	141,525,549	(885,009)	410,317	141,050,857
27	141,050,857	(885,009)	408,936	140,574,784
28	140,574,784	(885,009)	407,551	140,097,327
29	140,097,327	(885,009)	406,163	139,618,481
30	139,618,481	(885,009)	404,770	139,138,242

31	139,138,242	(885,009)	403,373	138,656,607
32	138,656,607	(885,009)	401,973	138,173,571
33	138,173,571	(885,009)	400,568	137,689,131
34	137,689,131	(885,009)	399,159	137,203,281
35	137,203,281	(885,009)	397,746	136,716,018
36	136,716,018	(885,009)	396,329	136,227,339
37	136,227,339	(885,009)	394,908	135,737,238
38	135,737,238	(885,009)	393,482	135,245,711
39	135,245,711	(885,009)	392,053	134,752,755
40	134,752,755	(885,009)	390,619	134,258,366
41	134,258,366	(885,009)	389,181	133,762,538
42	133,762,538	(885,009)	387,739	133,265,269
43	133,265,269	(885,009)	386,293	132,766,553
44	132,766,553	(885,009)	384,842	132,266,387
45	132,266,387	(885,009)	383,388	131,764,766
46	131,764,766	(885,009)	381,929	131,261,686
47	131,261,686	(885,009)	380,466	130,757,144
48	130,757,144	(885,009)	378,998	130,251,133
49	130,251,133	(885,009)	377,527	129,743,652
50	129,743,652	(885,009)	376,051	129,234,694
51	129,234,694	(885,009)	374,571	128,724,256
52	128,724,256	(885,009)	373,086	128,212,333
53	128,212,333	(885,009)	371,597	127,698,922
54	127,698,922	(885,009)	370,104	127,184,018
55	127,184,018	(885,009)	368,607	126,667,616
56	126,667,616	(885,009)	367,105	126,149,712
57	126,149,712	(885,009)	365,598	125,630,302
58	125,630,302	(885,009)	364,088	125,109,381
59	125,109,381	(885,009)	362,573	124,586,945
60	124,586,945	(885,009)	361,053	124,062,990
61	124,062,990	(885,009)	359,530	123,537,511
62	123,537,511	(885,009)	358,001	123,010,504
63	123,010,504	(885,009)	356,469	122,481,964
64	122,481,964	(885,009)	354,931	121,951,886
65	121,951,886	(885,009)	353,390	121,420,268
66	121,420,268	(885,009)	351,844	120,887,103
67	120,887,103	(885,009)	350,293	120,352,387
68	120,352,387	(885,009)	348,738	119,816,116
69	119,816,116	(885,009)	347,178	119,278,286
70	119,278,286	(885,009)	345,614	118,738,892
71	118,738,892	(885,009)	344,045	118,197,928
72	118,197,928	(885,009)	342,472	117,655,392
73	117,655,392	(885,009)	340,894	117,111,277
74	117,111,277	(885,009)	339,312	116,565,580
75	116,565,580	(885,009)	337,725	116,018,297
76	116,018,297	(885,009)	336,133	115,469,421
77	115,469,421	(885,009)	334,537	114,918,949
78	114,918,949	(885,009)	332,936	114,366,876
79	114,366,876	(885,009)	331,330	113,813,197
80	113,813,197	(885,009)	329,720	113,257,909
81	113,257,909	(885,009)	328,105	112,701,005
82	112,701,005	(885,009)	326,485	112,142,481
83	112,142,481	(885,009)	324,861	111,582,334
84	111,582,334	(885,009)	323,232	111,020,557
85	111,020,557	(885,009)	321,598	110,457,146
86	110,457,146	(885,009)	319,959	109,892,097
87	109,892,097	(885,009)	318,316	109,325,404
88	109,325,404	(885,009)	316,668	108,757,063
89	108,757,063	(885,009)	315,015	108,187,069
90	108,187,069	(885,009)	313,357	107,615,418
91	107,615,418	(885,009)	311,695	107,042,104

