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IDAHO PUBLIC
UTILITIES COMMISSION

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
ROCKY MOUNTAIN POWER FOR AN) CASE NO. PAC-E-08-02
ACCOUNTING ORDER TO ESTABLISH A)
REGULATORY ASSET) **APPLICATION**

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the "Company"), and in accordance with RP 052 and RP 201, *et. seq.*, hereby applies to the Idaho Public Utilities Commission (the "Commission") for an accounting order authorizing the Company to establish a regulatory asset for costs associated with an exclusivity payment made to Seller to acquire 100% of the outstanding equity interests in

the Company that holds tangible and intangible assets, real and personal properties, contracts, permits and other rights associated with a generation facility (“Proposed Transaction”). In support of its Application the Company will be filing testimony, documentation and other materials regarding the Proposed Transaction under a separate pleading. The Company asserts that these supporting materials and all information concerning the Proposed Transaction will contain information that constitutes trade secrets, is confidential and is otherwise exempt from public disclosure. Due to time constraints and the commercially sensitive nature of the Proposed Transaction the Company anticipates submitting the supporting materials to the Commission pursuant to Commission Rule of Procedure 67 next week.

PacifiCorp requests this accounting treatment in the event the Proposed Transaction is not completed.

The Company also asserts that a hearing is not necessary on this matter and respectfully requests that the Commission process this case by Modified Procedure under the Commission’s Rules of Procedure 201-204.

In support of the Petition, PacifiCorp states:

1. PacifiCorp is an electrical company and public service company in the state of Idaho, subject to the jurisdiction of the Commission with regard to its rates, service and accounting practices. PacifiCorp also provides retail electricity service in the states of Oregon, California, Idaho, Utah, Washington and Wyoming. PacifiCorp’s address is 201 S. Main St., Salt Lake City, Utah 84111.

2. This Application is filed pursuant *Idaho Code* §§ 61-301, -307, -622, and -623. In particular, Idaho Code § 61-623 empowers the Commission to determine the

propriety of proposed rate schedules, §§ 61-307 and -622 require Commission approval prior to any increase in rates, and

3. Communications regarding this Application should be addressed to:

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

By e-mail (preferred):	datarequest@pacificorp.com
By regular mail:	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 800 Portland, OR 97232
By facsimile:	(503) 813-6060

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Affairs Manager at (801) 220-2963.

4. On April 11, 2008, PacifiCorp entered into a definitive Purchase and Sale Agreement (“PSA”), pursuant to which PacifiCorp agree to purchase the Plant subject to regulatory approval and other typical conditions to closing. The PSA provides that PacifiCorp shall make an exclusivity payment in the amount of \$8.7 million (“Exclusivity Payment”) to the seller of the Plant (“Seller”). The Exclusivity Payment provides PacifiCorp the exclusive right to negotiate with Seller concerning the Proposed Transaction during the exclusivity period (from February 27, 2008 until the earlier of termination of the Purchase and Sale Agreement or the Closing) (“Exclusivity Period”). During the Exclusivity Period, Seller is prohibited from negotiating with, soliciting new bids, or accepting any bids from any person or entity associated with the sale, lease or other disposition of the Plant (and other associated output, rights and assets). The Exclusivity Payment of \$8.7 million represents a deposit towards the total purchase price under the PSA. Upon closing of the sale, the remainder of the purchase price will be paid.

5. The Proposed Transaction provides that at the closing, Seller shall transfer 100% of the equity interests of Company to PacifiCorp, and the Company will become a direct, wholly owned subsidiary of PacifiCorp. One day after closing, the subsidiary Company will be dissolved and merged into PacifiCorp.

6. In order to match the benefits and costs of the Proposed Transaction, PacifiCorp will record the Exclusivity Payment within Account 182.3 (Other Regulatory Assets). It will remain in Account 182.3 until the closing date of the Proposed

Transaction. At the closing date, the Exclusivity Payment amount will be credited to Account 182.3 and debited to Account 123.1 (Investment in Subsidiary Companies), in accordance with 18 C.F.R. Ch. I, Pt. 101. Additionally, the remainder of the purchase price and expenses incidental to the acquisition will be included in Account 123.1 as part of the total costs of the acquisition. When the subsidiary Company is dissolved and merged into PacifiCorp, the amount in Account 123.1 (Investment in Subsidiary Companies) will be transferred to the appropriate accounts in PacifiCorp. The plant asset balances will be transferred to Account 102 (Electric Plant Purchase or Sold) until approvals are received from the Federal Energy Regulatory Commission to transfer from Account 102 to Account 101 (Electric Plant in Service).

7. Accounting for the Exclusivity Payment costs related to this Proposed Transaction as a regulatory asset will encourage utility investment and will serve to more fairly balance the risks and benefits between shareholders and customers, especially in a situation where a time-limited commercial opportunity exists. Expensing the costs of a failed acquisition and not recovering those costs in rates significantly discourages the utility from investing in resources for the benefit of ratepayers. In the event that the Proposed Transaction does not close, the Company requests that these costs continue to be treated as a regulatory asset as requested in Account 182.3. Rate treatment of the Exclusivity Payment will be determined in a future rate proceeding.

WHEREFORE, Rocky Mountain Power respectfully requests of the Commission the following:

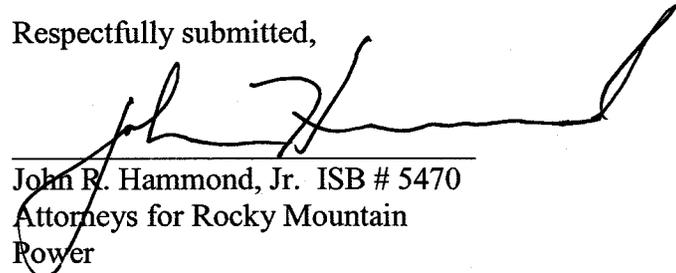
1. That the Commission find that a hearing is not required herein and process the Application by Modified Procedure under its Rules of Procedure 201-204;

2. An accounting order authorizing it to record the Exclusivity Payment costs in Account 182.3 (Other Regulatory Assets). The rate treatment for the Exclusivity Payment costs will be determined in a future rate proceeding; and,

3. That the Commission grant such other and further relief as the Commission may determine proper herein.

DATED: April 11, 2008.

Respectfully submitted,



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Power

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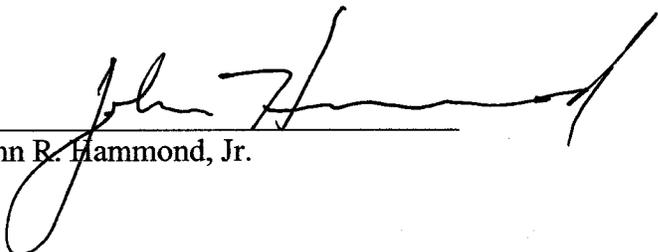
Attorneys for Rocky Mountain Power

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 11 day of April, 2008, a true and correct copy of the foregoing document was served as indicated below:

Jean Jewell, Commission Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074
Email: jean.jewell@puc.idaho.gov

- U.S. Mail
- Facsimile
- Overnight Delivery
- Hand Delivery
- Email



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