

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1329

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

DISPOSITION: COMPLIANCE FILING APPROVED

On June 17, 2008, the Public Utility Commission of Oregon (Commission) issued Order No. 08-327 concerning the depreciation-rate Stipulation between Commission Staff and PacifiCorp, dba Pacific Power. The Order rejected the rates for the 11 coal-fired generating plants found in the proposed Schedule 1, while finding the rates acceptable for all other categories of plant. In the proposed Schedule 1, each of the 11 coal-fired generating plants had greater life end-dates than those in an earlier order, Order No. 03-457, issued in Docket No. UM 1064. For each of the 11 coal-fire plants, the Company was ordered to recalculate the depreciation rates using the life end-dates found in Order No. 03-457. The Company was required to use plant balances, book reserves, and net salvage amounts as of December 31, 2006. The order further stated that the Company was to file this study no later than 90 days after the June 17, 2008, effective date of the order.

On July 9, 2008, Pacific Power filed the revised Schedule 1 and work papers as ordered. Staff reviewed the filing to ensure the three conditions of the order were met.¹ Staff also reviewed the methodology used to calculate the remaining lives for the coal-fired generating plants. Based on this review, Staff found that the compliance filing met all of the conditions of the order.

At its Public Meeting on August 7, 2008, the Commission adopted Staff's recommendation.

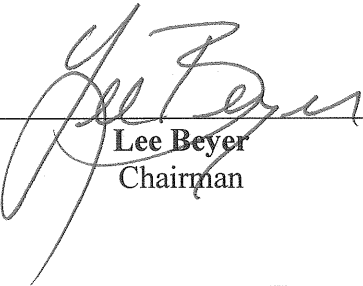
¹ A description of the conditions stated in Order No. 08-327 is contained on page two of the Staff Report, attached as Appendix A, and incorporated by reference.

ORDER

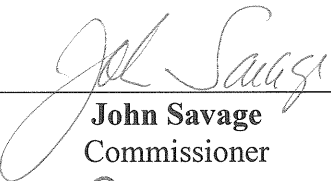
IT IS ORDERED that:

1. Pacific Power's revised Schedule 1 and work papers submitted on July 9, 2008, in compliance with Order No. 08-327, are approved.
2. The rates in the revised Schedule 1 become effective January 1, 2008.

Made, entered, and effective AUG 20 2008 .



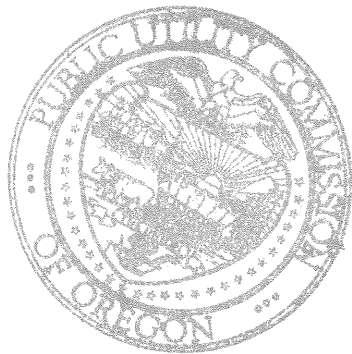
Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 7, 2008**

REGULAR CONSENT EFFECTIVE DATE January 1, 2008

DATE: July 30, 2008

TO: Public Utility Commission

FROM: Roger White *RW*

THROUGH: *EB for* Lee Sparling, *EB* Ed Busch, and *CV* Cynthia Van Landuyt

SUBJECT: PACIFIC POWER: (Docket No. UM 1329) Request for Approval of Compliance Filing.

STAFF RECOMMENDATION:

Staff recommends that the Commission accept Staff's finding that Pacific Power's submission complies with Order No. 08-327 and allow the depreciation rates to be effective January 1, 2008.

DISCUSSION:

On June 17, 2008, the Commission issued Order No. 08-327 in Docket No. UM 1329 concerning the depreciation-rate stipulation between Staff and Pacific Power (the Company). Schedule 1, which was attached to the stipulation, contained the proposed rates for Commission approval.

Order No. 08-327 rejected the rates for the eleven coal-fired generating plants found in the proposed Schedule 1, while finding the rates acceptable for all other categories of plant. In the proposed Schedule 1, each of the eleven coal-fired generating plants had greater life end-dates than those in an earlier order, Order 03-457 in Docket No. UM 1064.

For each of these eleven coal-fire plants, the Company was ordered to recalculate the depreciation rates using the life end-dates found in Order 03-457. Additionally, the company was required to use plant balances, book reserves, and net salvage amounts as of December 31, 2006. The order further stated that the Company was to file this study no later than 90 days after the June 17, 2008, effective date of the order.

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On July 9, 2008, the Company filed the revised Schedule 1 and work papers as ordered. Staff reviewed the filing to ensure that the three conditions of the order were met: 1) The end-lives of the eleven coal-fire generating plants were the same as those used in Order 03-457; 2) The filing used December 31, 2006, plant balances, reserves, and the net salvage amounts derived from these; and 3) The other rates in Schedule 1 remained unchanged. Staff also reviewed the methodology used to calculate the remaining lives for the coal-fired generating plants. Based on this review, Staff found that the compliance filing met all of the conditions of the order.

PROPOSED COMMISSION MOTION:

Accept Staff's findings that the rates are in compliance with Order 08-327 and become effective January 1, 2008.

Pacific Power Compliance