92	107,042,104	(885,009)	310,027	106,467,122
93	106,467,122	(885,009)	308,355	105,890,469
94	105,890,469	(885,009)	306,678	105,312,138
95	105,312,138	(885,009)	304,996	104,732,125
96	104,732,125	(885,009)	303,309	104,150,426
97	104,150,426	(885,009)	301,617	103,567,034
98	103,567,034	(885,009)	299,921	102,981,946
99	102,981,946	(885,009)	298,219	102,395,156
100	102,395,156	(885,009)	296,512	101,806,660
101	101,806,660	(885,009)	294,801	101,216,452
102	101,216,452	(885,009)	293,084	100,624,528
103	100,624,528	(885,009)	291,363	100,030,882
104	100,030,882	(885,009)	289,636	99,435,510
105	99,435,510	(885,009)	287,905	98,838,406
106	98,838,406	(885,009)	286,168	98,239,565
107	98,239,565	(885,009)	284,426	97,638,983
108	97,638,983	(885,009)	282,680	97,036,654
109	97,036,654	(885,009)	280,928	96,432,574
110	96,432,574	(885,009)	279,171	95,826,736
111	95,826,736	(885,009)	277,409	95,219,137
112	95,219,137	(885,009)	275,642	94,609,770
113	94,609,770	(885,009)	273,870	93,998,632
114	93,998,632	(885,009)	272,092	93,385,715
115	93,385,715	(885,009)	270,310	92,771,017
116	92,771,017	(885,009)	268,522	92,154,530
117	92,154,530	(885,009)	266,729	91,536,251
118	91,536,251	(885,009)	264,931	90,916,173
119	90,916,173	(885,009)	263,128	90,294,292
120	90,294,292	(885,009)	261,319	89,670,602
121	89,670,602	(885,009)	259,505	89,045,099
122	89,045,099	(885,009)	257,686	88,417,776
123	88,417,776	(885,009)	255,861	87,788,629
124	87,788,629	(885,009)	254,032	87,157,652
125	87,157,652	(885,009)	252,197	86,524,840
126	86,524,840	(885,009)	250,356	85,890,188
127	85,890,188	(885,009)	248,510	85,253,689
128	85,253,689	(885,009)	246,659	84,615,340
129	84,615,340	(885,009)	244,803	83,975,134
130	83,975,134	(885,009)	242,941	83,333,066
131	83,333,066	(885,009)	241,073	82,689,131
132	82,689,131	(885,009)	239,201	82,043,323
133	82,043,323	(885,009)	237,322	81,395,637
134	81,395,637	(885,009)	235,439	80,746,067
135	80,746,067	(885,009)	233,550	80,094,608
136	80,094,608	(885,009)	231,655	79,441,254
137	79,441,254	(885,009)	229,755	78,786,000
138	78,786,000	(885,009)	227,849	78,128,841
139	78,128,841	(885,009)	225,938	77,469,770
140	77,469,770	(885,009)	224,021	76,808,782
141	76,808,782	(885,009)	222,099	76,145,872
142	76,145,872	(885,009)	220,171	75,481,034
143	75,481,034	(885,009)	218,237	74,814,263
144	74,814,263	(885,009)	216,298	74,145,552
145	74,145,552	(885,009)	214,353	73,474,896
146	73,474,896	(885,009)	212,403	72,802,290
147	72,802,290	(885,009)	210,446	72,127,728
148	72,127,728	(885,009)	208,485	71,451,204
149	71,451,204	(885,009)	206,517	70,772,713
150	70,772,713	(885,009)	204,544	70,092,248
151	70,092,248	(885,009)	202,565	69,409,804
152	69,409,804	(885,009)	200,580	68,725,375

