

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

In the Matter of the Application of	)	DOCKET UE-060020
	)	
PACIFICORP d/b/a	)	ORDER 01
Pacific Power & Light Company,	)	
	)	
For an Order Approving the Sale of Its	)	
Interest in the Centralia Transmission	)	ORDER GRANTING
Line	)	APPLICATION
.....	)	

**BACKGROUND**

- 1     On January 5, 2006, PacifiCorp d/b/a Pacific Power & Light Company (“PacifiCorp” or “Company”), filed with the Commission an application pursuant to the provisions of Chapter 80.12 RCW and Chapter 480-143 WAC, for authority to sell and transfer the Company’s interest in the Centralia 230 kV transmission line (“Centralia Transmission Line”) and related facilities, associated easements, and rights-of-way located near Centralia, Washington. The terms and conditions of the transaction are set forth in the Centralia 230 kV Transmission Purchase and Sale Agreement dated August 25, 2005. *Application Exhibit No. 1.*
- 2     PacifiCorp proposes to sell and transfer the Centralia Transmission Line to TransAlta Centralia Generation, LLC, a Washington limited liability company and a direct wholly-owned subsidiary of TECWA Power, Inc. (“TECWA”), which, in turn, is a direct wholly-owned subsidiary of TransAlta USA Inc. (“TransAlta”). TransAlta indirectly owns the Centralia Power Plant and the Centralia Coal Mine acquired in 2000. In 2004, a TransAlta subsidiary acquired the Skookumchuck dam and hydroelectric facilities located near the Centralia Power Plant. <sup>1</sup>
- 3     Currently, PacifiCorp transmits power over the Centralia Transmission Line to serve its retail customer, the Centralia Coal Mine, and to provide retail station service to the Centralia Power Plant. The effect of the sale and transfer of the Centralia Transmission Line will be to give TransAlta the option to obtain these retail services from a utility other than PacifiCorp.

---

<sup>1</sup> The WUTC granted approval of the Centralia Generating Plant and Mine on March 6, 2000. *Second Supplemental Order in Docket Nos. UE-991255, UE-991262, and UE-991409.* The Commission also approved the sale and transfer of the Skookumchuck dam and related facilities on March 4, 2004. *Order No. 01 in Docket No. UE-040202.*

- 4 PacifiCorp and TransAlta consider the contemplated sale of the Centralia Transmission Line to be consistent with, and a part of, the several Centralia area asset dispositions. The transfer will eliminate the need for PacifiCorp to operate the line and to incur operation and maintenance costs for a three-mile stretch of transmission line that is isolated from the rest of PacifiCorp's operations.
- 5 PacifiCorp anticipates a loss on the disposition of the Centralia Transmission Line based on the aggregate sale price of \$120,000 which is the stated price in the May 4, 2000, Option Agreement (Application Exhibit No. 2) and net book value of \$128,756.
- 6 Given the historical context and the de minimus amount involved, PacifiCorp proposes to absorb the loss in FERC Account 421.2 –Loss on disposition of property, and forego the opportunity to recover the loss from its retail customers. The Company states that the transaction is in the public interest and would cause no harm to the Company's Washington ratepayers.

#### FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission has jurisdiction over PacifiCorp and the sale and assets associated with the Centralia Transmission Line, the subject matter of this proceeding. *Chapter 80.12 RCW and Chapter 480-143 WAC.*
- 8 (2) PacifiCorp is engaged in the business of furnishing electricity service within the state of Washington as a public service company subject to the jurisdiction of the Commission.
- 9 (3) After review of the application, Commission Staff believes the request for approval authorizing the sale of facilities in accordance with Chapter 480-143 WAC, and the Company's proposal to absorb the loss from the sale and forego the opportunity to recover such loss from Washington ratepayers, are reasonable and consistent with the public interest and should be granted.
- 10 (4) This matter was brought before the Commission at its regularly scheduled open meeting on March 15, 2006.

- 11 (5) After examination of the application filed in Docket UE-060020 by PacifiCorp on January 5, 2006, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the application should be granted.

## ORDER

### THE COMMISSION ORDERS:

- 12 (1) The petition of Pacific Power & Light Company d/b/a PacifiCorp for authorization to sell and transfer the Company's interest in the Centralia 230 kV transmission line and related facilities, associated easements, and rights-of-way is granted.
- 13 (2) PacifiCorp shall absorb the loss in FERC Account 421.2 –Loss on disposition of property, and forego the opportunity to recover the loss from its Washington retail customers.
- 14 (3) This Order shall in no way affect the authority of the Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs claimed or asserted.
- 15 (5) The Commission retains jurisdiction over the subject matter and PacifiCorp to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective March 15, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary