

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA ROCKY MOUNTAIN POWER'S APPLICATION FOR AN ACCOUNTING ORDER REGARDING COSTS INCURRED FOR NAUGHTON UNIT 3)))))	CASE NO. PAC-E-12-07 NOTICE OF APPLICATION
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On May 3, 2012, PacifiCorp dba Rocky Mountain Power applied to the Commission for an order authorizing it to record a regulatory asset associated with its costs to meet emission requirements at Naughton Unit 3. According to the Company, Idaho's share of the regulatory asset would be about \$479,000. The Company says it does not seek to recover that amount in this proceeding. Rather, it will seek recovery in its next general rate case. The Company asks the Commission to process its Application under Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company claims it has worked with state, tribal, and federal agencies to develop a Comprehensive Air Initiative (CAI) to improve visibility in national parks and wilderness areas. The CAI is designed to reduce power plant emissions in accordance with regional haze and other air-quality regulations while balancing customer interests and the obligation to serve current and reasonably projected demands. Application at 2-3.

YOU ARE FURTHER NOTIFIED that the Company has incurred costs to develop, design, engineer and procure environmental upgrades including Selective Catalytic Reduction (SCR) and Pulse Jet Fabric Filter (PJFF) systems. *Id.* at 1. The Company must comply with environmental requirements such as U.S. Environmental Protection Agency Clean Air Act regional haze rules. The Company says it must also comply with Wyoming's regional haze state implementation plan (SIP) and best available retrofit technology (BART) analysis, determination, decision and permit MD-6042, Amended BART permit MD-6042A, and a related settlement agreement which establishes a December 31, 2014 emissions control compliance and SCR and PJFF systems installation deadline. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company says its compliance-planning activities for Naughton Unit 3 in response to Wyoming regulations requiring Naughton Unit 3

and similar emission sources to submit a BART application by December 15, 2006 (the Company received a 1-month extension). *Id.* at 4. Earlier, in November 2003, the Company began engineering assessments and evaluating emission control equipment for Naughton Unit 3. The Company says these assessments and evaluations, which it has continued to update and refine, were critical to establishing an environmental compliance plan and to mitigate SCR and PJFF systems-development risk. *Id.*

YOU ARE FURTHER NOTIFIED that the Company says it began in 2010 to execute its critical path schedule in order to meet the December 2014 regional haze compliance deadline. *Id.* This included developing detailed project procurement specifications and requesting proposals related to SCR and PJFF engineering, procurement, and construction (EPC). *Id.* The Company entered a limited notice to proceed (LNTP) EPC contract on December 1, 2011. *Id.* at 5. The LNTP contemplates detailed engineering and design of time-critical systems, development of equipment procurement specifications and preliminary three-dimensional modeling, development of project execution deliverables and procedures, site subsurface assessments, site geotechnical investigations and preliminary foundation design activities. *Id.* However, the Company subsequently learned that the environmental improvements contemplated for Naughton Unit 3 were no longer economically supported. *Id.* (citing Company's April 9, 2012 rebuttal testimony filed in Wyoming Docket No. 20000-400-EA-11). Accordingly, the Company suspended the EPC contract LNTP activities as of the end of February 2012. *Id.*


YOU ARE FURTHER NOTIFIED that the Company says it has prudently incurred \$7,914,547.69 in necessary costs related to Naughton Unit 3 environmental compliance project permitting, development, engineering, and site assessment activities. *Id.* (citing Application Attachment 1, detailing the costs). With this Application, the Company seeks to transfer this amount out of FERC Account 107 (Construction Work in Progress) and record a regulatory asset in FERC Account 182.3 (other Regulatory Assets). The Company says Idaho's share of the regulatory asset will be established based on the system generation (SG) allocation factor, resulting in about \$479,000 allocated to Idaho. *Id.* The Company says it will seek to recover this regulatory asset in its next general rate case, and that it would propose that amortization begin in that test period. *Id.* at 5-6.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers, and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and workpapers are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

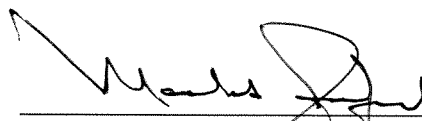
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-118, 61-119, 61-307, 61-502, and 61-623. The Commission may enter any final Order consistent with its authority under 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.*

DATED at Boise, Idaho this 23rd day of May 2012.



PAUL KJELLANDER, PRESIDENT

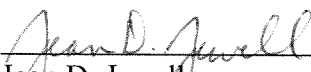


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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