

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

In the Matter of the Petition of)	DOCKET UE-070624
)	
PACIFICORP, dba PACIFIC POWER AND LIGHT COMPANY)	ORDER 01
)	
Petitioner,)	
)	
For An Accounting Order Regarding Closure of the Powerdale Hydroelectric Generating Plant)	ORDER APPROVING ACCOUNTING PETITION
.....)	

BACKGROUND

1 On March 30, 2007, PacifiCorp, d/b/a Pacific Power and Light Company (Pacific Power or Company), filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i). The petition requests authority to defer the decommissioning costs associated with retirement of the Powerdale hydroelectric generation plant (the Powerdale Plant).

2 The Powerdale Plant is located on the Hood River in Oregon and sustained severe damage by flooding and debris flow on November 7, 2006. Pacific Power analyzed the relative cost-effectiveness of repairing the flood damage to the Powerdale Plant or retiring the plant before its current decommissioning date of April 1, 2010. Pacific Power’s analysis demonstrates that early retirement is the most cost-effective option. This analysis is based on a comparison of the total costs to retire the Powerdale Plant versus the total costs to repair and operate it until its scheduled decommissioning date in 2010. At this time, the Company seeks an accounting order authorizing accounting treatment of the early retirement costs and does not request a determination of ratemaking treatment. The amortization period for the costs described in the petition will be determined in a future ratemaking proceeding.

Under the West Control Area allocation cost allocation methodology, the Washington-allocated share of the undepreciated investment in the Powerdale Plant is approximately \$2.0 million. The Washington-allocated share of the Powerdale Plant decommissioning costs is approximately \$1.4 million.

3 Pacific Power requests an accounting order authorizing the following:

- Recording decommissioning costs of approximately \$6.3 million to FERC account 182.2, "Unrecovered Plant and Regulatory Study Costs," with provisions for a final true-up to actual expenditures.
- Transferring the net book value of the tangible and intangible plant assets from FERC rate base account 101, "Electric Plant in Service" to FERC account 182.2, "Unrecovered Plant and Regulatory Study Costs". The actual amount transferred would be the remaining undepreciated net book value as of the date of the transfer. The end of year 2006 net book value was \$8.9 million after removing the asset retirement costs.

FINDINGS AND CONCLUSIONS

- 4 (1) The Washington Utilities and Transportation Commission (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, RCW 80.04, RCW 80.08, RCW 80.12 and RCW 80.28.*
- 5 (2) Pacific Power is an electric company and 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 Pacific Power seeks approval.
- 7 (4) Staff has reviewed the petition in Docket UE-070624 including related workpapers. Staff believes the proposed accounting petition requested by Pacific Power is reasonable and should be approved.
- 8 (5) This matter was brought before the Commission at its regularly scheduled meeting on October 24, 2007.

- 9 (6) After examination of the petition filed in Docket UE-070624 by Pacific Power on March 30, 2007, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be approved.

O R D E R

THE COMMISSION ORDERS:

- 10 (1) PacifiCorp, d/b/a Pacific Power's request for an accounting order authorizing accounting treatment of the early retirement costs of the Powerdale Plant is approved.
- 11 (2) This Order shall not affect the Commission's authority over rates, services, 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.
- 12 (3) The Commission retains jurisdiction over the subject matter and PacifiCorp d/b/a 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 October 24, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary