

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

In the Matter of the Petition of)	DOCKET UE-060552
)	
PACIFICORP, D/B/A PACIFIC)	ORDER 01
POWER & LIGHT COMPANY,)	
)	
Petitioner,)	
)	
For An Accounting Order To Defer)	
Certain Rate Credits Associated With)	
MidAmerican Energy Holdings)	ORDER APPROVING ACCOUNTING
Company’s Acquisition Of PacifiCorp)	PETITION
.....)	

BACKGROUND

- 1 On April 11, 2006, PacifiCorp d/b/a Pacific Power & Light Company (“PacifiCorp” or “the Company”) filed a petition for an Accounting Order under WAC 480-07-370(b)(i) to comply with the Commission’s Order No. 07 in Docket UE-051090. Ordering paragraph (4) of that Order directs PacifiCorp to file this Petition to establish its authority to create deferral accounts to implement the rate credit provisions of Commitments WA 3 and WA 7 of the Consolidated List of Commitments in the acquisition of PacifiCorp by MidAmerican Energy Holdings Company (“MEHC”). The rate credits from those commitments were not included in rates in the Commission’s Order 04 in Docket UE-050684, necessitating this Petition for Commission approval to defer the rate credits as a regulatory liability.

- 2 In Commitment WA 3, MEHC and PacifiCorp agreed to provide a monthly credit to customers associated with non-fuel cost reductions in the West Valley Lease, if and to the extent that the costs of West Valley are included in Washington rates. In Commitment WA 7, MEHC and PacifiCorp agreed to provide a monthly credit associated with administrative and general cost savings. In both cases, these rate credits may be offset by demonstrating in a rate case that PacifiCorp has actually reduced the level of the specific cost item and that that reduction is included in the determination of rates (in order to prevent double crediting).

- 3 PacifiCorp proposes to begin the requested deferrals on April 1, 2006. PacifiCorp will accrue interest expense on the unamortized balance at a rate equal to the weighted average cost of capital approved by the Commission in Docket UE-050684.

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-060552 including related workpapers. Staff believes the proposed accounting petition requested by PacifiCorp complies with Ordering paragraph (4) of the Commission's Order No. 07 in Docket UE-051090, is otherwise reasonable, and should be approved subject to the following condition; the level of regulatory liability and its amortization shall be allocable to Washington and subject to the requested accounting treatment consistent with the interjurisdictional cost allocation method in effect for the Company as determined in a future rate proceeding.
- 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-060552 by PacifiCorp on April 11, 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's request to defer rate credits as a regulatory liability to implement commitments WA 3 and WA 7 of the Consolidated List of Commitments in the acquisition of PacifiCorp by MidAmerican Energy Holdings Company is approved subject to the conditions in paragraph 7 above.
- 11 (2) This Order shall in no way affect the authority of this 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 an acquiescence in any estimate or determination of costs claimed or asserted.
- 12 (3) The Commission retains jurisdiction over the subject matter and Pacific Power 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 August 30, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary