

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition) DOCKET NO. UE-940947
of PACIFICORP Seeking an) COMMISSION DECISION AND
Accounting Order.) ORDER GRANTING
) AUTHORIZATION
.)

NATURE OF PROCEEDING: This is a proceeding in which PacifiCorp ¹ (Pacific or the "Company") requests a Commission accounting order, determining the proper manner for the recording of net proceeds from Company sales of Sulfur Dioxide (SO2) emission allowances.

COMMISSION: The Commission authorizes, for accounting purposes, recording of all gains from Pacific's sales of SO2 emission allowances to Account 411.8, Gains from Disposition of Allowances in the year the sales agreement was executed. Pacific proposes, and the Commission orders, for ratemaking purposes, to amortize gains from allowance sales over a fifteen-year period with deferral of taxes to match the amortization period, and with consideration in rate base for the unamortized gain balance. The amortization period is to begin in the month an allowance sale is executed. The effect of the sale and supporting documents will be presented in the Company's semi-annual Results of Operations Reports.

MEMORANDUM

On April 13, 1994, the Commission entered its Decision and Order in Docket No. UE-940466 granting Pacific blanket authority to sell the Company's federal Clean Air Act sulfur dioxide emission ("SO2") allowances under the provisions of chapter 80.12 RCW and RCW 80.12.020. In its decision, the Commission found that Pacific now has surplus allowances and that the granting of blanket authority to sell SO2 emission allowances was consistent with the public interest, provided the sales are recorded using an appropriate accounting treatment for net proceeds from any sales. The Company was ordered to petition for appropriate accounting treatment no later than May 13, 1994.

¹ PacifiCorp conducts business in the state of Washington under the name Pacific Power & Light, the name that appears on the company's Washington tariffs.

Pacific filed an accounting petition seeking, inter alia, a five-year amortization period for net proceeds from SO2 emission sales on May 13, 1994. Subsequently, Pacific, Commission Staff, and Public Counsel engaged in discussions regarding the appropriate amortization period for allowance sales. Based upon these discussions, on July 12, 1994, Pacific withdrew its May 13, 1994 petition, and filed a new petition requesting, for ratemaking purposes, a fifteen-year amortization period with deferral of taxes to match the amortization period, and with consideration in rate base for the unamortized gain balance.

Pacific also seeks authorization, for accounting purposes, to record all gains from SO2 emission allowance sales in the year the sales agreement was executed in Account 411.8, Gains from Disposition of Allowances.

The Commission finds that the negotiated proposal submitted by the Company is in the public interest and is an appropriate means to treat net proceeds from SO2 emission allowance sales for accounting and ratemaking purposes.

FINDINGS OF FACT

1. The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by law with the authority to regulate rates, rules, regulations, practices, accounts, securities and transfers of public service companies operating within the state, including electric operations.

2. Pacific is engaged in the business of furnishing electric service within the state of Washington as a public service company.

3. The Commission has previously found that Pacific has, and will have, surplus emission allowances to sell and that it is consistent with the public interest to grant the Company blanket authority to sell such allowances, provided that net proceeds receive proper accounting treatment. Decision and Order in Docket No. UE-940466, service date April 13, 1994.

CONCLUSIONS

1. Pacific is a public service company and is subject to the jurisdiction of the Commission.

2. It is consistent with the public interest to record, for accounting purposes, Pacific's net proceeds from emission allowance sales, in Account 411.8, Gains from Disposition of Allowances.

3. It is consistent with the public interest, for ratemaking purposes, to amortize gains from SO2 allowance sales over a fifteen-year period with deferral of taxes to match the amortization period, and with consideration in rate base for the unamortized gain.

ORDER
THE COMMISSION HEREBY ORDERS:

1. Pacific's petition for an accounting order is granted.

2. New proceeds from Pacific's SO2 emission allowances sales will, for accounting purposes, be recorded in the year the sales agreement was executed in Account 411.8, Gains from Disposition of Allowances.


3. Gains from Pacific's SO2 allowance sales will, for ratemaking purposes, be amortized over a fifteen-year period with deferral of taxes to match the amortization period, and with consideration in rate base for the unamortized gain. The amortization period is to begin in the month an allowance sale is executed. The effect of the sale and supporting documents will be presented in the Company's semi-annual Results of Operations Reports.

4. Approval of this petition shall in no way affect the authority of this Commission to determine the effect of allowance sales transactions on petitioner's rates and charges for service within the state.

5. The Commission retains jurisdiction to effectuate the provisions of the Order.

DATED at Olympia, Washington, and effective this 14th
day of September 1994.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



Sharon L. Nelson, Chairman



Richard Hemstad, Commissioner