153	68,725,375	(885,009)	198,589	68,038,956
154	68,038,956	(885,009)	196,593	67,350,540
155	67,350,540	(885,009)	194,591	66,660,122
156	66,660,122	(885,009)	192,583	65,967,697
157	65,967,697	(885,009)	190,569	65,273,257
158	65,273,257	(885,009)	188,549	64,576,798
159	64,576,798	(885,009)	186,524	63,878,314
160	63,878,314	(885,009)	184,492	63,177,797
161	63,177,797	(885,009)	182,455	62,475,244
162	62,475,244	(885,009)	180,412	61,770,647
163	61,770,647	(885,009)	178,363	61,064,001
164	61,064,001	(885,009)	176,308	60,355,300
165	60,355,300	(885,009)	174,246	59,644,538
166	59,644,538	(885,009)	172,179	58,931,709
167	58,931,709	(885,009)	170,106	58,216,806
168	58,216,806	(885,009)	168,027	57,499,825
169	57,499,825	(885,009)	165,942	56,780,758
170	56,780,758	(885,009)	163,850	56,059,600
171	56,059,600	(885,009)	161,753	55,336,344
172	55,336,344	(885,009)	159,650	54,610,985
173	54,610,985	(885,009)	157,540	53,883,516
174	53,883,516	(885,009)	155,424	53,153,932
175	53,153,932	(885,009)	153,302	52,422,226
176	52,422,226	(885,009)	151,174	51,688,392
177	51,688,392	(885,009)	149,040	50,952,423
178	50,952,423	(885,009)	146,900	50,214,314
179	50,214,314	(885,009)	144,753	49,474,059
180	49,474,059	(885,009)	142,600	48,731,650
181	48,731,650	(885,009)	140,441	47,987,083
182	47,987,083	(885,009)	138,275	47,240,350
183	47,240,350	(885,009)	136,104	46,491,445
184	46,491,445	(885,009)	133,926	45,740,362
185	45,740,362	(885,009)	131,741	44,987,094
186	44,987,094	(885,009)	129,551	44,231,636
187	44,231,636	(885,009)	127,353	43,473,981
188	43,473,981	(885,009)	125,150	42,714,122
189	42,714,122	(885,009)	122,940	41,952,054
190	41,952,054	(885,009)	120,724	41,187,769
191	41,187,769	(885,009)	118,501	40,421,261
192	40,421,261	(885,009)	116,272	39,652,524
193	39,652,524	(885,009)	114,036	38,881,551
194	38,881,551	(885,009)	111,794	38,108,336
195	38,108,336	(885,009)	109,545	37,332,872
196	37,332,872	(885,009)	107,289	36,555,153
197	36,555,153	(885,009)	105,028	35,775,172
198	35,775,172	(885,009)	102,759	34,992,923
199	34,992,923	(885,009)	100,484	34,208,399
200	34,208,399	(885,009)	98,202	33,421,592
201	33,421,592	(885,009)	95,914	32,632,498
202	32,632,498	(885,009)	93,619	31,841,109
203	31,841,109	(885,009)	91,318	31,047,418
204	31,047,418	(885,009)	89,009	30,251,418
205	30,251,418	(885,009)	86,694	29,453,104
206	29,453,104	(885,009)	84,372	28,652,468
207	28,652,468	(885,009)	82,044	27,849,503
208	27,849,503	(885,009)	79,709	27,044,204
209	27,044,204	(885,009)	77,367	26,236,562
210	26,236,562	(885,009)	75,018	25,426,571
211	25,426,571	(885,009)	72,662	24,614,224
212	24,614,224	(885,009)	70,299	23,799,515
213	23,799,515	(885,009)	67,930	22,982,436

