

Exhibit 1.3

David T. Thomson Testimony

Dockets No. 06-035-163

No. 07-035-04

No. 07-035-14

Amortization Period Authorization

The Federal Energy Regulatory Commission (“FERC”) chart of account instructions specifically addresses losses from disposition of utility plant. It states that "Significant deferred losses from dispositions of utility plant recorded to FERC account No. 187 are to be amortized over 5 years unless otherwise authorized by the Commission". If the commission does not grant a deferred cost accounting for the book loss of the Powerdale plant, due to the flood, through a charge to a regulatory asset account, it is the Division’s belief that this is the account that the loss would be recorded to under FERC accounting guidelines.¹

The Public Service Commission (PSC) in the PacifiCorp1999 General Rate Case authorized the following amortization periods:

Although Y2K costs are a one-time expense and could be excluded from the test year. . . . We accept amortization as a fair way for the Company to recover these costs, but believe five years is too long a period under the circumstances presented in this case. Instead, we adopt a three-year amortization to reflect the unique nature and importance of these particular expenses to the public generally.²

We believe the record in this Docket is sufficient to begin an amortization in this test year because SAP was installed in one generation station and we give some weight to the Company’s claim benefits were realized. We therefore accept the proposal of the Company and the Division to amortize re-engineering and training expenditures over five years.³

The record shows that SAP runs on a client/server, not the mainframe, and that additional capacity was needed to run other vital software, including new customer service system software (CSS). Therefore, we conclude that test-year amortization of the write off need not proceed on the basis of a match with the presumed benefits associated with the implementation of SAP. Because replacement is indirectly due to SAP, however, and the primary benefits of that will occur beyond the test year, we conclude that an amortization period of five years, proposed by the Division, is more appropriate than the three-year period proposed by the Company, and it is therefore adopted.⁴

¹ FERC 18 CFR Ch. 1 101 p 333.

² Docket No. 99-035-10, Y2K Expenses, p 61.

³ Docket No. 99-035-10, Re-Engineering, p 64.

⁴ Docket No. 99-035-10, Computer Mainframe Write-Down, p 65.

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The PSC in the Matter of the Application of PacifiCorp for an Accounting Order Regarding Enhanced Early Retirement Program authorized the following amortization period:

On June 12, 2000, PacifiCorp dba Utah Power & Light Company ("PacifiCorp" or the "Company") filed an application for an accounting order authorizing it to capitalize and amortize over a five-year period the costs of a voluntary enhanced early retirement program and an employee severance program. . . . PacifiCorp's application is hereby approved and PacifiCorp is authorized to accumulate and capitalize the costs of the retirement program and severance program in Account 182.3 Other Regulatory Assets and amortize these costs to Account 930.2 Miscellaneous General Expenses over the five-year period commencing from the date of this Order.⁵

⁵ Docket No. 00-2035-01, Enhanced Early Retirement Program.