

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: CECELIA GASSNER**

**DATE: NOVEMBER 2, 2006**

**SUBJECT: ROCKY MOUNTAIN POWER'S APPLICATION FOR A DEFERRED  
ACCOUNTING ORDER TO DEFER THE COSTS RELATED TO THE  
MIDAMERICAN ENERGY HOLDINGS COMPANY TRANSITION, CASE  
NO. PAC-E-06-11**

On October 10, 2006, PacifiCorp dba Rocky Mountain Power filed an Application seeking an order authorizing the Company to defer and amortize over a three-year period the costs related to the MidAmerican Energy Holdings Company transition (the "MEHC Transition"). The Commission has jurisdiction over the Company's request pursuant to *Idaho Code* §61-524.

### THE APPLICATION

According to the Application, the Company is incurring costs related to the MEHC Transition for employee severance and conversion of software to an accounting calendar year. The Company seeks an order authorizing the capitalization of these costs through March 2007 and then amortization of the capitalized balance over a three-year period to begin at the implementation of new rates from a general rate case filed after December 2006. The Application does not include any request or recommendation for how the Company would like it to be processed.

The Company anticipates that its costs related to employee severance will exceed \$25 million on a total Company basis. It also estimates that the cost of adapting the software will fall between \$500,000 and \$1,000,000. The Company proposes that the Transition costs be charged to Account 182.3 Other Regulatory Assets and that they be amortized to Account 930.2 Miscellaneous General Expenses. It proposes to include the unamortized amounts in its rate base where they would earn a return at the Company's authorized rate of return. If the Application is not granted, these costs would be charged to the Company's operations and maintenance accounts. The

Company does not request a determination of ratemaking treatment of the MEHC Transition costs in this Application; rather, it proposes to address the recovery of these costs in its next rate case.

**STAFF RECOMMENDATION**

Staff recommends that the Company's Application be processed by Modified Procedure with a forty-five (45) day comment period. This should allow sufficient time for interested parties to review the Company's Application and file their comments with the Commission. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-.204.

**COMMISSION DECISION**

Does the Commission preliminarily find that the public interest may not require a hearing to consider the issues presented in this case, and that this case is appropriate for Modified Procedure pursuant to Commission Rules of Procedure 201 through 204?

Does the Commission approve of the recommended comment period?

  
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Cecelia Gassner

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