

April 11, 2008

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

**RE: Docket No. UE-08 _____
Petition of PacifiCorp for an Accounting Order
To Establish a Regulatory Asset**

Dear Ms. Washburn:

Enclosed for filing are an original and twelve (12) copies of PacifiCorp's Petition for an Accounting Order to Establish a Regulatory Asset. An electronic copy of the filing will also be sent to the Commission's record center. Also enclosed is a motion for protective order seeking entry of a standard protective order in this proceeding.

Communications regarding this petition should be addressed to:

Washington Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
washingtondockets@pacificorp.com

Natalie Hocken
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Natalie.Hocken@PacifiCorp.com

In addition, PacifiCorp requests that all data requests regarding this petition be addressed to:

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

By Facisimile: (503) 813-6060

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

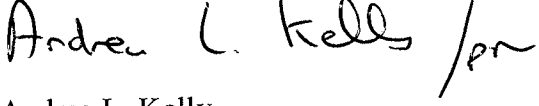
Washington Utilities & Transportation Commission

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Please direct any informal questions to Paul Wrigley, Regulatory Affairs Director, at (503) 813-6048. Thank you.

Respectfully,

Handwritten signature of Andrea L. Kelly in black ink, including a slanted line at the end.

Andrea L. Kelly
Vice President, Regulation

Enclosures

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of
PACIFICORP d/b/a Pacific Power
for an Accounting Order to Establish a
Regulatory Asset

DOCKET NO. UE-08_____
PETITION OF PACIFICORP
FOR AN ACCOUNTING ORDER

1 Pursuant to WAC 480-07-370(b), PacifiCorp d/b/a Pacific Power petitions the
2 Washington Utilities and Transportation Commission (“Commission”) for an accounting
3 order authorizing PacifiCorp to establish a regulatory asset for costs associated with an
4 exclusivity payment made to Seller to acquire 100% of the outstanding equity interests in
5 the Company that holds tangible and intangible assets, real and personal properties,
6 contracts, permits and other rights associated with a generation facility (“Plant”) (the
7 “Proposed Transaction”). PacifiCorp requests this accounting treatment in the event the
8 Proposed Transaction is not completed. In support of the Petition, PacifiCorp states:

9 1. PacifiCorp is an electrical company and public service company in the state of
10 Washington pursuant to RCW 80.04.010 and subject to the jurisdiction of the
11 Commission with regard to its rates, service and accounting practices. PacifiCorp also
12 provides retail electricity service in the states of Oregon, California, Idaho, Utah and
13 Wyoming. PacifiCorp’s address is 825 NE Multnomah, Portland, OR 97232.

14 2. PacifiCorp files this petition pursuant to RCW 80.01.040(3), which authorizes the
15 Commission to regulate in the public interest the rates, service, facilities, and practices of
16 electric companies; RCW 80.040.090, which authorizes the Commission to prescribe the
17 forms of accounts to be kept by public service companies; and WAC 480-100-203,

1 pertaining to the accounting requirements applicable to electric utilities in the state of
2 Washington.

3 3. Communications regarding this Application should be addressed to:

Washington Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Email: washingtondockets@pacificorp.com
Telephone: 503-813-6048

Natalie L. Hocken
Pacific Power
825 NE Multnomah, Suite 2000
Portland, OR 97232
Email: natalie.hocken@pacificorp.com
Telephone: 503-813-7205
Facsimile: 503-813-7262

4 Additionally, PacifiCorp respectfully requests that all data requests regarding this
5 matter be addressed to:

6 By email (preferred) datarequest@pacificorp.com

7 By regular mail Data Request Response Center
8 PacifiCorp
9 825 NE Multnomah, Suite 2000
10 Portland, OR 97232

11 By facsimile (503) 813-6060

12 Informal inquiries may be directed to Paul Wrigley, Director, Regulation, at (503) 813-
13 6048.

14 4. On April 11, 2008, PacifiCorp and Seller entered into the definitive Purchase and
15 Sale Agreement (“PSA”), pursuant to which PacifiCorp agreed to purchase the Plant
16 from Seller subject to regulatory approvals and other typical conditions to closing.
17 Pursuant to the PSA, PacifiCorp shall make an Exclusivity Payment in the amount of
18 \$8.7 million (“Exclusivity Payment”) to the Seller. The Exclusivity Payment provides
19 PacifiCorp the exclusive right to negotiate with Seller concerning the Proposed
20 Transaction during the exclusivity period (from February 27, 2008 until the earlier of
21 termination of the Purchase and Sale Agreement or the Closing)(“Exclusivity Period”).

1 During the Exclusivity Period, Seller is prohibited from negotiating with, soliciting new
2 bids, or accepting any bids from any person or entity associated with the sale, lease or
3 other disposition of the generation facility (and other associated output, rights and
4 assets). The Exclusivity Payment of \$8.7 million represents a deposit towards the total
5 purchase price under the PSA. Upon closing of the sale, the remainder of the purchase
6 price will be paid.

7 5. The Proposed Transaction provides that at the closing, Seller shall transfer 100%
8 of the equity interests of Company to PacifiCorp, and the Company will become a direct,
9 wholly owned subsidiary of PacifiCorp. One day after closing, the subsidiary Company
10 will be dissolved and merged into PacifiCorp.

11 6. In order to match the benefits and costs of the Proposed Transaction, PacifiCorp
12 will record the Exclusivity Payment within Account 182.3 (Other Regulatory Assets). It
13 will remain in Account 182.3 until the closing date of the Proposed Transaction. At the
14 closing date, the Exclusivity Payment amount will be credited to Account 182.3 and
15 debited to Account 123.1 (Investment in Subsidiary Companies), in accordance with 18
16 C.F.R. Ch. I, Pt. 101. Additionally, the remainder of the purchase price and expenses
17 incidental to the acquisition will be included in Account 123.1 as part of the total costs of
18 the acquisition. When the subsidiary Company is dissolved and merged into PacifiCorp,
19 the amount in Account 123.1 (Investment in Subsidiary Companies) will be transferred to
20 the appropriate accounts in PacifiCorp. The plant asset balances will be transferred to
21 Account 102 (Electric Plant Purchased or Sold) until approvals are received from the
22 Federal Energy Regulatory Commission to transfer from Account 102 to Account 101
23 (Electric Plant in Service).

1 7. Accounting for the Exclusivity Payment costs related to this Proposed Transaction
2 as a regulatory asset will encourage utility investment and will serve to more fairly
3 balance the risks and benefits between shareholders and customers, especially in a
4 situation where a time-limited commercial opportunity exists. Expensing the costs of a
5 failed acquisition and not recovering those costs in rates significantly discourages the
6 utility from investing in resources for the benefit of customers. In the event that the
7 Proposed Transaction does not close, the Company requests that these costs continue to
8 be treated as a regulatory asset as requested in Account 182.3. The rate treatment of the
9 Exclusivity Payment will be determined in a future rate proceeding.

10 WHEREFORE, PacifiCorp respectfully requests an accounting order authorizing
11 it to record the Exclusivity Payment costs in Account 182.3 (Other Regulatory Assets).
12 The rate treatment for the Exclusivity Payment costs will be determined in a future rate
13 proceeding.

DATED: April 11, 2008.

Respectfully submitted,

Natalie L. Hocken
Vice President and General Counsel
Pacific Power

Counsel for PacifiCorp

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PACIFICORP d/b/a Pacific Power

for an Accounting Order to Establish a
Regulatory Asset

**DOCKET NO. UE-08 _____
MOTION OF PACIFICORP
FOR ENTRY OF STANDARD
PROTECTIVE ORDER**

1 Pursuant to WAC 480-07-375, PacifiCorp d/b/a Pacific Power (“Company”)
2 moves for entry of a standard protective order in this proceeding. Concurrent with this
3 Motion, the Company filed an application for an accounting order authorizing the
4 Company to establish a regulatory asset for costs related to the purchase of the exclusive
5 option to acquire a generation plant (“Proposed Transaction”). The Purchase and Sale
6 Agreement was signed April 11, 2008. Good cause exists to issue a protective order to
7 protect commercially sensitive and confidential business information related to the
8 Proposed Transaction. In support of this Motion, the Company states:

9 1. PacifiCorp is an electrical company and public service company in the state of
10 Washington pursuant to RCW 80.04.010 and subject to the jurisdiction of the
11 Washington Utilities and Transportation Commission (“Commission”) with regard to its
12 rates, service and accounting practices. PacifiCorp also provides retail electricity service
13 in the states of Oregon, California, Idaho, Utah and Wyoming. PacifiCorp’s address is
14 825 NE Multnomah, Portland, OR 97232.

15 2. The Company files this motion pursuant to RCW 80.04.095, which authorizes the
16 Commission to protect from disclosure records containing valuable commercial
17 information, including trade secrets and confidential market, cost or financial

1 information; WAC 480-07-420, which authorizes the Commission to enter protective
2 orders to allow for the free exchange of information during discovery in reasonable
3 anticipation that confidential information may need to be exchanged; WAC 480-07-423,
4 which allows for parties to designate portions of documents exchanged during discovery
5 or submitted in a proceeding as “confidential” or “highly confidential”; and WAC 480-
6 07-160, which allows for special handling of and limited access to confidential
7 information.

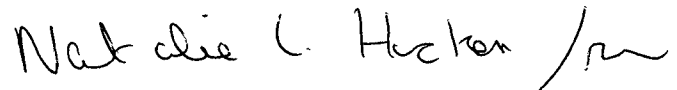
8 3. The Company anticipates that parties to this docket might request detailed
9 information regarding the Proposed Transaction. The Company further anticipates that
10 discovery in this proceeding may include, among other things, requests for production of
11 proprietary agreements and documents about the Proposed Transaction. Discovery in this
12 proceeding could also produce commercially-sensitive load and resource projections,
13 information covered by confidentiality agreements, and other confidential analyses. This
14 confidential business information is of significant commercial value, which could expose
15 the Company and the counterparty to competitive injury if disclosure is unrestricted.
16 Unrestricted disclosure could also be detrimental to the Company’s customers and future
17 resource acquisition plans.

18 4. It is substantially likely that Staff and others in this proceeding will seek to
19 discover a large amount of information held by PacifiCorp, including confidential
20 business information. Issuance of a protective order will facilitate the production of
21 relevant information and expedite the discovery process.

1 For the foregoing reasons, PacifiCorp requests entry of a standard protective order
2 in this docket.

DATED: April 11, 2008

Respectfully submitted,

Handwritten signature of Natalie L. Hocken in black ink, written in a cursive style.

Natalie L. Hocken
Vice President & General Counsel
Pacific Power

Counsel for PacifiCorp