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Attorney for Rocky Mountain Power

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of Rocky Mountain Power for an Accounting Order To Defer the Costs Related to the MidAmerican Energy Holdings Company Transaction	)	DOCKET NO. 07-035- _____
	)	APPLICATION FOR ACCOUNTING ORDER
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Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), hereby makes application to the Public Service Commission of Utah (“Commission”) for an order authorizing the Company to defer and amortize certain costs related to the acquisition of PacifiCorp by MidAmerican Energy Holdings Company (“Transaction”). The Company seeks approval to defer certain costs pertaining to severance payments associated with the reduction in workforce (“Transition Costs”). Rocky Mountain Power also seeks authorization to continue amortizing the Transition Costs that were included in the Company’s general rate case, in Docket No. 06-035-21. Rocky Mountain Power is requesting this accounting treatment in order to preserve the opportunity to seek the recovery of these prudently incurred costs in rates in the Company’s next general rate case. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, which 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 electric service in the states of Idaho 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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In addition, Rocky Mountain Power requests that all data requests regarding this application be addressed to:

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| By email (preferred) | <a href="mailto:datarequest@pacificorp.com">datarequest@pacificorp.com</a>                       |
| By regular mail      | Data Request Response Center<br>PacifiCorp<br>825 NE Multnomah, Suite 2000<br>Portland, OR 97232 |
| By facsimile         | (503) 813-6060   |

Informal inquiries related to this application may be directed to Dave Taylor, (801) 220-2923.

4. The Company anticipates both savings and costs related to the Transaction. The Company anticipates certain savings related to workforce reductions; however, the Company will also incur additional costs related to payments for employee severance.

5. Pursuant to the severance program currently in effect for non-union

employees, employees who are involuntarily terminated, or who voluntarily terminate following a material alteration in their positions, are eligible for enhanced severance benefits consisting of severance pay, outplacement assistance and Company-subsidized health benefits. The specific severance benefits vary depending upon the compensation level for the impacted employee's position and the employee's length of service with the Company.

6. In order to match the benefits and costs of the severance program, Rocky Mountain Power requests to capitalize the costs in accordance with paragraph 9 of SFAS No. 71. This proposed deferral, and the Company's subsequent request for the amortization of these costs in its next general rate case, is appropriate because transition activities are concentrated in the first several months while the Transaction benefits are realized over time. 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.

7. Pursuant to Utah Code Ann. §54-4-23, Rocky Mountain Power proposes to defer all Transition Costs that exceed the amount that was submitted by the Company as part of its general rate case in Docket No. 06-035-21, which amount equals \$2,698,316.<sup>1</sup>

8. Rocky Mountain Power proposes to account for its Transition Costs by charging them to Account 182.3 Other Regulatory Assets and amortizing these amounts

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<sup>1</sup> See Exhibit UP&L \_\_\_\_ (TBS-6S) to the supplement testimony of Company witness Thomas B. Specketer in Docket No. 06-035-21, which provides the total amount of severance expense as of March 31, 2006 of \$6,403,324. Utah's share of the severance expense is calculated by multiplying the total amount of \$6,403,324 by the SO allocation factor of .421393 for a total of \$2,698,316.

to Account 930.2 Miscellaneous General Expenses upon inclusion in rates. Rocky Mountain Power proposes to include the unamortized amounts in its rate base, where they would earn a return at Rocky Mountain Power's authorized rate of return. Prior to inclusion in rate base Rocky Mountain Power proposes to accrue a carrying charge using Rocky Mountain Power's most recent return on rate base.

9. In addition, Rocky Mountain Power hereby requests authority to defer and continue amortizing the Transition Costs of \$2,698,316 that were included in Docket No. 06-035-21. Attached hereto as Exhibit A is an amortization schedule for the continued amortization of the Transition Costs that were included in the Company's last general rate case.

10. In the absence of the authorization requested in this Application, the Transition Costs would be charged to the Company's operations and maintenance accounts and the Company would lose the opportunity to request the recovery of these prudently incurred costs in its next general rate case and properly match the costs with the savings that customers will receive.

11. Rocky Mountain Power does not request a determination of ratemaking treatment of the Transition Costs at this time and instead proposes to address the ratemaking treatment of these costs in Rocky Mountain Power's next general rate case.

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 accumulate and capitalize the Transition Costs in Account 182.3 Other Regulatory Assets.

DATED this 24<sup>th</sup> day of January, 2007.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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