

RECEIVED
FILED

2003 MAY 27 AM 10:17

IDAHO PUBLIC
UTILITIES COMMISSION



May 27, 2003

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attention: Jean D. Jewell
Commission Secretary

RE: APPLICATION OF PACIFICORP
CASE No. PAC-E-03- 08

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits for filing an original and eight copies of its Application of PACIFICORP for an Accounting Order Regarding treatment of Certain Asset Retirement Obligations. An electronic copy of this filing will also be provided.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 800
Portland, OR 97232

With copies to: Dan Peterson
PacifiCorp
One Utah Center
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Facsimile: (801) 220-2798
E-mail: dan.peterson@pacificorp.com

John M. Eriksson
STOEL RIVES LLP
One Utah Center
201 South Main Street, Suite 1100
Salt Lake City, Utah 84111-4904
Telephone: (801) 578-6937
Facsimile (801) 578-6999
E-mail: jmeriksson@stoel.com

Very truly yours,

D. Douglas Larson
Vice President, Regulation
Enclosures

Mary S. Hobson, ISB #2142
STOEL RIVES LLP
101 South Capital Blvd., Suite 1900
Boise, ID 83702-5958
Tel: (208) 387-4277
Fax: (208) 389-9040

John M. Eriksson
STOEL RIVES LLP
One Utah Center
201 South Main Street, Suite 1100
Salt Lake City, Utah 84111-4904
Telephone: (801) 578-6937
Facsimile (801) 578-6999

Attorneys for PacifiCorp

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of	:	
PACIFICORP for an Accounting Order	:	APPLICATION OF PACIFICORP
Regarding Treatment of Certain Asset	:	
Retirement Obligations	:	Case No. PAC-E-03- <u>08</u>

Pursuant to the provisions of *Idaho* Code § 61-524, and the Rules of Procedure of the Idaho Public Utilities Commission (“Commission”), PacifiCorp (“Applicant”) applies for an accounting order authorizing the Company to (1) record, as a regulatory asset or a regulatory liability, the cumulative financial statement impact resulting from the Company’s implementation of Statement of Financial Accounting Standards (“SFAS”) 143; and (2) record on an ongoing basis, as a regulatory asset or a regulatory liability, an amount equal to the difference between the annual SFAS 143 accretion and depreciation expenses and the annual depreciation expenses based on Commission-approved depreciation rates and coal mine reclamation accruals. Such an order will not affect the current level of asset removal cost included in the Company’s revenue requirement through depreciation expense. Further PacifiCorp respectfully requests confirmation by the Commission that asset removal costs, in the

form of negative net salvage, are currently accrued through annual depreciation expense which is recoverable in rates; that these costs are based on estimates of the final removal costs; and that such costs are trued-up for ratemaking purposes at the time the related assets are retired and the actual removal costs are determined.

In support of this Application, PacifiCorp states as follows:

1. PacifiCorp is an electrical corporation and public utility in the state of Idaho and is subject to the jurisdiction of the Commission with regard to its rates, service, and accounting practices. PacifiCorp also provides retail electricity service in the states of California, Oregon, Utah, Washington and Wyoming.

2. This Application is filed pursuant to I.C. § 61-524, which authorizes the Commission to prescribe the accounting to be used by public utilities subject to its jurisdiction.

3. Communications regarding this Application should be addressed to:

Dan Peterson
PacifiCorp
One Utah Center
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-4014
Facsimile: (801) 220-2798
E-mail: dan.peterson@pacificorp.com

John M. Eriksson
STOEL RIVES LLP
One Utah Center
201 South Main Street, Suite 1100
Salt Lake City, Utah 84111-4904
Telephone: (801) 578-6937
Facsimile (801) 578-6999
E-mail: jmeriksson@stoel.com

BACKGROUND

4. Under the accounting method currently used by the Company for both financial reporting and ratemaking purposes, the cost of removing a tangible long-lived asset at retirement is included in the calculation of depreciation rates as negative salvage and is recovered over the useful life of the asset. Under this method, the accrued removal cost is included in Account 108, Accumulated Depreciation.

5. In June 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS 143, *Accounting for Asset Retirement Obligations*, effective for fiscal years after June 15, 2002. Under SFAS 143, entities are required to recognize and account for certain asset retirement obligations in a manner different from the way that PacifiCorp and other public utilities have traditionally recognized and accounted for such costs. Specifically, if a legally enforceable asset retirement obligation (“ARO”), as defined by SFAS 143 is deemed to exist, an entity must measure and record the liability for the ARO on its books. The liability must be recorded at fair market value in the period during which the liability is incurred. SFAS 143 defines “fair market value” as the amount that the entity would be required to pay in an active market to settle the ARO. SFAS 143 also provides that if market prices are not available, estimates of fair value can be calculated by discounting the estimated cash flows associated with the ARO to their present value at the date the liability is to be recorded.

6. Under SFAS 143, at the time the liability is recorded, a corresponding and equivalent ARO asset is also recorded on the entity’s books as part of the cost of the associated tangible asset. The ARO asset is then depreciated over the life of the associated tangible asset. In addition, accretion is added to the ARO liability annually to account for the time value of

money, so that at the time of retirement the recorded ARO liability will be sufficient to equal the cash required to meet the legal obligation.

7. In addition to the forward-looking requirements of SFAS 143, entities are also required to recognize the cumulative impact on their financial statements resulting from the implementation of SFAS 143. This cumulative impact amounts to a transition entry on the entity's books, so that in future years the financial statements will appear as if the requirements of SFAS 143 had always been followed.

8. SFAS 143 recognizes that differences may exist between its requirements and the treatment of ARO costs for regulatory purposes and provides that a regulated entity subject to SFAS 71, *Accounting for the Effects of Certain Types of Regulation*, can recognize any differences between the two approaches as a regulatory asset or a regulatory liability, subject to the requirements of SFAS 71.

9. PacifiCorp is required to implement SFAS 143 in order to comply with Generally Accepted Accounting Principles. Due to the lack of an active market for settling AROs, PacifiCorp will use the expected present value method to determine its ARO liabilities and offsetting assets.

10. After a thorough review, PacifiCorp has determined that it will need to record AROs under SFAS 143 for certain generation and mining assets. The Company has also identified AROs for transmission and distribution assets. However, the timing of those obligations is indeterminate and the liability cannot be measured and recorded at this time. There were no material AROs for general plant assets.

11. In order to reflect the cumulative impact of SFAS 143 for past years, PacifiCorp will record on its books, as shown on Exhibits 1 and 3, a series of five transition entries for the

generation and mining assets. The first transition entry will record the present value of the liability for each ARO at the date it was incurred, offset by an increase in the carrying value of the related ARO asset. The second transition entry will record the increase in the ARO liability by the accretion of interest through April 1, 2003. The third transition entry will record the accumulated depreciation on each ARO asset from the date the ARO was incurred through April 1, 2003, the date on which PacifiCorp implemented SFAS 143. The fourth transition entry will reverse the accumulated retirement costs associated with the generation and mining assets that have been previously accrued on the Company's books. The net difference between these four transition entries is the cumulative impact of the implementation of SFAS 143 for the generation and mining assets.

12. PacifiCorp seeks Commission approval to record that cumulative impact as a regulatory asset, or a regulatory liability. As shown in the fifth transition entry on Exhibit 1, the Company proposes to record the cumulative impact as a regulatory asset if the retirement costs previously accrued on the Company's books are less than the ARO liability under SFAS 143. Conversely, if the previously accrued retirement costs are greater than the SFAS 143 ARO liability, the Company proposes to record the cumulative impact as a regulatory liability. Under this proposed treatment, the SFAS 143 transition entries will net to zero for ratemaking purposes.

13. In addition to the transition entries, SFAS 143 accounting will require two annual entries. One entry will be required to record the annual increase in the ARO liability from the accretion of interest and another will be necessary to record the annual depreciation of the associated ARO asset on a straight-line basis over its remaining life. Since the Company will continue to use the Commission approved depreciation rates and coal mine reclamation accruals

to determine annual asset retirement costs for ratemaking purposes, these new accounting entries will not change the level of the costs included in rates.

14. In order to reconcile the requirements of SFAS 143 with regulatory accounting practices used in the rate setting process and to maintain revenue neutrality with respect to these costs, the Company seeks Commission approval to record any differences between the annual SFAS 143 accretion and depreciation expenses and the annual Commission-approved depreciation rates and coal mine reclamation accruals as a regulatory asset or a regulatory liability. If the annual asset retirement cost for ratemaking purposes exceeds the annual SFAS 143 ARO cost, the difference will reduce the regulatory asset or increase the regulatory liability. If the annual SFAS 143 ARO cost exceeds the annual asset retirement cost for ratemaking purposes, the difference will increase the regulatory asset or reduce the regulatory liability. Examples of the annual SFAS 143 accretion and depreciation entries and the annual adjustments to regulatory assets and liabilities are shown in Exhibit 2. Example calculations of the annual adjustment to the regulatory assets and liabilities for the Blundell Plant and the Jim Bridger Coal Mine are shown in Exhibits 4 and 5 respectively.

15. As part of the implementation of SFAS 143, PacifiCorp will, for financial reporting purposes only, reclassify accumulated removal costs, measured as of March 31, 2003, for assets that are not subject to the requirements of SFAS 143 from the accumulated depreciation balance to a liability account. PacifiCorp has received regulatory approval to accrue these removal costs through negative net salvage and, for regulatory reporting purposes, these accumulated costs will remain in accumulated depreciation.

16. Beginning in fiscal year 2004, PacifiCorp will, for financial reporting purposes only, reclassify the annual amount accrued for removal costs to a liability account and will

reclassify the annual actual removal expenditures as an offset to this liability. However, the accrual for removal costs and actual removal expenditures will remain in accumulated depreciation for regulatory reporting purposes.

17. Nothing in this application is intended to request any approval regarding future ratemaking treatment. The Company notes, however, that upon retirement of the related assets and determination of actual removal costs, such costs will be trued-up for ratemaking purposes, at which time the regulatory accounts associated with these assets will be eliminated. Consistent with past rate proceedings, the Company will continue to seek recovery of prudently incurred removal costs, not previously recovered through depreciation expense, in future rate case proceedings.

18. Information regarding the Company's implementation of SFAS 143 must be included in the Company's 10-Q for its fiscal year ending June 30, 2003. Accordingly, the Company respectfully requests that the Commission issue its order approving this application at the earliest opportunity.

WHEREFORE, PacifiCorp respectfully requests that the Commission consider this matter under Modified Procedure pursuant to IRUPC 201-204 and grant the following relief:

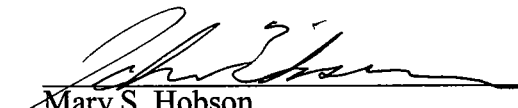
1. Authorizing PacifiCorp to record, as a regulatory asset or a regulatory liability, the cumulative financial statement impact resulting from the Company's implementation of SFAS 143;

2. Authorizing PacifiCorp to record on an ongoing basis, as a regulatory asset or regulatory liability, an amount equal to the difference between the annual SFAS 143 accretion and depreciation expenses and the annual depreciation expenses based on Commission-approved depreciation rates and coal mine reclamation accruals; and

3. Confirming that asset removal costs, in the form of negative net salvage, are currently accrued through annual depreciation expense, which is recoverable in rates; that these costs are based on estimates of the final removal cost; and that such costs are trued-up for ratemaking purposes at the time the related assets are retired and the actual removal costs are determined.

DATED: May 22, 2003.

PACIFICORP


Mary S. Hobson
John M. Eriksson
Of Attorneys for Applicant

Recorded Journal Entries:

		FERC Account	Dr	Cr
Transition Entries:				
1	ARO assets	101	74,781,896	
	ARO liabilities	230		74,781,896
To record the liabilities for Generation and Mining asset retirement obligations with an offsetting increase to the carrying value of the related assets.				
2	Cumulative-effect adjustment		121,298,669	
	ARO liabilities	230		121,298,669
To record the accretion of interest on the asset retirement obligation liabilities through March 31, 2003.				
3	Cumulative-effect adjustment		37,450,290	
	Accumulated depreciation - ARO assets	108		37,450,290
To record the depreciation on the ARO assets through March 31, 2003.				
4	Accumulated depreciation - Production	108	16,361,148	
	Decommissioning - Trojan	228.42	4,675,000	
	Reclamation - Bridger Mine	253	108,632,846	
	Reclamation - Glenrock Mine	253.30	31,840,024	
	Reclamation - Energy West Mines	253.30	1,593,658	
	Cumulative-effect adjustment			163,102,676
To reverse the removal costs embedded in accumulated depreciation reserve, to reverse the reserve set up for Trojan Nuclear decommissioning of radioactive contaminated assets, and to reverse the reserve for reclamation of the Coal Mines.				
5	Cumulative-effect adjustment		4,353,717	
	Regulatory assets	182.3	2,771,617	
	Cumulative-effect adjustment to income	434	1,470,993	
	Regulatory liabilities	254		8,596,327
To reclassify the cumulative-effect adjustment to the authorized regulatory assets and regulatory liabilities.				

Note: For detail of entries see exhibit 3.

Recorded Journal Entries:

	FERC Account	Dr	Cr
<u>FY 2004 Accretion and Depreciation Entries:</u>			
1	Accretion expense (on Generation ARO liabilities)	411.10	1,473,440
	Accretion expense (on Glenrock Mine ARO liability)	411.10	744,155
	Fuel expense (on Mining ARO liabilities)	151	5,800,588
	ARO liabilities	230	8,018,183
	To record accretion expense on the asset retirement obligation liabilities		
<hr/>			
2	Depreciation expense (on Generation ARO assets)	403.1	847,137
	Fuel expense (on Mining ARO assets)	151	1,885,869
	Accumulated depreciation - ARO assets	108	2,733,006
	To record straight-line depreciation on the ARO assets		
<hr/>			
3	Regulatory assets	182.3	410,373
	Amortization expense (on Generation ARO liabilities)	407	410,373
	Regulatory liabilities	254	409,300
	Amortization expense (on Generation ARO liabilities)	407	409,300
	Fuel expense (on Mining ARO liabilities)	151	141,909
	Regulatory assets	182.3	141,909
	Regulatory liabilities	254	7,582,366
	Fuel expense (on Mining ARO liabilities)	151	7,582,366
	To record adjustments to the regulatory assets and regulatory liabilities for the difference in the regulation approved accruals and the FAS 143 accruals.		

Note: For detail of entries see exhibit 3.

FAS 143 Asset Retirement Obligation Transition Amounts

Exhibit 3

ARO Description	ARO Asset (1)	Accum Depreciation on ARO Asset	ARO Liability (1)	Prior Accum Depreciation	Cumulative Effect Adjustment	FY 2004 Accretion Expense	FY 2004 Depreciation Expense	FY 2004 Regulatory Approved Accruals	FY 2004 Regulatory Asset / Liability Adjustment
Production Facilities									
Colstrip Ponds 3 & 4	92,694	(34,491)	(227,940)	149,027	20,710	13,186	2,156	13,959	1,383
American Fork Hydro Plant	760,010	-	(760,010)	-	-	22,638	190,003	144,937	67,704
Hermiston Plant	674,204	(159,680)	(1,127,883)	275,910	337,449	66,365	17,742	67,519	16,588
Blundell Plant - 31	719,893	(350,218)	(1,838,328)	450,619	1,018,034	98,286	19,457	11,782	105,961
Dave Johnston Landfill - 6	581,138	-	(581,138)	-	-	25,977	58,114	42,308	41,783
Hunter Original Landfill - 5	15,871	(8,104)	(57,998)	28,924	21,307	3,218	338	3,717	(161)
Jim Bridger Plant Landfill - 23	755,010	(355,299)	(1,340,495)	756,346	184,438	50,575	22,206	53,203	19,578
Jim Bridger Plant FGD Pond 1 - 45	1,670,586	(1,600,978)	(2,699,788)	2,592,846	37,334	57,015	69,608	-	126,623
Jim Bridger Plant Evap Pond 3 - 46	94,401	(58,248)	(421,951)	318,745	67,053	22,359	2,009	22,421	1,947
Jim Bridger Plant Water Pipeline - 34	1,266,914	(781,713)	(5,634,062)	4,221,542	927,319	297,508	26,956	296,951	27,513
Jim Bridger Plant Raw Water Pond - 36	68,833	(41,898)	(292,173)	220,693	44,545	15,482	1,496	15,524	1,454
Subtotal - Positive Cumulative Adjustment (2)	6,699,554	(3,390,629)	(14,981,766)	9,014,652	2,658,189	672,609	410,085	672,321	410,373
Trojan Nuclear Plant	-	-	(3,817,701)	4,675,000	(857,299)	99,736	-	-	99,736
Hunter Landfill - 4	1,307,531	(233,488)	(1,590,371)	529,401	(13,073)	64,241	46,698	71,515	39,424
Huntington Combustion Waste - 7	703,881	(39,105)	(729,890)	75,436	(10,322)	27,068	39,105	50,200	15,973
Huntington Landfill - 8	110,115	(6,118)	(115,749)	15,000	(3,248)	5,922	6,118	9,982	2,058
Jim Bridger Plant FGD Pond 2 - 47	4,157,011	(610,984)	(5,467,799)	2,143,876	(222,104)	289,732	197,170	391,704	95,198
Naughton Plant Landfill - 10	69,886	(19,967)	(105,750)	85,742	(29,911)	5,620	2,496	5,289	2,827
Naughton Plant 1 & 2 Clearwater Pond - 18	123,785	(35,367)	(188,857)	161,398	(60,959)	10,241	4,421	9,955	4,707
Naughton Plant 1 & 2 Ash Pond - 18	1,125,732	(321,638)	(1,717,499)	1,467,709	(554,304)	93,130	40,205	90,528	42,807
Naughton Plant 3 Clearwater Pond - 15	276,591	(79,026)	(421,988)	360,622	(136,199)	22,882	9,878	22,243	10,517
Naughton Plant 3 Ash Pond - 15	1,423,598	(406,742)	(2,171,947)	1,856,072	(700,981)	117,772	50,843	114,482	54,133
Naughton Plant Unit 3 FGD Pond 1 - 19	415,716	(69,286)	(513,485)	281,180	(114,125)	27,843	17,322	27,065	18,100
Naughton Plant Unit 3 FGD Pond 2 - 14	547,110	(91,185)	(675,782)	370,060	(150,203)	36,644	22,796	35,620	23,820
Subtotal - Negative Cumulative Adjustment (2)	10,260,956	(1,912,906)	(17,516,818)	12,021,496	(2,852,728)	800,831	437,052	828,583	409,300
Total Production	16,960,510	(5,303,535)	(32,498,584)	21,036,148	(194,539)	1,473,440	847,137	1,500,904	819,673
Coal Mine Facilities									
Deer Creek Mine	572,867	(472,815)	(1,807,138)	1,593,658	113,428	85,178	18,913	246,000	(141,909)
Glenrock Mine **	-	-	(33,311,017)	31,840,024	1,470,993	744,155	-	-	-
Subtotal - Positive Cumulative Adjustment (2)	572,867	(472,815)	(35,118,155)	33,433,682	1,584,421	829,333	18,913	246,000	(141,909)
Bridger Mine *	57,248,519	(31,673,940)	(128,463,826)	108,632,846	(5,743,599)	5,715,410	1,866,956	-	7,582,366
Subtotal - Negative Cumulative Adjustment (2)	57,248,519	(31,673,940)	(128,463,826)	108,632,846	(5,743,599)	5,715,410	1,866,956	-	7,582,366
Total Mining	57,821,386	(32,146,755)	(163,581,981)	142,066,528	(4,159,178)	6,544,743	1,885,869	246,000	7,440,457
Total									
Total - Positive Cumulative Adjustment (2)	7,272,421	(3,863,444)	(50,099,921)	42,448,334	4,242,610	1,501,942	428,998	918,321	268,464
Total - Negative Cumulative Adjustment (2)	67,509,475	(33,586,846)	(145,980,644)	120,654,342	(8,596,327)	6,516,241	2,304,008	828,583	7,991,666
Total Net Asset Retirement Obligations	74,781,896	(37,450,290)	(196,080,565)	163,102,676	(4,353,717)	8,018,183	2,733,006	1,746,904	8,260,130

* Bridger Mine - 100% of liability - full amount carried on Bridger's books - minority interest shows 1/3.

** Glenrock Mine - Cumulative effect will not be set up as a regulatory asset.

(1) The interest accretion on the asset retirement obligation liabilities through March 31, 2003 can be determined for individual facilities by subtracting the ARO asset from the ARO liability.

(2) In order to more clearly document Transition Entry No. 5, the facilities on this page have been grouped according to whether the application of FAS 143 to them results in a "positive cumulative effect adjustment" or a "negative cumulative effect adjustment". A positive cumulative adjustment leads in turn to recording a regulatory asset and a negative cumulative adjustment leads to recording a regulatory liability.

Blundell Plant

Amount to be recovered through the proposed Net Negative Salvage:
 FAS 143 ARO Liability Estimate (PV): 668,500 | 5,348,849 | 3,000,000 | Inflated Dollars:

	FAS 143 Transition and Accounting Schedule										Without Implementing FAS 143		
	101 Gross Plant Balance	108 Accum Deprec Gross Plant	108 SEC (Reg Liab) Accum Non-ARO Deprec	230 ARO Liability	101 ARO Asset	108 Accum ARO Deprec	182 Regulatory Asset	w/FAS 143 Net Books	Gross Asset	Total Regulated Accum Depr	w/o FAS 143 Net Books		
Balance prior to FAS 143	39,390,441	(14,860,164)						24,530,277	39,390,441	(14,860,164)	24,530,277		
Set up ARO Asset & Liability				(719,893)	719,893			-					
ARO Liability Accretion through 3/31/2003				(1,118,435)			1,118,435	-					
ARO Asset Depreciation through 3/31/2003						(350,218)	350,218	-					
Reclassify Accum Net Negative Salvage		450,619				(450,619)	-	-					
Balance after transition to FAS 143	39,390,441	(14,409,545)	-	(1,838,328)	719,893	(350,218)	1,018,034	24,530,277	39,390,441	(14,860,164)	24,530,277		
2004	39,390,441	(15,816,499)	(11,204)	(1,936,614)	719,893	(369,675)	1,123,995	23,100,337	39,390,441	(16,290,104)	23,100,337		
2005	39,390,441	(17,223,453)	(22,408)	(2,040,155)	719,893	(389,131)	1,235,210	21,670,397	39,390,441	(17,720,044)	21,670,397		
2006	39,390,441	(18,630,407)	(33,612)	(2,149,232)	719,893	(408,588)	1,351,962	20,240,457	39,390,441	(19,149,984)	20,240,457		
2007	39,390,441	(20,037,361)	(44,816)	(2,264,141)	719,893	(428,044)	1,474,545	18,810,517	39,390,441	(20,579,924)	18,810,517		
2008	39,390,441	(21,444,315)	(56,020)	(2,385,194)	719,893	(447,501)	1,603,273	17,380,577	39,390,441	(22,009,864)	17,380,577		
2009	39,390,441	(22,851,269)	(67,224)	(2,512,720)	719,893	(466,957)	1,738,473	15,950,637	39,390,441	(23,439,804)	15,950,637		
2010	39,390,441	(24,258,223)	(78,428)	(2,647,064)	719,893	(486,414)	1,880,492	14,520,697	39,390,441	(24,869,744)	14,520,697		
2011	39,390,441	(25,665,177)	(89,632)	(2,786,591)	719,893	(505,870)	2,029,693	13,090,757	39,390,441	(26,299,684)	13,090,757		
2012	39,390,441	(27,072,131)	(100,836)	(2,937,685)	719,893	(525,327)	2,186,462	11,660,817	39,390,441	(27,729,624)	11,660,817		
2013	39,390,441	(28,479,085)	(112,040)	(3,094,751)	719,893	(544,784)	2,351,203	10,230,877	39,390,441	(29,159,564)	10,230,877		
2014	39,390,441	(29,886,039)	(123,244)	(3,260,215)	719,893	(564,240)	2,524,341	8,800,937	39,390,441	(30,589,504)	8,800,937		
2015	39,390,441	(31,292,993)	(134,448)	(3,434,526)	719,893	(583,697)	2,706,327	7,370,997	39,390,441	(32,019,444)	7,370,997		
2016	39,390,441	(32,699,947)	(145,652)	(3,618,157)	719,893	(603,153)	2,897,632	5,941,057	39,390,441	(33,449,384)	5,941,057		
2017	39,390,441	(34,106,901)	(156,856)	(3,811,607)	719,893	(622,610)	3,098,757	4,511,117	39,390,441	(34,879,324)	4,511,117		
2018	39,390,441	(35,513,855)	(168,060)	(4,015,400)	719,893	(642,066)	3,310,224	3,081,177	39,390,441	(36,309,264)	3,081,177		
2019	39,390,441	(36,920,809)	(179,264)	(4,230,090)	719,893	(661,523)	3,532,589	1,651,237	39,390,441	(37,739,204)	1,651,237		
2020	39,390,441	(38,327,763)	(190,468)	(4,456,259)	719,893	(680,980)	3,766,433	221,297	39,390,441	(39,169,144)	221,297		
2021	39,390,441	(39,390,441)	(201,672)	(4,694,521)	719,893	(700,436)	4,012,369	(864,367)	39,390,441	(40,254,808)	(864,367)		
2022	39,390,441	(39,390,441)	(204,116)	(4,945,522)	719,893	(719,893)	4,277,022	(872,616)	39,390,441	(40,263,057)	(872,616)		
2023	39,390,441	(39,390,441)	(204,116)	(5,209,944)	719,893	(719,893)	4,541,444	(872,616)	39,390,441	(40,263,057)	(872,616)		
2024	39,390,441	(39,390,441)	(204,116)	(5,348,849)	719,893	(719,893)	4,680,349	(872,616)	39,390,441	(40,263,057)	(872,616)		

Changes to the ARO Liability Over Time				
Fiscal Year	ARO Liability Beg of Year	ARO Accretion Exp	Decommissioning Cashflow	ARO Liability End of Year
2004	(1,838,328)	(98,286)	-	(1,936,614)
2005	(1,936,614)	(103,541)	-	(2,040,155)
2006	(2,040,155)	(109,077)	-	(2,149,232)
2007	(2,149,232)	(114,909)	-	(2,264,141)
2008	(2,264,141)	(121,053)	-	(2,385,194)
2009	(2,385,194)	(127,526)	-	(2,512,720)
2010	(2,512,720)	(134,344)	-	(2,647,064)
2011	(2,647,064)	(141,527)	-	(2,788,591)
2012	(2,788,591)	(149,094)	-	(2,937,685)
2013	(2,937,685)	(157,066)	-	(3,094,751)
2014	(3,094,751)	(165,464)	-	(3,260,215)
2015	(3,260,215)	(174,311)	-	(3,434,526)
2016	(3,434,526)	(183,631)	-	(3,618,157)
2017	(3,618,157)	(193,450)	-	(3,811,607)
2018	(3,811,607)	(203,793)	-	(4,015,400)
2019	(4,015,400)	(214,690)	-	(4,230,090)
2020	(4,230,090)	(226,169)	-	(4,456,259)
2021	(4,456,259)	(238,262)	-	(4,694,521)
2022	(4,694,521)	(251,001)	-	(4,945,522)
2023	(4,945,522)	(264,422)	2,000,000	(3,209,944)
2024	(3,209,944)	(138,905)	2,000,000	(1,348,849)

Assued that the actual decommissioning cash flows equal 4,000,000

Changes to the Regulatory Asset Over Time

Fiscal Year	Regulatory Asset Beg of Year	ARO Accretion Exp	ARO Deprec Exp	Removal Approved in Depreciation Rates	Regulatory Asset End of Year
2004	1,018,034	98,286	19,457	(11,782)	1,123,995
2005	1,123,995	103,541	19,457	(11,782)	1,235,210
2006	1,235,210	109,077	19,457	(11,782)	1,351,962
2007	1,351,962	114,909	19,457	(11,782)	1,474,545
2008	1,474,545	121,053	19,457	(11,782)	1,603,273
2009	1,603,273	127,526	19,457	(11,782)	1,738,473
2010	1,738,473	134,344	19,457	(11,782)	1,880,492
2011	1,880,492	141,527	19,457	(11,782)	2,029,693
2012	2,029,693	149,094	19,457	(11,782)	2,186,462
2013	2,186,462	157,066	19,457	(11,782)	2,351,203
2014	2,351,203	165,464	19,457	(11,782)	2,524,341
2015	2,524,341	174,311	19,457	(11,782)	2,706,327
2016	2,706,327	183,631	19,457	(11,782)	2,897,632
2017	2,897,632	193,450	19,457	(11,782)	3,098,757
2018	3,098,757	203,793	19,457	(11,782)	3,310,224
2019	3,310,224	214,690	19,457	(11,782)	3,532,589
2020	3,532,589	226,169	19,457	(11,782)	3,766,433
2021	3,766,433	238,262	19,457	(11,782)	4,012,369
2022	4,012,369	251,001	19,457	(5,805)	4,277,022
2023	4,277,022	264,422	-	-	4,541,444
2024	4,541,444	138,905	-	-	4,680,349

Entries at the end of Removal:

