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IDAHO PUBLIC
UTILITIES COMMISSION

201 South Main, Suite 2300
Salt Lake City, Utah 84111

October 10, 2006

VIA OVERNIGHT DELIVERY

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

PAC-E-06-11

Attention: Jean D. Jewell
Commission Secretary

Re: In the Matter of the Application of PacifiCorp for a Deferred Accounting Order to
Defer the Costs Related to the MidAmerican Energy Holdings Company
Transition

PacifiCorp (d.b.a. Rocky Mountain Power) hereby submits for filing an original and eight copies of its Application of PacifiCorp for a Deferred Accounting Order to Defer the Costs Related to the MidAmerican Energy Holdings Company Transition.

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 2000
Portland, Oregon, 97232

By fax:

(503) 813-6060

Sincerely,

A handwritten signature in black ink that reads "D. Douglas Larson P.A.". The signature is written in a cursive style with a period after the name and "P.A." at the end.

D. Douglas Larson
Vice President, Regulation
Enclosures

cc: Service List

I hereby certify that on this 10th day of October, 2006, I caused to be served, via E-mail, if address available or U.S mail, a true and correct copy of PacifiCorp's (d.b.a. Rocky Mountain Power) Application for a Deferred Accounting Order to Defer the Costs Related to the MidAmerican Energy Holdings Company Transition to the following:.

<p>Randall C. Budge Racine, Olson, Nye, Budge & Bailey, Chartered 201 E. Center P.O. Box 1391 Pocatello, ID 83204-1391 E-Mail: rcb@racinelaw.net</p>	<p>Eric L. Olsen Racine, Olson, Nye, Budge & Bailey, Chartered 201 E. Center P.O. Box 1391 Pocatello, ID 83204-1391 E-Mail: elo@racinelaw.net</p>
<p>Brad M. Purdy Attorney at Law 2019 N. 17th Street Boise, ID 83702 E-Mail: bmpurdy@hotmail.com</p>	



Peggy Ryan
Supervisor Regulatory Administration

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PACIFICORP FOR A DEFERRED)
ACCOUNTING ORDER TO DEFER THE)
COSTS RELATED TO THE)
MIDAMERICAN ENERGY HOLDINGS)
COMPANY TRANSITION)

CASE NO. PAC-E-06- 11

APPLICATION

Pursuant to Idaho Code §61-524 and Procedural Rule 52, PacifiCorp d/b/a Rocky Mountain Power (“PacifiCorp” or the “Company”) applies to the Idaho Public Utilities Commission (“IPUC” or the “Commission”) for an order authorizing the Company to defer and amortize over a three-year period the costs related to the MidAmerican Energy Holdings Company transition (“MEHC Transition” or “Transition”). In support of this Application, PacifiCorp states:

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
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
E-mail: brian.dickman@pacificorp.com

Dean S. Brockbank
Senior Counsel
PacifiCorp
201 South Main Street, Suite 2200
Salt Lake City, UT 84111
E-mail: dean.brockbank@pacificorp.com

In addition, PacifiCorp requests that all data requests regarding this application be addressed to:

By E-mail (preferred)	datarequest@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232
By facsimile	(503) 813-6060

4. The Company is incurring costs related to the MEHC Transition for employee severance and conversion of computer software to an accounting calendar year. The Company seeks an accounting order authorizing capitalization of the transition costs through March 2007; then, amortization of the capitalized balance over a three year period beginning at the implementation of new rates from a general rate case filed after December 2006.

5. PacifiCorp's severance plan requires 60 days notice to those employees for whom there are no longer positions as a result of the Transition. Employees whose positions are being eliminated continue to be notified through September 2006. Under the Severance Program currently in effect for non-union employees, employees who are involuntarily terminated or who voluntarily terminate following a material alteration in their positions will be eligible for enhanced severance benefits consisting of severance pay, outplacement assistance and Company-subsidized health benefits. The specific severance benefits provided will vary depending on the compensation level for the impacted employee's position and the employee's length of service with the Company. The cost of the Transition severance plan is anticipated to exceed \$25 million on a total company basis.

6. The MEHC Transition also necessitates changing computer software from a fiscal year ending March to a calendar year ending December. PacifiCorp believes this change will streamline financial reporting for regulatory purposes. The cost of adapting software to a calendar year is estimated at between \$.5 million and \$1 million.

7. In order to match the benefits and costs of the Severance Program, PacifiCorp wishes to capitalize the costs in accordance with paragraph 9 of SFAS No. 71. The cost of the MEHC Transition would then be amortized on a straight-line basis over a three-year period. Such an amortization is appropriate because transition activities are concentrated in the first several months while the Transition benefits are realized over time. Charging all Transition costs in the period they are incurred would unfairly burden existing customers for the benefit of future customers. For this reason, the matching principle supports capitalizing Transition costs and amortizing them over a reasonable period during which the benefits of the Transition will be realized. Per Commission Order No. 30076, the company is also already deferring certain other benefits resulting from the Transition, including credits related to the lease for the West Valley generating facility and the cap on administrative and general expenses.

8. PacifiCorp proposes to account for its Transition costs by charging them to Account 182.3 Other Regulatory Assets and amortizing these amounts to Account 930.2 Miscellaneous General Expenses upon inclusion in rates. PacifiCorp proposes to include the unamortized amounts in its rate base, where they would earn a return at PacifiCorp's authorized rate of return. Prior to inclusion in rates PacifiCorp proposes to accrue a carrying charge using PacifiCorp's most recent return on rate base. In the absence of the authorizations requested in this Application, the Transition costs would be charged to the Company's operations and maintenance accounts.

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

10. If the costs of programs like the MEHC Transition could not be recovered in either present or future rates, utilities would be unfairly burdened and significantly discouraged from investing in needed efficiencies that benefit rate payers. For this reason, and in order to properly match the costs and benefits of the Transition, the capitalization and amortization requested in this Application is in the public interest.

WHEREFORE, PacifiCorp respectfully requests that, in accordance with Idaho Code §61-527, the Commission issue an order authorizing the Company to defer the costs of the Transition in Account 182.3 Other Regulatory Assets and amortize the balance to Account 930.2 Miscellaneous General Expenses over a three-year period coincident upon inclusion in rates.

DATED: October 10, 2006.

Respectfully submitted,

Handwritten signature of D. Douglas Larson in black ink.

D. Douglas Larson
D. Douglas Larson
Vice President, Regulation
PacifiCorp