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IDAHO PUBLIC  
UTILITIES COMMISSION

February 15, 2005

Idaho Public Utilities Commission  
472 West Washington  
Boise, Idaho 83702

Attn: Jean D. Jewell  
Commission Secretary

**RE: Docket No. PAC-E-04-8; Request to Withdraw Application**

On December 24, 2004, PacifiCorp filed an Application for an Accounting Order relating to certain interest expenses associated with the Company's hydro-relicensing obligations. For the reasons set forth below, PacifiCorp has decided to withdraw this Application. As of the date of this letter, no party has intervened in this matter, nor has the Commission taken any action with respect to the Application. PacifiCorp therefore requests that the Commission close this docket without further action.

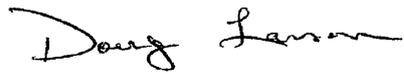
PacifiCorp is in the process of relicensing a number of its hydro projects. The settlements associated with these relicensing efforts generally obligate the Company to make future payment to mitigate the fish, wildlife and environmental impacts of the projects. These obligations are significant and long lasting, often spanning the entire life of the license. In the Application in this case, PacifiCorp sought an accounting order permitting it to reclassify the accretion/interest expense associated with these obligations as an operating expense. The impetus for the Application was a shift in Generally Accepted Accounting Principles (GAAP) requiring the Company to treat the present value of these future settlement obligations as a liability on the balance sheet, offset by an equal intangible asset consisting of the hydro license and electricity.

Since filing the Application, PacifiCorp has determined that it can comply with GAAP and still continue historic regulatory accounting for hydro re-licensing obligations. To comply with GAAP, PacifiCorp's accounting records will recognize the net present value of future hydro re-licensing obligations and the related journal entries as described in the Application. For regulatory accounting purposes, however, PacifiCorp will only recognize an operating expense for the amount of payment in the period payment occurs. From a regulatory perspective, this will result in no change relative to prior years.

PacifiCorp believes that this approach accomplishes the objectives sought in its Application without the need for an accounting order. On this basis, PacifiCorp has decided to withdraw its Application.

Please contact Bob Lively, (801) 220-4052, with questions or if PacifiCorp needs to take any additional steps to accomplish the closure of this docket.

Sincerely,

A handwritten signature in black ink that reads "Doug Larson". The signature is written in a cursive style with a large, prominent "D" and "L".

D. Douglas Larson