	Dr	Cr
108 - Accumulated Depreciation - ARO Asset	719,893	
101 - ARO Asset		719,893
Retire the ARO Asset		
230 - ARO Liability	1,348,849	
411.6 - Gain from disposition of utility plant		1,348,849
Record the gain on the settlement of the ARO liability		
182 - Regulatory Asset	4,680,349	
182 - Regulatory Asset		4,680,349
Set up regulatory asset to be amortized over a period determined with commissions to account 407		

FAS 143 Transition Entries and Accounting Schedule

Amount to be Accrued in Reclamation Liability: 241,556,196
 FAS 143 ARO Liability Estimate (Future Value): 241,556,196

	253	230	101	108	254	w/FAS 143	w/o FAS 143
	Reclamation Liability	ARO Liability	ARO Asset	Accum Deprec	Regulatory Liability	Net Books	Reclamation Liability
Balance prior to FAS 143	(108,632,846)					(108,632,846)	
Set up ARO Asset & Liability		(57,248,519)	57,248,519				
ARO Liability Accretion through 3/31/2003		(71,215,307)			71,215,307		
ARO Asset Depreciation through 3/31/2003				(31,673,940)	31,673,940		
Reclassify Reclamation Liability	108,632,846				(108,632,846)		
Beg Bal	-	(128,463,826)	57,248,519	(31,673,940)	(5,743,599)	(108,632,846)	(108,632,846)
2004		(134,179,236)	57,248,519	(33,540,895)	(2,270,575)	(112,742,187)	(112,742,187)
2005		(140,156,440)	57,248,519	(35,404,870)	(2,259,419)	(120,572,210)	(120,572,210)
2006		(146,346,696)	57,248,519	(37,220,291)	(2,345,119)	(128,663,587)	(128,663,587)
2007		(152,739,980)	57,248,519	(38,990,845)	(2,549,694)	(137,032,000)	(137,032,000)
2008		(159,116,908)	57,248,519	(40,642,920)	(3,182,762)	(145,694,071)	(145,694,071)
2009		(165,387,301)	57,248,519	(42,183,510)	(4,131,237)	(154,453,529)	(154,453,529)
2010		(171,557,182)	57,248,519	(43,630,440)	(5,063,696)	(163,002,799)	(163,002,799)
2011		(177,618,306)	57,248,519	(45,000,958)	(5,827,855)	(171,198,600)	(171,198,600)
2012		(183,499,607)	57,248,519	(46,299,433)	(6,393,422)	(178,943,943)	(178,943,943)
2013		(189,100,828)	57,248,519	(47,524,153)	(6,788,949)	(186,165,411)	(186,165,411)
2014		(194,376,232)	57,248,519	(48,681,537)	(7,081,043)	(192,890,293)	(192,890,293)
2015		(199,399,634)	57,248,519	(49,783,689)	(7,279,850)	(199,214,654)	(199,214,654)
2016		(204,258,697)	57,248,519	(50,842,835)	(7,373,840)	(205,226,853)	(205,226,853)
2017		(209,017,772)	57,248,519	(51,866,462)	(7,293,093)	(210,928,808)	(210,928,808)
2018		(213,624,381)	57,248,519	(52,854,393)	(7,041,673)	(216,271,928)	(216,271,928)
2019		(218,060,334)	57,248,519	(53,773,738)	(6,599,024)	(221,184,577)	(221,184,577)
2020		(222,233,077)	57,248,519	(54,619,100)	(6,002,981)	(225,606,639)	(225,606,639)
2021		(226,144,388)	57,248,519	(55,391,790)	(5,370,102)	(229,657,761)	(229,657,761)
2022		(229,771,410)	57,248,519	(56,091,818)	(5,062,512)	(233,677,221)	(233,677,221)
2023		(233,118,818)	57,248,519	(56,712,428)	(5,083,472)	(237,666,199)	(237,666,199)
2024		(236,115,306)	57,248,519	(57,248,519)	(5,440,890)	(241,556,196)	(241,556,196)
2025		(238,613,097)	57,248,519	(57,248,519)	(2,943,099)	(241,556,196)	(241,556,196)
2026		(240,303,187)	57,248,519	(57,248,519)	(1,253,009)	(241,556,196)	(241,556,196)
2027		(241,253,419)	57,248,519	(57,248,519)	(302,777)	(241,556,196)	(241,556,196)
2028		(241,541,053)	57,248,519	(57,248,519)	(15,143)	(241,556,196)	(241,556,196)
2029		(241,556,196)	57,248,519	(57,248,519)	-	(241,556,196)	(241,556,196)