214	22,982,436	(885,009)	65,554	22,162,981
215	22,162,981	(885,009)	63,170	21,341,143
216	21,341,143	(885,009)	60,780	20,516,915
217	20,516,915	(885,009)	58,383	19,690,289
218	19,690,289	(885,009)	55,979	18,861,260
219	18,861,260	(885,009)	53,568	18,029,819
220	18,029,819	(885,009)	51,150	17,195,960
221	17,195,960	(885,009)	48,725	16,359,676
222	16,359,676	(885,009)	46,292	15,520,960
223	15,520,960	(885,009)	43,853	14,679,805
224	14,679,805	(885,009)	41,407	13,836,203
225	13,836,203	(885,009)	38,953	12,990,148
226	12,990,148	(885,009)	36,493	12,141,632
227	12,141,632	(885,009)	34,025	11,290,648
228	11,290,648	(885,009)	31,550	10,437,190
229	10,437,190	(885,009)	29,068	9,581,249
230	9,581,249	(885,009)	26,579	8,722,819
231	8,722,819	(885,009)	24,082	7,861,892
232	7,861,892	(885,009)	21,578	6,998,462
233	6,998,462	(885,009)	19,067	6,132,520
234	6,132,520	(885,009)	16,548	5,264,060
235	5,264,060	(885,009)	14,023	4,393,074
236	4,393,074	(885,009)	11,490	3,519,555
237	3,519,555	(885,009)	8,949	2,643,495
238	2,643,495	(885,009)	6,401	1,764,888
239	1,764,888	(885,009)	3,846	883,725
240	883,725	(885,009)	1,283	(0)

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 352**

In the Matter of )  
 )  
PACIFICORP, dba PACIFIC POWER, )  
 )  
2019 Renewable Adjustment Clause. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/205  
PACIFICORP RESPONSES TO DATA REQUESTS  
(REDACTED VERSION)**

UE 352 / PacifiCorp  
May 24, 2019  
AWEC 2<sup>nd</sup> Set Request 0012

**AWEC Data Request 0012**

Reference McDougal/9:19-10:9: Please provide the end of period net rate base detail associated with Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Glenrock III, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I and Marengo II for the year ending December 31, 2018. Please separately detail the gross-plant, accumulated depreciation, accumulated deferred income taxes, and excess deferred income taxes for each resource.

**Response to AWEC Data Request 0012**

Please refer to Attachment AWEC 0012 for requested end of period balances by location of facilities requested for the year ended December 31, 2018. Balances presented in this attachment represent unadjusted balances derived from the company's accounting database and do not reflect any normalizing or pro forma adjustments.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.



OR - UE 352

AWEC 0012

**Gross Plant Balances - as of December 31, 2018**

<b>LOCATION</b>	<b>Sum of Total Co (\$'000)</b>
GLENROCK WIND PLANT COMMON	23,883
GLENROCK WIND PLANT UNIT 1	200,070
GLENROCK WIND PLANT UNIT 3	87,255
GOODNOE HILLS WIND PLANT COMMON	5,573
GOODNOE HILLS WIND PLANT UNIT 1	189,869
HIGH PLAINS - MCFADDEN WIND PLANT COMMON	9,246
HIGH PLAINS WIND PLANT	217,568
LEANING JUNIPER 1 WIND PLANT	183,391
MARENGO UNIT 1 SUBSTATION	7,893
MARENGO UNIT 2 SUBSTATION	7,084
MARENGO WIND PLANT COMMON	10,001
MARENGO WIND PLANT UNIT 1	234,768
MARENGO WIND PLANT UNIT 2	126,174
MCFADDEN RIDGE WIND PLANT	56,353
MCFADDEN SUBSTATION	1,416
SEVEN MILE HILL WIND PLANT COMMON	10,561
SEVEN MILE HILL WIND PLANT U1	198,761
SEVEN MILE HILL WIND PLANT U2	42,045
SEVENMILE SUBSTATION	321
<b>Grand Total</b>	<b>1,612,233</b>

OR - UE 352

AWEC 0012

**Accumulated Depreciation - as of December 31, 2018**

<b>LOCATION</b>	<b>Sum of Total Co (\$'000)</b>	
GLENROCK WIND PLANT UNIT 1	(73,509)	126,561
GLENROCK WIND PLANT UNIT 3	(29,084)	
GOODNOE HILLS WIND PLANT COMMON	(2,010)	
GOODNOE HILLS WIND PLANT UNIT 1	(63,042)	126,827
HIGH PLAINS - MCFADDEN WIND PLANT COMMON	(1,802)	
HIGH PLAINS WIND PLANT	(70,696)	
LEANING JUNIPER 1 WIND PLANT	(73,659)	
MARENGO UNIT 1 SUBSTATION	(1,473)	
MARENGO UNIT 2 SUBSTATION	(1,234)	
MARENGO WIND PLANT COMMON	(3,197)	
MARENGO WIND PLANT UNIT 1	(95,191)	
MARENGO WIND PLANT UNIT 2	(47,222)	
MCFADDEN RIDGE WIND PLANT	(18,373)	
MCFADDEN SUBSTATION	(540)	
SEVEN MILE HILL WIND PLANT COMMON	(2,262)	
SEVEN MILE HILL WIND PLANT U1	(67,377)	
SEVEN MILE HILL WIND PLANT U2	(14,071)	
SEVENMILE SUBSTATION	(25)	
<b>Grand Total</b>	<b>(564,766)</b>	

OR - UE 352  
AWEC 0012

**ADIT & Excess Def Inc Tax - as of December 31, 2018**

<b>LOCATION</b>	<b>Sum of Total Co</b>
GLENROCK WIND PLANT UNIT 1	(54,275,181)
GLENROCK WIND PLANT UNIT 3	(22,345,719)
GOODNOE HILLS WIND PLANT UNIT 1	(48,210,818)
HIGH PLAINS WIND PLANT	(61,362,550)
LEANING JUNIPER 1 WIND PLANT	(47,155,691)
MARENGO WIND PLANT UNIT 1	(62,627,334)
MARENGO WIND PLANT UNIT 2	(29,564,505)
MCFADDEN RIDGE WIND PLANT	(15,069,295)
SEVEN MILE HILL WIND PLANT U1	(50,713,551)
SEVEN MILE HILL WIND PLANT U2	(10,545,419)
<b>Grand Total</b>	<b>(401,870,063)</b>

Balances include regulatory Accumlated Deferred Income Tax (ADIT) and Excess Deferred Income Taxes (ED

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AWEC 2<sup>nd</sup> Set Request 0017

### **AWEC Data Request 0017**

Reference AWEC Data Request 07: Please identify the gross plant and accumulated depreciation for Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Glenrock III, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I and Marengo II in Docket No. UE 263. PacifiCorp's original response to the referenced data request detailed only the net plant values included in rate base.

### **Response to AWEC Data Request 0017**

Referencing the company's response to AWEC Data Request 007, tab "Pivot," FERC Accounts in the "300"s range represent gross plant balances, whereas FERC Accounts beginning with "108" represent accumulated depreciation balances. In preparing this response, the company noticed that Glenrock III and Glenrock Common data was inadvertently excluded in the company's original response to AWEC Data Request 007. Please refer to Attachment AWEC 0017 which supplements the Glenrock III and common facilities information, and reorganizes the data into a format more aligned with the company's response to AWEC Data Request 0012, with gross plant and accumulated depreciation data clearly separated into different tabs for ease of reference.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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<b>LOCATION</b>	<b>Sum of Total Co. (\$'000)</b>
GLENROCK WIND PLANT COMMON	17,914
GLENROCK WIND PLANT UNIT 1	199,612
GLENROCK WIND PLANT UNIT 3	86,981
GOODNOE HILLS WIND PLANT COMMON	5,534
GOODNOE HILLS WIND PLANT UNIT 1	186,756
HIGH PLAINS - MCFADDEN WIND PLANT COMMON	9,017
HIGH PLAINS WIND PLANT	217,130
LEANING JUNIPER 1 WIND PLANT	179,052
MARENGO UNIT 1 SUBSTATION	7,751
MARENGO UNIT 2 SUBSTATION	6,971
MARENGO WIND PLANT COMMON	7,712
MARENGO WIND PLANT UNIT 1	232,997
MARENGO WIND PLANT UNIT 2	125,848
MCFADDEN RIDGE WIND PLANT	56,240
MCFADDEN SUBSTATION	1,341
SEVEN MILE HILL WIND PLANT COMMON	9,900
SEVEN MILE HILL WIND PLANT U1	197,142
SEVEN MILE HILL WIND PLANT U2	41,382
SEVENMILE SUBSTATION	16
<b>Grand Total</b>	<b>1,589,295</b>

