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IDAHO PUBLIC
UTILITIES COMMISSION

May 3, 2012

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

NEW CASE

**RE: Case No. PAC-E-12-08
In the Matter of the Application of Rocky Mountain Power for a Deferred
Accounting Order**

Dear Ms. Jewell:

Enclosed for filing are an original and seven (7) copies of Rocky Mountain Power's ("Company") Application for a deferred accounting order authorizing the Company to establish a regulatory asset to recover the net remaining book balance of the Carbon Plant, and to include the regulatory asset in rate base when the plant is retired.

Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

with copies to: Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street Suite 2300
Salt Lake City, Utah 84111
E-mail: ted.weston@pacificorp.com

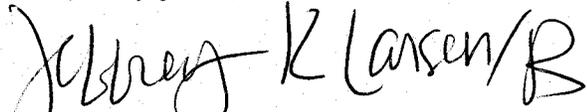
Idaho Public Utilities Commission

May 3, 2012

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Information inquiries related to this report should be directed to Ted Weston, (801) 220-2963.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeffrey K. Larsen/R". The signature is written in a cursive style with a large, stylized initial "J".

Jeffrey K. Larsen

Vice President, Regulation and Government Affairs

Enclosures

Mark C. Moench
Yvonne R. Hogle (Pro Hac Vice)
Rocky Mountain Power
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Salt Lake City, Utah 84111
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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 A)
DEFERRED ACCOUNTING ORDER)
AUTHORIZING THE CREATION OF A)
REGULATORY ASSET ASSOCIATED)
WITH THE REMIANING BOOK VALUE OF)
THE CARBON PLANT.)

CASE NO. PAC-E-12-08

APPLICATION

Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power” or the “Company”), hereby applies to the Idaho Public Utilities Commission (“Commission”) for an accounting order authorizing the Company to transfer the remaining plant balances from electric plant in service and accumulated depreciation and establish a regulatory asset to recover these costs when the Carbon plant is retired. The Company would amortize the regulatory asset through 2020, the current assumed life of the plant. The Company anticipates retiring the Carbon plant in early 2015 to comply with recently finalized EPA standards. It is anticipated that once the plant is retired, Rocky Mountain Power will book the net plant balance to be recovered to the regulatory asset account, along with any other associated costs. Amortization of these costs would begin in 2015, after the plant is closed, and would be collected through 2020, the depreciable life of the asset.

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 72,000 customers in the state of Idaho and is subject to the jurisdiction of the Commission.

2. Rocky Mountain Power files this application pursuant to Idaho Code § 61-524 and RP 52, which authorizes the Commission to prescribe the accounting to be used by public utilities subject to its jurisdiction

3. Communications regarding this Application should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 South Main Street Suite 2300
Salt Lake City, Utah 84111
E-mail: ted.weston@pacificorp.com

Yvonne R. Hogle
Senior Counsel
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111
E-mail: yvonne.hogle@pacificorp.com

In addition, Rocky Mountain Power requests that all data requests regarding this application be addressed to:

By email (preferred)

datarequest@pacificorp.com
ted.weston@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries related to this application may be directed to Ted Weston, (801) 220-2963.

4. The Company is filing this Application because the costs associated with

alternatives to comply with the Environmental Protection Agency's ("EPA") recently finalized Mercury and Air Toxics Standards ("MATS") are not expected to be cost effective. The current emissions profiles of the Carbon units do not meet MATS limits for all pollutants regulated under that rule. The Carbon units have not been, and cannot economically be, retrofitted with scrubbers, baghouses, or other significant emissions control equipment investments that would foster the Carbon plant's ability to comply.

5. In addition to the MATS rules, Rocky Mountain Power must consider other regulations in its long-term planning decisions for the Carbon plant. These other regulations include National Ambient Air Quality Standards ("NAAQS") and long-term Regional Haze Rule planning. The Company anticipates that the Carbon plant will not be able to demonstrate attainment of the 1-hour nitrogen oxides ("NOx") or 1-hour sulfur dioxide ("SO2") NAAQS, as would be expected to be required under any major plant modification permitting process, primarily due to the unique geographic location of the plant. The Carbon plant is located in the mouth of a canyon with no room to install significant environmental retrofits.

6. As another compliance alternative, the Company previously assessed converting the Carbon plant to natural gas as a fuel resource; however, doing so would not achieve an acceptable emissions profile for long-term environmental compliance. Moreover, our economic analysis showed it was not a viable least cost option, after accounting for risk and uncertainty. Even if economically it made sense, converting the Carbon units to natural gas may not achieve an acceptable emissions profile for long-term environmental compliance.

7. Nevertheless, the Company continues to assess compliance solutions, including assessing whether emerging technologies could save the Carbon plant from decommissioning. For example, the Company is reviewing dry sorbent injection into the combustion processes, to determine if this would assist in achieving MATS compliance. Assuming the testing provides positive results for MATS regulated emissions, the Company will continue to assess the commercial viability and cost of such emerging technologies, as well as the ability of said technologies to support compliance with other emissions regulations such as NAAQS and long-term Regional Haze Rule planning to which Carbon would be subject.

8. Despite the Company's continued assessment of the options mentioned above, the Company does not expect to identify a least-cost option, accounting for risk and uncertainty, other than retiring the Carbon plant.

9. Retiring Carbon may pose a complication with potential transmission system impacts. Depending on the impacts, the Company may need to request an extension of the initial April 2015 compliance deadline for the Carbon plant. If the Company finds there is a need for requesting an extended compliance schedule, the Company will work within the conditions included in the MATS regulations and seek administrative guidance to request an appropriate compliance extension.

10. As of December 31, 2011, the Carbon plant had a net book value of approximately \$55 million, with a depreciable life running through 2020. Annual depreciation expense is approximately \$3.7 million.

11. The Company requests the Commission approve the transfer of the remaining

plant balances for the Carbon Plant from FERC Account 101 (Electric Plant in Service) and FERC Account 108 (Accumulated Depreciation) and record a regulatory asset for the net amount in FERC Account 182.3 (Other Regulatory Assets) on the date the plant is removed from service. The Company also requests the Commission approve the amortization of the newly created regulatory asset beginning with the transfer date over the remaining depreciable life of the Carbon plant, or 2020. Idaho's share of the regulatory asset will be established based on the system generation (SG) allocation factor for the calendar year prior to the date the plant is removed from service.

12. The transfer of the net plant balance of the Carbon Plant to a regulatory asset with amortization of the regulatory asset over the remaining depreciable life of the plant will result in the continuation of equivalent levels of rate base and annual expense and have minimal impact on customer rates.

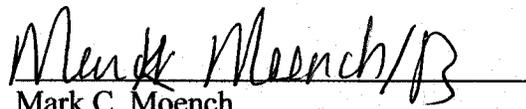
13. The Company currently estimates the cost of decommissioning the facility and remediating the site to be approximately \$57 million. The Company will be refining that estimate over the coming months as its compliance assessment continues. The Company will file, in a future general rate case or other proceeding, a recommendation for amortization and recovery of those costs.

14. Rocky Mountain Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing, in accordance with RP 201 *et seq.*

WHEREFORE, Rocky Mountain Power respectfully requests that in accordance with Idaho Code § 61-524, the Commission issue an order authorizing the Company to establish a regulatory asset to recover the remaining net book balance of the Carbon plant, and to include the regulatory asset in rate base when the plant is retired.

DATED: May 3, 2012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark C. Moench", is written over a horizontal line.

Mark C. Moench
Yvonne R. Hogle (Pro Hac Vice)

Attorneys for Rocky Mountain Power