PACIFICORP
A MIDAMERICAN ENERGY HOLDINGS COMPANY

Pacific Power | Utah Power
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825 NE Multnomah
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April 24, 2008

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attention: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: **Docket UM 1329** – Response to Bench Requests

Enclosed for filing is PacifiCorp's Response to the Bench Requests, which were issued on April 8, 2008.

Questions on this filing may be directed to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Very truly yours,

Andrea L. Kelly

Andrea L. Kelly
Vice President, Regulation

Enclosures
cc: Service list for Docket UM 1329

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of April, 2008, I caused to be served, via Email and overnight delivery, a true and correct copy of PacifiCorp's Response to Bench Requests in Docket No. UM 1329 to the following:

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1329

In the Matter of PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY Petition to File Preliminary Depreciation Study	RESPONSE TO BENCH REQUEST

Pursuant to the Bench Request issued by the Public Utility Commission of Oregon ("Commission") on April 8, 2008, PacifiCorp, d.b.a. Pacific Power ("Company") respectfully submits the following response:

1. **What are the current depreciable lives for Pacific Power's coal-fired generating plants?**

Coal-Fired Generating Plant	Depreciable Life in Study Supporting Current Rates	Depreciable Life Supporting Stipulated Rates
Carbon Plant	30	34
Cholla Plant	42	56
Colstrip Plant	43	57
Craig Plant	43	48
Dave Johnston Plant	36	40
Hayden Plant	36	40
Hunter Plant	41	54
Huntington	38	44
Jim Bridger Plant	38	50
Naughton Plant	39	40
Wyodak Plant	40	53

2. What is the basis for the extension in the depreciable lives for the Pacific Power's coal-fired plants?

The Company will continue to need a resource of reliable, economic energy well into the foreseeable future. When evaluating potential resources to meet its load requirements, the Company looks first at its existing assets. The analysis performed to determine the economic life of the existing fleet included an evaluation of the operating and maintenance history of the plants as determined by owner operational requirements, an assessment of the current condition of major equipment components, and a review of capital expenditures made and anticipated to be made at the plants. Each of these review areas is more fully described below. After reviewing the maintenance history, the current asset condition and factoring in the expected capital expenditures in the current 10-year plan, PacifiCorp expects the plants to operate up to the proposed depreciable lives.

Evaluation of the Operating and Maintenance History

A review of historical records indicates that the Company's steam plants have been operated and maintained in a manner consistent with the expectation reflected in original design parameters. Manufacturers' guidelines and/or operating recommendations from design engineers have been translated into training materials and operating procedures used throughout the Company's thermal fleet. A review of preventative maintenance logs, work order and equipment histories, and overhaul histories indicates that required maintenance procedures have been consistently applied for all plants. This is further demonstrated by the high capacity factors and high equivalent availability factors exhibited by the Company's thermal fleet.

Assessment of the Current Condition of Major Equipment Components

During the annual planning cycle, plant operating and engineering personnel review the loss histories for major equipment components, the planned overhaul schedule and the planned operating requirements for the plants. The plant personnel use this data to determine condition of the equipment and potential projects to reduce risk of equipment failure.

Capital Expenditures Made and Anticipated to be Made

Periodic capital expenditures allow these generating plants to continue to operate as designed and to serve as cost-effective resources needed to meet the Company's load requirement. From January 1, 2004 to December 31, 2007 the Company spent more than $667 million on capital projects that maintain the ability of the steam plants to continue to provide a valuable and low-cost source of electricity. The current 10-year plan shows capital expenditures of $2,083 million needed to maintain the reliability and availability of the steam plants.

Another factor for consideration is the Company's need for consistency across jurisdictions for depreciable lives on all system allocated assets. Intuitively, the Company can not justify different depreciable lives for the same asset. Different depreciable lives for the same asset raises significant regulatory issues since the jurisdictional allocation of these assets changes from period to period and would potentially result in inter-jurisdictional misallocation of costs. The company will be required to book depreciation expense based on the lives which are approved by the preponderance of it regulatory bodies. If Oregon mandates other treatment, the company

will need to recognize those differences as either regulatory assets or liabilities for SEC reporting and accounting purposes.

3. Describe any analysis Pacific Power performed regarding effects 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.

The Company has reviewed the existing environmental regulations and regularly monitors its compliance with those regulations.

When analyzing the effects of potential environmental regulations on the economic lives of the coal-fired plants the Company models several scenarios that try to predict the effects of proposed or anticipated requirements. Currently the Company plans on expending approximately $1,424 million in new capital over the next ten years on environmental controls projects.

The Company's steam generating plants perform well and serve as an important source of base-load generation for the Company's customers. Changing environmental regulations may ultimately require the installation of emissions control equipment to ensure that these plants operate in compliance with the environmental laws and regulations. The significant capital investment that is required to install emissions reduction equipment is a benefit to customers that will allow the plants to continue operation. The adjustment of the plants' depreciable life reflects the Company's ability to recover its plant investment for the benefit of the customer.

4. Given that increased regulation of coal-fired generating plants is probable, and may make it economical 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?

Due to the current uncertainty in the ability to quantify in any meaningful way the cost of compliance with potential federal carbon dioxide ("CO_2") legislation, coal-fired generating plant retirement is not currently under consideration. Within the last few months, it has become apparent that the United States Congress will enact some restriction upon carbon emissions, but the timing and the projected cost impact upon existing coal generation (and assuming a cap-and-trade system, the price of allowances in the market) is currently within such a wide range as to make meaningful risk assessment futile.

The Actual Carbon Policy's Design Will Weigh Heavily on Any Decision

Retiring an existing coal-fired generating plant will depend on numerous factors including the factors related to the carbon policy design. Examples of factors include the allocation of free allowances, the cost of allowances in the market and any flexible compliance mechanisms included within the cap-and-trade system (i.e., carbon offsets, allowance/offset banking and borrowing, safety valve mechanism, and etcetera).

Broader Market Conditions Will Need to Also Be Considered

Any decision to retire an existing coal-fired generating plant will also be affected by broader market conditions. Examples include the price of wholesale electricity, the price of natural gas, court-ordered hydroelectric production curtailment or dam removal, electricity load growth (i.e., including new load growth attributable to a carbon policy incentivizing beneficial fuel switching from a sector to the electricity sector),

opportunities for energy efficiency and demand side management, and the costs for new generating plant, including raw material/commodity costs and construction/labor costs.

Technology Advancement is Also Key

Finally, new technologies will be a factor in any decision to retire an existing coal-fired generating plant. Examples include the commercial availability of CO_2 emissions control retrofit equipment, the status of CO_2 storage alternatives, and new nuclear power plant construction. If these technological options are not available in the marketplace any decisions to retire an existing coal-fired generating plant become economically more difficult.

Once a carbon policy is legally enforceable, the Company will need to model the impact it would have on its existing generation portfolio, make assumptions about current and future market conditions, as well as any judgments on technological options. At this time, it would also be appropriate for the Company to revisit the depreciable lives for its existing coal-fired generating units.

The Company has agreed to file its next depreciation study no later than five years after the Commission's final order in this docket. To the extent that there is greater certainty around these carbon policy issues, the Company will incorporate this analysis on the depreciable lives into that study.

DATED: April 24, 2008

Respectfully submitted,

Andrea L. Kelly
Vice President, Regulation
Pacific Power