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<b>LOCATION</b>	<b>Sum of Total Co. (\$'000)</b>
GLENROCK WIND PLANT COMMON	(1,289)
GLENROCK WIND PLANT UNIT 1	(31,047)
GLENROCK WIND PLANT UNIT 3	(10,552)
GOODNOE HILLS WIND PLANT COMMON	(897)
GOODNOE HILLS WIND PLANT UNIT 1	(28,555)
HIGH PLAINS - MCFADDEN WIND PLANT COMMON	(598)
HIGH PLAINS WIND PLANT	(24,248)
LEANING JUNIPER 1 WIND PLANT	(39,593)
MARENGO UNIT 1 SUBSTATION	(622)
MARENGO UNIT 2 SUBSTATION	(465)
MARENGO WIND PLANT COMMON	(1,334)
MARENGO WIND PLANT UNIT 1	(46,092)
MARENGO WIND PLANT UNIT 2	(20,379)
MCFADDEN RIDGE WIND PLANT	(6,286)
MCFADDEN SUBSTATION	(414)
SEVEN MILE HILL WIND PLANT COMMON	(836)
SEVEN MILE HILL WIND PLANT U1	(26,934)
SEVEN MILE HILL WIND PLANT U2	(5,670)
SEVENMILE SUBSTATION	(5)
<b>Grand Total</b>	<b>(245,816)</b>

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**AWEC Data Request 0018**

Reference AWEC Data Request 07: Please provide PacifiCorp's best estimate of the accumulated deferred income taxes for Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Glenrock III, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I and Marengo II from docket UE 263.

**Response to AWEC Data Request 0018**

Please refer to Confidential Attachment AWEC 0018.

Confidential information is designated as Protected Information under Order No. 18-490 and may only be disclosed to qualified persons as defined in that order.

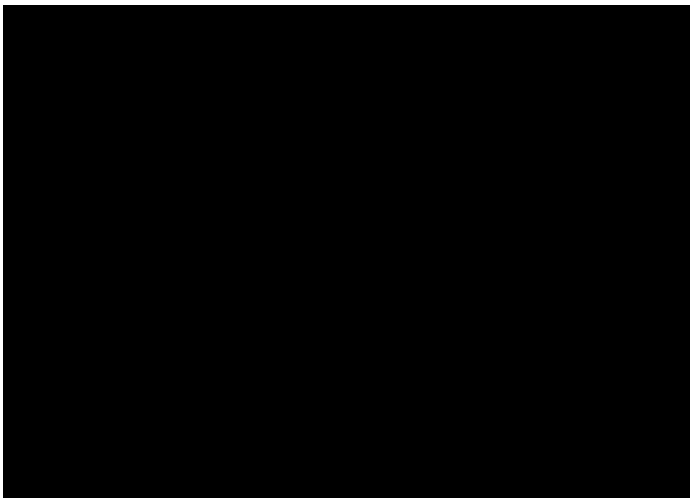
Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

OR - UE 352  
AWEC 0018

Protected Information  
Under Order No. 18-490

Confidential Attachment AWEC 0018

**PacifiCorp**  
**2019 Renewable Adjustment Clause**  
**Accumulated Deferred Income Tax Balances for Wind Farms**  
**Per UE-263**





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March 13, 2019  
OPUC Request 22

