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ADD NAME, ADDRESS, AND
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PREPARING OR PARTY
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BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH

<u>In the Matter of the Application of Rocky</u>)	
<u>Mountain Power, a Division of PacifiCorp, for</u>)	<u>DOCKET NO. 06-035-_____</u>
<u>a Deferred Accounting Order To Defer the</u>)	
<u>Costs of Loans Made to Grid West, the</u>)	<u>APPLICATION FOR DEFERRED</u>
<u>Regional Transmission Organization</u>)	<u>ACCOUNTING ORDER</u>
)	
)	

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of _____ : _____ Docket No. 06-035-_____
ROCKY MOUNTIAN POWER, a division : _____ APPLICATION
of PACIFICORP, for a Deferred Accounting:
Order to defer the costs of loans made to _____:
GRID WEST, the Regional Transmission _____:
Organization

_____ Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) applies to the Public Service Commission of Utah (“Commission”) for an order to defer the costs of loans that were made to Grid West, a regional transmission organization (“RTO”), which now appears will unlikely ~~to be~~ able to repay to Rocky Mountain Power. Concurrent with

its decision to establish a reserve for these loans as non-recoverable, Rocky Mountain Power is requesting deferred accounting treatment for these costs, commencing as of the date of this filing, for later amortization in rates.

-In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is an electrical corporation and public utility in the state of Utah and is subject to the jurisdiction of the Commission with regard to its public utility operations. Rocky Mountain Power also provides retail electricity service in the states of California, Idaho, Oregon, Washington, and Wyoming.

2. This Application is filed pursuant to Utah Code Ann. §54-4-23, which authorizes the Commission to prescribe the accounting to be used by any public utility subject to its jurisdiction.

3. Communications regarding this Application should be addressed to:

David L. Taylor Manager, Utah Regulatory Affairs Rocky Mountain Power 201 South Main Street, Suite 2300 Salt Lake City, Utah 84111 E-mail: dave.taylor@pacificorp.com	Justin Lee Brown Senior Counsel Rocky Mountain Power 201 South Main Street, Suite 2300 Salt Lake City, Utah 84111 E-mail: justin.brown@pacificorp.com
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~~David L. Taylor
Manager, Utah Regulatory Affairs
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, UT 84111
E-mail: dave.taylor@pacificorp.com~~

In addition, Rocky Mountain Power requests that all data requests regarding this application be addressed to:

By email (preferred)	datarequest@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2400 Portland, OR 97232
By facsimile	(503) 813-6060

Informal inquiries related to this application may be directed to Dave Taylor ~~at~~ (801) 220-2923 or Justin Lee Brown at (801) 220-4050.

4. Rocky Mountain Power has been involved in the development of ~~an~~ RTO for over five years. This activity has been aimed at meeting FERC requirements to develop regional transmission entities and competitive electric markets.

5. In conjunction with other western utilities, Rocky Mountain Power, by and through Grid West, has been ~~attempting seeking~~ to develop an independent regional electric transmission entity that would manage certain operational functions of the transmission grid and plan for necessary expansion. Grid West has been established as a non-profit corporation to serve the public interest.

6. Rocky Mountain Power provided initial funding for the development of RTO West, the predecessor to Grid West, in June of 2000. From that date to the present, Rocky Mountain Power has loaned a total of \$2.7 million to Grid West. All other regional utilities involved in the formation of Grid West have made similar loans to the organization. Grid West planned to repay the loans through surcharges to customers once it became operational. Unfortunately, Grid West now appears unlikely to function in a manner that would permit it to repay Rocky Mountain Power's loan. As a result, Rocky Mountain Power has concluded that it cannot continue to carry the Grid West receivable on its books without a reserve for non-recovery. The change in Rocky Mountain Power's accounting treatment of this loan ~~was~~ has been made during 2006.

7. Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power proposes to defer these loan costs as of the date of this filing for later recovery in rates. Deferral of utility expenses or revenues is a regulatory and accounting mechanism to minimize the

frequency of rate changes or the fluctuation of rate levels or to appropriately match the costs borne by and benefits received by ratepayers

8. Rocky Mountain Power estimates that the total amount of the deferred account ~~will~~ be approximately \$1.1 million, which represents Utah's portion of Rocky Mountain Power's \$2.7 million loan. Rocky Mountain Power proposes to account for these costs in the following manner: (1) Amounts currently recorded as a loan to Grid West will be transferred from Account 124, Other Investments, to Account 182.3, Other Regulatory Assets; (2)—The amortization of the balance ~~will~~ ~~would~~ be accomplished by crediting Account 182.3 and debiting Account 560, Transmission Operation Supervision and Engineering, coincident with inclusion of the amortization expense in rates; and (3)—Rocky Mountain Power requests that it be allowed to accrue interest on the unamortized balance at a rate equal to its weighted average cost of capital most recently approved by the Commission.

9. Rocky Mountain Power does not request a determination of ratemaking treatment of the Grid West loan costs at this time and instead proposes to address amortization and recovery of these costs in PacifiCorp's next general rate case application.

WHEREFORE, Rocky Mountain Power respectfully requests that in accordance with Utah Code Ann. §54-4-23, the Commission issue an order authorizing the Company to defer, commencing as of the date of this filing, the Grid West loan costs incurred by the Company as described in this Application.
~~accumulate and capitalize the costs of the Ttransition savings and costs in Account 182.3 Other Regulatory Assets and amortize the balance to Account 930.2 Miscellaneous General Expenses over a three year period coincident upon inclusion in rates.~~

DATED this ____ day of December, 2006.

Respectfully submitted,

Justin Lee Brown
Senior Counsel
Rocky Mountain Power
D. Douglas Larson
Vice President, Regulation

Rocky Mountain Power