

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	<b>Docket No. UE-050684</b>
Complainant,	)	
	)	<b>Docket No. UE-050412</b>
v.	)	
	)	<i>(consolidated)</i>
PACIFICORP d/b/a PACIFIC POWER &	)	
LIGHT COMPANY	)	
	)	
Respondent.	)	

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**EXHIBIT NO. \_\_\_\_ (RJF-20)**

**PACIFICORP RESPONSES TO ICNU DATA REQUEST**

**NOS. 17.1, 17.2 AND 17.3**

**January 27, 2006**

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January 23, 2006  
ICNU 17<sup>th</sup> Set Data Request 17.1

**ICNU Data Request 17.1**

What is the dollar value or amount of the equity contribution of the Blundell plant from MEHC (IGC) to PacifiCorp?

**Response to ICNU Data Request 17.1**

For clarification, the contribution proposed in commitment 51 is MEHC's stock ownership in Intermountain Geothermal Company (IGC) and approximately 70% of the associated steam rights to the steam resources serving PacifiCorp's Blundell geothermal plant. As of December 31, 2005, IGC had total assets of approximately \$17.1 million with total equity of \$260,000.

Responder: PacifiCorp/MEHC  
Witness: Not Identified

### **ICNU Data Request 17.2**

(a) Please explain how the equity investment MEHC (IGC) has in facilities associated with the Blundell plant impacts the cost of power PacifiCorp pays for or charges ratepayers for energy from Blundell. (b) Please quantify the ratemaking cost associated with MEHC's (IGC's) equity investment which will be contributed to PacifiCorp.

### **Response to ICNU Data Request 17.2**

- (a) PacifiCorp entered into a 30 year steam prepurchase agreement with Intermountain Geothermal Company in January 1991. The impact of MEHC's equity investment in IGC facilities on the purchase price negotiated in 1991 is unknown.
- (b) The "ratemaking cost" costs associated with MEHC's equity investment will be as determined by the Commission. It should be noted that the availability of *any* benefits associated with MEHC's equity investment in Intermountain Geothermal Company (IGC) is premised, under the terms of Commitment No. 51, on dismissal of existing proceedings against PacifiCorp relating to the SEC PUHCA Audit Report. Whether or not this will occur is uncertain, and is not within the Company's control. Moreover, the "ratemaking cost" depends on whether the assets and liabilities of IGC would be consolidated into PacifiCorp's rate base for ratemaking purposes. Whether or not this will occur is uncertain, and is not within the Company's control. Given these contingencies, the "ratemaking cost" is neither known nor measurable.

Assuming (1) the conditions specified under Commitment No. 51 occur and the equity investment is transferred, and (2) the Commission determines that the assets and liabilities of IGC should be consolidated into PacifiCorp's rate base for ratemaking purposes, the contribution of the equity in IGC to PacifiCorp would have little or no impact on the cost of power PacifiCorp customers pay for energy from Blundell. Based on 2005 financial statements for IGC, PacifiCorp would realize a system-wide reduction in pre-tax cost of O&M of approximately \$63,000 (revenue requirement).

PacifiCorp rate base would increase by approximately \$260,000 total company, derived as follows: After elimination of deferred revenues on IGC's balance sheet, \$17.1 million of net assets remain, offset by \$5.8 million of accumulated deferred income taxes, for a net amount of \$11.3 million. The difference between this and the \$11 million prepaid geothermal steam asset on PacifiCorp's books being eliminated is approximately \$260,000.

Amortization of the \$11 million prepaid geothermal steam asset would be eliminated, but this would be replaced by depreciation and amortization of

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geothermal development costs and leasehold properties. In sum, there would be little if any impact on PacifiCorp revenue requirement, even if the contingencies described above were resolved in a manner that would allow such "ratemaking cost" to be captured in rates.

The value to PacifiCorp customers from the contribution of the IGC stock will come primarily from expansion of the generation capabilities at Blundell. The existing bifurcated ownership of the steam resource and the geothermal generation facility serves as an impediment to expansion of the generation capabilities at Blundell. Contribution of the IGC interests and rights to PacifiCorp will remove this impediment and allow for study of additional expansion of the plant.

Responder: PacifiCorp/MEHC  
Witness: Not Identified

**ICNU Data Request 17.3**

Please explain the ratemaking treatment of all costs associated with Blundell, including the costs associated with the MEHC (IGC) investments and service provided to PacifiCorp by MEHC (IGC).

**Response to ICNU Data Request 17.3**

Fundamentally, the current ratemaking treatment of Blundell costs is that capital costs of the plant and the unamortized prepaid geothermal steam asset are included in rate base, O&M expense is included in revenue requirement at contract rates, and amortization of the prepaid geothermal steam asset is included in fuel expense. The “ratemaking treatment” of all costs associated with Blundell will be as determined by the Commission. It should be noted that the costs associated with the MEHC’s IGC investments become an issue for PacifiCorp only if, in accordance with the terms of Commitment No. 51, existing proceedings against PacifiCorp relating to the SEC PUHCA Audit Report are dismissed. Whether or not this will occur is uncertain, and is not within the Company’s control. Moreover, the “ratemaking treatment” of all costs depends on whether the assets and liabilities of IGC would be consolidated into PacifiCorp’s rate base for ratemaking purposes. Whether or not this will occur is uncertain, and is not within the Company’s control. Given these contingencies, the “ratemaking treatment” is neither known nor measurable. See response to ICNU 17.2 for incremental effects assuming these contingencies are resolved in a manner that would allow such “ratemaking treatment” to be captured in rates. As stated there, it is expected there would be a minimal increase in rate base and a minimal reduction in O&M.

Responder: PacifiCorp/MEHC

Witness: Not Identified