

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET UE-060926
	)	
PACIFICORP D/B/A PACIFIC POWER	)	ORDER 01
& LIGHT COMPANY,	)	
	)	
Petitioner,	)	
	)	
For An Accounting Order to Defer	)	
Expensing of Certain Environmental	)	ORDER APPROVING ACCOUNTING
Remediation Costs	)	PETITION
.....	)	

**BACKGROUND**

- 1     On June 5, 2006, PacifiCorp, d/b/a Pacific Power & Light, (PacifiCorp or Company) filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i). The petition requests authority to defer the expenses for environmental remediation work at the Utah Metals and Union Pacific Railroad property, effective as of June 5, 2006. The estimated expense for this project is \$3,500,000, but the timing of the remediation work is uncertain. The Company only seeks an accounting order to defer these expenses and does not request a determination of ratemaking treatment at this time. The amortization of the deferred expenses for this project will be determined in a future ratemaking proceeding. Pursuant to Order 01, Docket UE-031658, the level of environmental remediation costs allocable to Washington and subject to the requested accounting treatment shall be consistent with the interjurisdictional cost allocation method then in effect for the Company.
- 2     PacifiCorp submits that it incurs environmental remediation expenses as a legitimate cost of operating as a public utility in the state of Washington, and that the remediation projects are undertaken to fulfill obligations imposed by state and federal environmental agencies. PacifiCorp claims the environmental remediation expenses incurred at the Utah Metals and Union Pacific Railroad property are not covered by the PacifiCorp Environmental Remediation Company (PERCO) insurance settlement.
- 3     Concerns about the ultimate cost to remediate the Utah Metals site were raised. There is the possibility that the expenditures may substantially exceed original

estimates. To alleviate this concern an additional reporting requirement is imposed.

### FINDINGS AND CONCLUSIONS

- 4 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040, Chapter 80.04 RCW, Chapter 80.28 RCW, Chapter 80.08 RCW and Chapter 80.12 RCW.*
- 5 (2) PacifiCorp is an electric company and is a public service company subject to the jurisdiction of the Commission.
- 6 (3) WAC 480-07-370(b)(i) allows companies to file a petition including that for which PacifiCorp seeks approval.
- 7 (4) Staff has reviewed the petition in Docket UE-060926 including related workpapers. Staff believes the proposed accounting petition requested by PacifiCorp is reasonable and should be approved, subject to the following conditions that are consistent with the provisions of the Commission order in Docket UE-031658: any balance sought for recovery in Washington rates will be net of insurance proceeds; deferred expenses will include only payments to third-party contractors performing the clean-up work and will not include PacifiCorp legal expenses or PacifiCorp employee expenses; and if estimates of the expenses of the Utah Metals site exceed \$5,000,000, then the Company must file a report which explains the need for the additional expenditures and present justifications for continued deferral of the project's costs.
- 8 (5) This matter was brought before the Commission at its regularly scheduled meeting on August 30, 2006.
- 9 (6) After examination of the petition filed in Docket UE-060926 PacifiCorp on June 5, 2006, and giving due consideration to all relevant matters and

for good cause shown, the Commission finds that the petition filed should be approved.

**ORDER**

THE COMMISSION ORDERS:

- 10           (1)     PacifiCorp, d/b/a Pacific Power & Light's request to defer the expenses for environmental remediation work at the Utah Metals and Union Pacific Railroad property in Account 186, Miscellaneous Deferred Debits, effective as of June 5, 2006, without the accrual of interest is approved.
- 11           (2)     This authorization is subject to the following conditions that are consistent with the provisions of the Commission order in Docket UE-031658: any balance sought for recovery in Washington rates will be net of insurance proceeds; and deferred expenses will include only payments to third-party contractors performing the clean-up work and will not include PacifiCorp legal expenses or PacifiCorp employee expenses; and if estimates of the expenses of the Utah Metals site exceed \$5,000,000, then the Company must file a report which explains the need for the additional expenditures and present justifications for continued deferral of the project's costs.
- 12           (3)     This Order shall not affect the Commission's authority over rates, service, accounts, evaluations, estimates, or determination of costs in any matters that may come before it, nor be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 13           (4)     The Commission retains jurisdiction over the subject matter and PacifiCorp, d/b/a Pacific Power & Light to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective August 30, 2006.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**MARK H. SIDRAN, Chairman**

**PHILIP B. JONES, Commissioner**