Changes to the ARO Liability Over Time

Fiscal Year	ARO Liability Beg of Year	ARO Accretion Exp	Reclamation Cashflow	ARO Liability End of Year
2004	(128,463,826)	(5,715,410)	149,999	(134,029,237)
2005	(134,029,237)	(5,977,204)	2,935,033	(137,071,408)
2006	(137,071,408)	(6,190,256)	3,279,528	(139,982,136)
2007	(139,982,136)	(6,393,284)	10,461,921	(135,913,499)
2008	(135,913,499)	(6,376,928)	11,970,208	(130,320,219)
2009	(130,320,219)	(6,270,393)	10,970,484	(125,620,128)
2010	(125,620,128)	(6,169,881)	10,447,360	(121,342,649)
2011	(121,342,649)	(6,061,124)	11,485,202	(115,918,571)
2012	(115,918,571)	(5,881,301)	12,973,457	(108,826,415)
2013	(108,826,415)	(5,601,221)	13,031,484	(101,396,152)
2014	(101,396,152)	(5,275,404)	11,016,056	(95,655,500)
2015	(95,655,500)	(5,023,402)	8,836,179	(91,842,723)
2016	(91,842,723)	(4,859,063)	7,269,698	(89,432,088)
2017	(89,432,088)	(4,759,075)	8,147,927	(86,043,236)
2018	(86,043,236)	(4,606,609)	8,268,895	(82,380,950)
2019	(82,380,950)	(4,435,953)	9,818,148	(76,998,755)
2020	(76,998,755)	(4,172,743)	9,411,797	(71,759,701)
2021	(71,759,701)	(3,911,311)	9,481,395	(66,189,617)
2022	(66,189,617)	(3,627,022)	9,003,246	(60,813,393)
2023	(60,813,393)	(3,347,408)	9,948,252	(54,212,549)
2024	(54,212,549)	(2,996,488)	12,221,254	(44,987,783)
2025	(44,987,783)	(2,497,791)	17,232,288	(30,253,286)
2026	(30,253,286)	(1,690,090)	15,037,480	(16,905,896)
2027	(16,905,896)	(950,232)	12,776,734	(5,079,394)
2028	(5,079,394)	(287,634)	5,102,098	(264,930)
2029	(264,930)	(15,143)	280,073	-

Changes to the Regulatory Liability Over Time						
Fiscal Year	Regulatory Liability Beg of Year	ARO Accretion Exp	ARO Deprec Exp	Increase to Reclamation from Trust Earnings *	Increase to Reclamation from Cost of Fuel **	Regulatory Liability End of Year
2004	(5,743,599)	5,715,410	1,866,955	(4,109,341)	-	(2,270,575)
2005	(2,270,575)	5,977,204	1,863,975	(4,355,901)	(3,474,122)	(2,259,419)
2006	(2,259,419)	6,190,256	1,815,421	(4,617,255)	(3,474,122)	(2,345,119)
2007	(2,345,119)	6,393,284	1,770,554	(4,894,291)	(3,474,122)	(2,549,694)
2008	(2,549,694)	6,376,928	1,652,075	(5,187,949)	(3,474,122)	(3,182,762)
2009	(3,182,762)	6,270,393	1,540,590	(5,285,336)	(3,474,122)	(4,131,237)
2010	(4,131,237)	6,169,881	1,446,930	(5,075,148)	(3,474,122)	(5,063,696)
2011	(5,063,696)	6,061,124	1,370,518	(4,721,679)	(3,474,122)	(5,827,855)
2012	(5,827,855)	5,881,301	1,298,475	(4,271,221)	(3,474,122)	(6,393,422)
2013	(6,393,422)	5,601,221	1,224,720	(3,747,346)	(3,474,122)	(6,788,949)
2014	(6,788,949)	5,275,404	1,157,384	(3,250,760)	(3,474,122)	(7,081,043)
2015	(7,081,043)	5,023,402	1,102,152	(2,850,239)	(3,474,122)	(7,279,850)
2016	(7,279,850)	4,859,063	1,059,146	(2,538,077)	(3,474,122)	(7,373,840)
2017	(7,373,840)	4,759,075	1,023,627	(2,227,833)	(3,474,122)	(7,293,093)
2018	(7,293,093)	4,606,609	987,931	(1,868,998)	(3,474,122)	(7,041,673)
2019	(7,041,673)	4,435,953	919,345	(1,438,527)	(3,474,122)	(6,599,024)
2020	(6,599,024)	4,172,743	845,362	(947,940)	(3,474,122)	(6,002,981)
2021	(6,002,981)	3,911,311	772,690	(577,000)	(3,474,122)	(5,370,102)
2022	(5,370,102)	3,627,022	700,028	(545,338)	(3,474,122)	(5,062,512)
2023	(5,062,512)	3,347,408	620,610	(514,856)	(3,474,122)	(5,083,472)
2024	(5,083,472)	2,996,488	536,091	(415,875)	(3,474,122)	(5,440,890)
2025	(5,440,890)	2,497,791	-	-	-	(2,943,099)
2026	(2,943,099)	1,690,090	-	-	-	(1,253,009)
2027	(1,253,009)	950,232	-	-	-	(302,777)
2028	(302,777)	287,634	-	-	-	(15,143)
2029	(15,143)	15,143	-	-	-	-

Entries at the end of Reclamation:

	Dr	Cr
108 - Accumulated Depreciation - ARO Asset	57,248,519	
101 - ARO Asset		57,248,519
Retire the ARO Asset		

* Estimated Trust Fund Earnings

** Straight-line basis used for presentation purposes - actual accrual will be on a units-of-production basis