## OPUC Data Request 22

**Accounting and Depreciation** - Regarding the Company's statement, on page 14 of its Energy Vision 2020 Update informational filing dated July 28, 2017 in Docket No. LC 67, that it assumed in the 2017 IRP and in the economic analysis updated with this filing, "...PacifiCorp will fully recover the unrecovered investment in the original equipment on existing wind resources and earn its authorized rate of return on the unrecovered balance over the remainder of the original 30-year depreciable life of each repowered wind facility:"

- (a) Please identify the location(s) this assumption was stated in the Company's 2017 IRP filed in Docket No. LC 67.
- (b) Please identify the location(s) and date(s) of each other filing in Docket No. LC 67 in which the Company stated this assumption.
- (c) Please identify the location(s) the Company stated this assumption in the Company's December 28, 2018 filing in Docket No. UE 352.
- (d) Through what date(s), for each repowered wind farm listed in Exhibit PAC/204 Hemstreet/2, does the Company plan for the removed wind turbine generator components to be in Oregon rate base?
- (e) Please specify the dollar amount, if any, included in the values in columns identified as 5 – 9 (inclusive) appearing on Exhibit PAC/202 Spanos/72 – Spanos/73 in Docket No. 1968 and related to the wind farms listed in Exhibit PAC/204 Hemstreet/2, for the wind turbine generator equipment removed in the course of repowering the Company's wind farms.
- (f) Please specify, separately for each wind farm repowering project the Company is proposing to be in Oregon rates as a result of its December 28, 2018 filing in Docket No. UE 352, the dollar amounts by FERC account for each of original cost, book depreciation reserve, future accruals, and annual accrual amount as of year-end 2017 *for the wind turbine generator equipment removed* in the course of repowering the Company's wind farms.

## Response to OPUC Data Request 22

- (a) The economic benefits of wind repowering are calculated by comparing a scenario with and without repowering. In both of these scenarios, PacifiCorp did not included embedded rate base assuming that these costs would be recovered in both scenarios. Referencing PacifiCorp's 2017 Integrated Resource Plan (IRP), filed in docket LC 67, please refer to the confidential data disks supporting PacifiCorp's 2017 IRP,

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specifically folder “Assumptions + Inputs Conf.zip\Assumptions + Inputs\Wind Repower, CONF”; file “Wind RePower Data Fixed Cost & PTC.” This work paper shows the annual incremental capital recovery costs associated with the wind repowering project. As the unrecovered capital recovery investment amount for the projects is assumed in both the with and without repowering cases, the with repowering captures only the incremental capital recovery amount.

- (b) Please refer to the response to subpart (a) above. Note: all documentation filed by parties participating in docket LC 67 are available on the Public Utility Commission of Oregon (OPUC) website, which can be accessed by using the following website link:

<https://apps.puc.state.or.us/edockets/docket.asp?DocketID=20532>

- (c) This assumption is stated in the direct testimony of company witness, Rick T. Link. Please refer to Exhibit PAC/300, Link/16, line 23 through Link/17 line 2.
- (d) The company anticipates that the removed wind turbine generator (WTG) components will follow the company’s long-standing depreciation methodology practice for equipment that is removed and replaced and will continue to depreciate over the average remaining life of the components to which the replaced equipment belongs.
- (e) Please refer to Confidential Attachment OPUC 22 for the December 31, 2017 balances of original cost and accumulated depreciation of the plant attributable to the removed equipment that is included in column 5 and column 6 respectively, on Exhibit PAC/202 Spanos/72 – Spanos/73 in docket UM 1968. The current annual depreciation is also shown using the depreciation rates approved in the 2013 depreciation study, docket UM 1647.
- (f) Please refer to Confidential Attachment OPUC 22 for the December 31, 2017 balances of original cost and accumulated depreciation of the plant attributable to the removed equipment. The current annual depreciation is also shown using the depreciation rates approved in the 2013 depreciation study, docket UM 1647.

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**Property and Equipment to be Replaced in Wind Repowering**

