

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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|--|---|------------------------------|
| IN THE MATTER OF THE APPLICATION |) | |
| OF PACIFICORP (DBA ROCKY MOUNTAIN |) | CASE NO. PAC-E-06-5 |
| POWER) FOR AN ACCOUNTING ORDER |) | |
| TO DEFER THE RATE CREDITS IN THE |) | NOTICE OF APPLICATION |
| MIDAMERICAN-PACIFICORP |) | |
| ACQUISITION COMMITMENTS I27 AND |) | NOTICE OF |
| I31 |) | MODIFIED PROCEDURE |
| |) | |
| |) | ORDER NO. 30043 |

On April 28, 2006, PacifiCorp (dba Rocky Mountain Power) filed an Application requesting that the Commission issue an accounting order. More specifically, Rocky Mountain seeks an accounting order to book and defer the rate credits arising as a result of Commitments I27 and I31 approved by the Commission in the MidAmerican-PacifiCorp acquisition proceeding, Case No. PAC-E-05-8. *See* Order No. 29998.

NOTICE OF APPLICATION

A. Background

In Order No. 29998, the Commission adopted numerous State-specific commitments including I27 and I31. In Commitment I27, MidAmerican and PacifiCorp committed to reduce the annual non-fuel costs of the West Valley lease by an expected \$3.7 million in 2006, \$5 million in 2007, and \$2.1 million in 2008 on a total Company basis. This would reduce costs by \$417,000 per month (total company) and provide (subject to offset provisions) a total Company rate credit in that amount. In addition, I27 provides that: "Beginning with the first month after the close of the transaction . . . , Idaho's share of the monthly rate credit will be deferred for the benefit of [Idaho] customers and accrue interest at PacifiCorp's authorized rate of return." Order No. 29998, Idaho Commitments at p. 17.

In Commitment I32, MidAmerican and PacifiCorp commit to reduce the total Company administrative and general (A&G) costs by \$500,000 per month and to provide (subject to offset provisions) a total Company rate credit in that amount. *Id.* at pp. 18-19. On an annual basis, A&G costs would be reduced in FERC Accounts 920 through 935 by \$6 million.

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This commitment also provides that Idaho's share of the monthly rate credit will be deferred for the benefit of Idaho customers and accrue interest at PacifiCorp's authorized rate of return.

B. The Application

YOU ARE HEREBY NOTIFIED that Rocky Mountain proposes to book and defer the rate credits beginning on April 1, 2006. The Company proposes that the deferral relating to the West Valley Lease (I27) will be allocated among the six states based upon the "seasonal system generation combustion turbine" (SSGCT) allocation factor for the 12 months ending March 31, 2006. The amount of the deferral accounting related to the A&G cost savings in I31 will be allocated among the six states based upon the system overhead (SO) allocation factor for the 12 months ending March 31, 2006. Application at ¶ 5.

YOU ARE FURTHER NOTIFIED that Rocky Mountain proposes to account for these rate credits by charging the general cost savings to Account 400 (Operating Revenues) with the credits being recorded in Account 254 (Other Regulatory Liabilities). The Company proposes that the amortization of the balances "would be accomplished by debiting Account 254 and crediting Account 400." *Id.* at ¶ 6. Rocky Mountain states that it will accrue interest expense on the unamortized balance at a rate equal to its weighted average cost of capital most recently approved by the Commission. *Id.*

YOU ARE FURTHER NOTIFIED that Rocky Mountain does not request a determination of ratemaking treatment for these rate credits at this time. Instead, the Company proposes to address issues associated with the rate credits in the Company's next general rate case. The Company anticipates filing its next rate case no later than May 31, 2006. The Company did not recommend a procedure for processing its request for an accounting order.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may **file a written comment in support or opposition with the Commission**

within twenty-eight (28) days from the service date of this Order. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Dean S. Brockbank
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Brian Dickman
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Salt Lake City, UT 84111
E-mail: brian.dickman@pacificorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application can be viewed at the Commission offices during regular business hours. The Application is also available on the Commission's Website at www.puc.idaho.gov under the "File Room" icon and then "Electric cases."


YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-524. The Commission may enter any final Order consistent with its authority under Title 61.

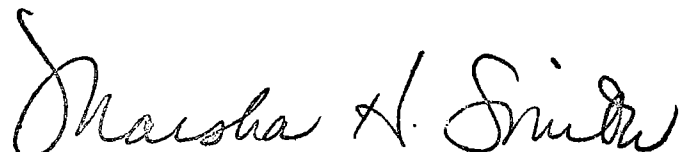
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

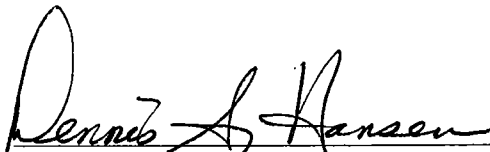
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons wishing to file comments must do so no later than 28 days from the service of this Order.

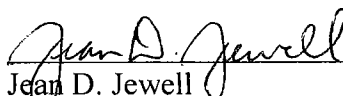
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of May 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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