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PUBLIC UTILITIES COMMISSION

March 30, 2006

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

PAC-E-06-03

Attention: Jean D. Jewell
Commission Secretary

Re: In the Matter of the Application of PacifiCorp for a Deferred Accounting Order to Defer the Cost of Loans Made to Grid West, the Regional Transmission Organization

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits for filing an original and eight copies of its Application of PacifiCorp d/b/a Utah Power & Light Company for Deferred Accounting Order to Defer the Cost of Loans Made to Grid West, the Regional Transmission Organization.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

Brian Dickman
Manager, Idaho Regulatory Affairs
PacifiCorp
One Utah Center, Suite 2300
201 South Main
Salt Lake City, UT 84111
brian.dickman@pacificorp.com

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

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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 300
Portland, Oregon, 97232

By fax: (503) 813-6060

Sincerely,

D. Douglas Larson
Vice President, Regulation
Enclosures

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PUBLIC UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PACIFICORP FOR A DEFERRED)
ACCOUNTING ORDER TO DEFER THE)
COST OF LOANS MADE TO GRID WEST,)
THE REGIONAL TRANSMISSION)
ORGANIZATION)**

**CASE NO. PAC-E-06-03
APPLICATION**

Pursuant to Idaho Code §61-524 and Procedural Rule 52, PacifiCorp d/b/a Utah Power & Light Company (“PacifiCorp” or the “Company”) applies to the Idaho Public Utilities Commission (“IPUC” or the “Commission”) for an order to defer the costs of loans made to Grid West, a regional transmission organization (“RTO”) which now appears unlikely to be able to repay PacifiCorp. Concurrent with its decision to establish a reserve for these loans as non-recoverable, PacifiCorp is requesting deferred accounting treatment for these costs, commencing as of the date of this filing, for later amortization in rates.

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 public utility operations. PacifiCorp also provides retail electricity service in the states of California, Utah, Oregon, Washington and Wyoming.

2. This Application is filed pursuant to Idaho Code §61-524, which authorizes the Commission to prescribe the accounting to be used by any public utility subject to its jurisdiction.

3. Communications regarding this Application should be addressed to:

Brian Dickman
Manager, Idaho Regulatory Affairs
PacifiCorp
One Utah Center, Suite 2300
201 South Main
Salt Lake City, UT 84111
Brian.Dickman@PacifiCorp.com

In addition, it is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

datarequest@pacificorp.com

or

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 300
Portland, OR 97232

4. PacifiCorp has been involved in the development of an RTO for over five years.

This activity has been aimed at meeting FERC requirements to develop regional transmission entities competitive electric markets.

5. In conjunction with other western utilities, PacifiCorp has been seeking to develop an independent regional electric transmission entity that would manage certain operational functions of the transmission grid and plan for necessary expansion. Grid West has been established as a non-profit corporation to serve the public interest.

6. PacifiCorp provided initial funding for the development of RTO West, the predecessor to Grid West, in June of 2000. From that date to the present, PacifiCorp has loaned a total of \$2.7 million to Grid West. All other regional utilities involved in the formation of Grid West have made similar loans to the organization. Grid West planned to repay the loans through surcharges to customers once it became operational. Unfortunately,

Grid West now appears unlikely to function in a manner that would permit it to repay PacifiCorp's loan. As a result, PacifiCorp has concluded that it cannot continue to carry the Grid West receivable on its books without a reserve for non-recovery. The change in PacifiCorp's accounting treatment of this loan is being made concurrently with the filing of this request for deferred accounting.

7. Pursuant to Idaho Code §61-524, PacifiCorp proposes to defer these loan costs as of the date of this filing for later recovery in rates. Deferral of utility expenses or revenues is a regulatory and accounting mechanism to minimize the frequency of rate changes or the fluctuation of rate levels or to appropriately match the costs borne by and benefits received by ratepayers

8. PacifiCorp estimates that the total amount of the deferred account would be approximately \$174,000, Idaho's portion of PacifiCorp's \$2.7 million loan. PacifiCorp proposes to account for these costs in the following manner: Amounts currently recorded as a loan to Grid West will be transferred from Account 124, Other Investments, to Account 182.3, Other Regulatory Assets. The amortization of the balance would be accomplished by crediting Account 182.3 and debiting Account 560, Transmission Operation Supervision and Engineering, coincident with inclusion of the amortization expense in rates. PacifiCorp requests that it be allowed to accrue interest on the unamortized balance at a rate equal to its weighted average cost of capital most recently approved by the Commission.

9. PacifiCorp does not request a determination of ratemaking treatment of the Grid West loan costs at this time and instead proposes to address amortization and recovery of these costs in PacifiCorp's next general rate case application.

WHEREFORE, PacifiCorp respectfully requests that, in accordance with Idaho Code

§61-527, the Commission issue an order authorizing the Company to defer, commencing as of the date of this filing, the Grid West loan costs incurred by the Company as described in this Application.

Respectfully submitted this 30th day of March, 2006.

By D. Douglas Larson / p.r.
D. Douglas Larson
Vice President, Regulation