

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 ORDER NO. 32691
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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. The Commission issued a Notice of Application on May 23, 2012. On September 21, 2012, the Commission issued a Notice of Modified Procedure setting a November 20, 2012 comment deadline. Staff filed the only comments in the case, and supported the Company's Application. With this Order, we approve the Application.

APPLICATION

Naughton Unit 3 is a 330 MW thermal steam generation unit that began commercial operation in 1971. It is one of three coal-fired generation units wholly owned by the Company at the facility located near Kemmerer, Wyoming.

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. The Company now 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 about \$479,000. The Company does not seek to recover that amount in this proceeding. Rather, it will seek recovery in its next general rate case, and it proposes that amortization begin in that test period.

STAFF COMMENTS

Staff reviewed the Company's Application, discovery responses, and also Company filings in a related case before the Wyoming Commission. Based on this review, Staff confirmed that the expenditures the Company wants to transfer were associated with the Naughton 3 environmental compliance project. Staff also determined that each expense was reasonable compared to the scope of work completed by the project contractor. Staff believes the dollar

amounts incurred by the Company accurately represent the contract payments and work performed. Lastly, Staff believes there is sufficient evidence to allow the deferral of incurred costs as a regulatory asset. Staff emphasized that prudence of the expenditures will be evaluated when the Company seeks rate recovery.

In light of the above, Staff recommended the Commission approve the Company's request for an accounting order authorizing it to transfer \$7,914,547 from FERC Account 107 to FERC Account 182.3 as a regulatory asset. Staff also recommended the Commission not determine prudence in this proceeding, but instead direct the Company to submit information documenting prudence in support of rate recovery in the Company's next general rate case.

FINDINGS

The Commission has jurisdiction over the Company, an electric utility, and the issues in this case under Title 61 of the Idaho Code and the Commission Rules of Procedure, IDAPA 31.01.01.000 *et seq.* The Commission has reviewed the filings in this case, including the Company's Application and Staff's comments. Based on that review, and pursuant to *Idaho Code* § 61-524,¹ the Commission finds that the Company's Application should be granted to allow the Company to transfer \$7,914,547 from FERC Account 107 to FERC Account 182.3 as a regulatory asset. In issuing this accounting order, we are not determining the prudence of any expenses. The Company may request and litigate the recovery of these costs in the future, and it should submit evidence of prudence in support of rate recovery in the Company's next general rate case.

¹ *Idaho Code* § 61-524, entitled "System of Accounts," provides in part:

The commission shall have power to establish a system of accounts to be kept by the public utilities . . . and to prescribe the manner in which such accounts shall be kept. . . . It may also . . . prescribe the forms of accounts, records and memoranda to be kept by such public utilities, including the accounts, records and memoranda of the . . . receipts and expenditures of moneys, and any other forms, records and memoranda which in the judgment of the commission may be necessary to carry out any of the provisions of this act. . . . Where the commission has prescribed the forms of accounts, records or memoranda . . . , it shall thereafter be unlawful for such public utility to keep any accounts, records or memoranda for such business other than those so prescribed, or those prescribed by or under the authority of any other state or of the United States, excepting such accounts, records or memoranda as shall be explanatory of and supplemental to the accounts, records or memoranda prescribed by the commission.

ORDER

IT IS HEREBY ORDERED that PacifiCorp dba Rocky Mountain Power's Application is approved. The Company may transfer \$7,914,547 from FERC Account 107 to FERC Account 182.3 as a regulatory asset.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this case may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this case. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

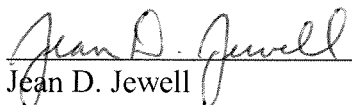
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th day of December 2012.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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