

124 FERC ¶ 61,046  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

PacifiCorp  
TNA Merchant Power, Inc.  
Chehalis Power Generating, LLC

Docket No. EC08-82-000

ORDER AUTHORIZING MERGER AND DISPOSITION  
OF JURISDICTIONAL FACILITIES

(Issued July 17, 2008)

1. On April 29, 2008, PacifiCorp, TNA Merchant Power, Inc. (TNA), and Chehalis Power Generating, LLC (Chehalis) (collectively, Applicants), submitted an application under section 203 of the Federal Power Act<sup>1</sup> seeking authorization for the disposition of jurisdictional facilities resulting from a proposed merger of Chehalis with PacifiCorp (Proposed Transaction). The merger will result in disposition of jurisdictional facilities from Chehalis that include interconnection facilities, market-based rate schedules and reactive power rate schedules, and associated accounts, books, and records.
2. The Commission has reviewed the Proposed Transaction under the Merger Policy Statement.<sup>2</sup> As discussed below, we authorize the Proposed Transaction as consistent with the public interest.

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<sup>1</sup> 16 U.S.C. § 824b (2006).

<sup>2</sup> See *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 (1996), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997) (Merger Policy Statement). See also *FPA Section 203 Supplemental Policy Statement*, 72 Fed. Reg. 42,277 (Aug. 2, 2007), FERC Stats. & Regs. ¶ 31,253 (2007) (Supplemental Policy Statement), *order on clarification and reconsideration*, 122 FERC ¶ 61,157 (2008). See also *Revised Filing Requirements Under Part 33 of the Commission's Regulations*, Order No. 642, FERC Stats. & Regs. ¶ 31,111 (2000), *order on reh'g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001). See also *Transactions Subject to FPA Section 203*, Order No. 669, FERC Stats. & Regs. ¶ 31,200 (2005), *order on reh'g*, Order No. 669-A, FERC Stats. & Regs. ¶ 31,214, *order on reh'g*, Order No. 669-B, FERC Stats. & Regs. ¶ 31,225 (2006).

**I. Background****A. The Sellers**

3. TNA owns 100 percent of the issued and outstanding equity interests in Chehalis. TNA is a direct, wholly-owned subsidiary of SUEZ Energy North America, Inc. (SENA), which, in turn, is a wholly-owned subsidiary of SUEZ S.A. (Suez). Suez, a French company, holds ownership interests in a number of energy-related subsidiaries that internationally engage in the production, transportation and distribution of liquefied natural gas; and the worldwide development and ownership of energy projects. SENA is a Delaware corporation, and owns direct and indirect interests in certain energy facilities within the United States, Canada, and Mexico. SENA also manages Suez's energy positions in North America, including electricity generation and cogeneration, natural gas and liquefied natural gas, asset-based trading and origination, and retail energy sales and related services to commercial and industrial customers.

**B. The Purchasers**

4. MidAmerican Energy Holdings Company (MidAmerican), through its subsidiary PPW Holdings, LLC, indirectly holds 100 percent of the issued and outstanding common stock of PacifiCorp. Through its subsidiaries, MidAmerican generates, transmits, stores, distributes and supplies energy. Berkshire Hathaway Inc. (Berkshire Hathaway) owns approximately 88.2 percent of the common stock of MidAmerican.<sup>3</sup> Other than its interests in MidAmerican, Berkshire Hathaway and its affiliates have no controlling interest in electric generation, transmission or distribution facilities, or inputs used for electric power production or transmission or in fuel transportation facilities.

5. PacifiCorp is an Oregon corporation that primarily engaged in providing retail electric service to approximately 1.7 million customers in Utah, Oregon, Wyoming, Washington, Idaho, and California. Approval of the Proposed Transaction is required from the Washington Energy Facility Site Evaluation Council<sup>4</sup> and the Utah Public Service Commission. Further, PacifiCorp states that it will make submittals regarding the Proposed Transaction to the Washington Utilities Transportation Commission and the Oregon Public Utility Commission.

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<sup>3</sup> Berkshire Hathaway is a holding company with subsidiaries engaged in a number of business activities. Through its interest in MidAmerican, Berkshire Hathaway has ownership interests in electric generation, transmission and distribution facilities.

<sup>4</sup> The Washington Energy Facility Site Evaluation Council coordinates all of the evaluation and licensing steps for siting major energy facilities in Washington.

6. PacifiCorp owns approximately 15,800 miles of transmission lines ranging from 46 kV to 500 kV and has approximately 10,000 MW of generation capacity.<sup>5</sup> Open access to PacifiCorp's transmission lines is provided pursuant to PacifiCorp's open access transmission tariff (OATT). PacifiCorp operates in two balancing authority areas, PacifiCorp East and PacifiCorp West. As a general matter, PacifiCorp East includes PacifiCorp's loads and resources in the States of Idaho, Utah, and Wyoming, while PacifiCorp West includes PacifiCorp's loads and resources in the States of Washington, Montana, Oregon, and California.

### C. The Chehalis Facility

7. The Chehalis Facility is a 520 MW natural gas-fired power generation facility located in Lewis County, Washington, that is interconnected with the Bonneville Power Administration (BPA) transmission system in the BPA balancing authority area. It is not directly interconnected with PacifiCorp. Previously, the Commission granted Chehalis the authority to sell energy and/or capacity at market-based rates and accepted its cost-based rate schedule for the provision of reactive power.<sup>6</sup> Chehalis was granted exempt wholesale generator status in 2001.<sup>7</sup>

8. The Chehalis Facility began commercial operations in October 2003. The output of the Chehalis Facility is currently subject to a call option agreement between Suez

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<sup>5</sup> PacifiCorp is the only MidAmerican-owned generation owner engaging in the sale, transmission or distribution of electric energy in PacifiCorp East, PacifiCorp West, or BPA balancing authority areas. MidAmerican's other public utility subsidiaries include Cordova Energy Company LLC (Cordova) and MidAmerican Energy Company (MEC). Northern Natural Gas (Northern Natural) is a Delaware corporation and an indirect wholly-owned subsidiary of MidAmerican and owns an interstate natural gas pipeline system that reaches from Texas to Michigan's Upper Peninsula. Northern Natural is engaged in the transmission and storage of natural gas for utilities, municipalities, and other pipeline companies, gas marketers, industrial and commercial users and other end uses. Kern River Gas Transmission Company (Kern River) is a Texas general partnership and an indirect wholly-owned subsidiary of MidAmerican. Kern River owns an interstate natural gas transportation pipeline system extending from supply areas in the Rocky Mountains to consuming markets in Utah, Nevada, and California.

<sup>6</sup> *Chehalis Power Generation, L.P.*, Letter Order, Docket No. ER03-717-000 (2003) (accepting market-based rate application). *Chehalis Power Generation, L.P.*, 112 FERC ¶ 61,144 (2005) (accepting reactive power rate schedule, subject to refund and a hearing).

<sup>7</sup> *Chehalis Power Generation, L.P.*, 96 FERC ¶ 62,204 (2001).

Energy Marketing NA, Inc. (SEMNA), an indirect subsidiary of Suez and affiliate of Chehalis, and PacifiCorp pursuant to which, effective March 1, 2008, PacifiCorp has the option of calling upon firm energy from the Chehalis Facility. The term of the agreement is approximately nine months, but the agreement contains a provision allowing this term to be extended. The parties to the agreement anticipate that this extension will not be necessary because the Proposed Transaction is expected to close once all required regulatory approvals are obtained, prior to the end of the nine-month term.

**D. The Proposed Transaction**

9. TNA (which is not affiliated with PacifiCorp) currently owns 100 percent of the issued and outstanding interests in Chehalis. Pursuant to the merger agreement (Agreement), TNA will convey its equity interests in Chehalis directly to PacifiCorp. Immediately following the closing of the Proposed Transaction with TNA, PacifiCorp plans to merge Chehalis with and into PacifiCorp pursuant to Delaware's short-form subsidiary merger statute.<sup>8</sup> The net result is that PacifiCorp will own the Chehalis Facility and an indirect transfer of control over the Chehalis Facility from Suez to Berkshire Hathaway will have occurred. In addition, the Proposed Transaction will result in PacifiCorp becoming the successor in interest to Chehalis for certain contract rights as a customer for natural gas transportation service, natural gas storage service and transmission service that relate specifically to the operation of the Chehalis Facility.

**E. Proposed Accounting**

10. PacifiCorp provided pro forma accounting entries recording its acquisition of the equity interest in Chehalis and the subsequent merger of Chehalis with and into PacifiCorp.<sup>9</sup> PacifiCorp proposes to record its acquisition of the equity interest in Chehalis by debiting Account 123.1, Investment in Subsidiary Companies, and crediting Account 131, Cash, for the purchase price. PacifiCorp states that it will record its merger with Chehalis by allocating the purchase price to the assets and liabilities of Chehalis based on their relative fair values in accordance with generally accepted accounting principles.<sup>10</sup> PacifiCorp also proposes to record the portion of the purchase price allocated to the Chehalis Facility in Account 101, Electric Plant in Service, rather than recording the facility at its original cost.

11. PacifiCorp argues that the purpose of the original cost requirement set forth in Electric Plant Instruction (EPI) No. 2 is to ensure that captive customers who pay cost-

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<sup>8</sup> See Del. Gen. Corp. § 253.

<sup>9</sup> See PacifiCorp's Attachment 3.

<sup>10</sup> Application at 32 (citing Financial Accounting Standards Board Statement 144, Business Combinations, paragraphs 36-46).

based rates for electric energy do not pay twice for depreciation of the same asset. PacifiCorp notes that the Chehalis Facility was placed into service originally by Chehalis as a merchant generator and was never included in a cost-of-service rate base. PacifiCorp also notes that Chehalis has operated the Chehalis Facility under a waiver of the Uniform System of Accounts (USofA) in Part 101 of the Commission's regulations. Accordingly, PacifiCorp argues that no captive customers have previously paid for electric energy from the Chehalis Facility at cost-based rates and the policy concern behind EPI No. 2 does not apply.

12. PacifiCorp states that it is not aware of any binding Commission precedent regarding whether a merchant generator making sales at market-based rates is considered to be "devoted to utility service" for purposes of the USofA and therefore whether it is required to use original cost to account for this acquisition. PacifiCorp also states that in at least one case involving another utility, the Chief Accountant, by delegated authority, determined that a merchant generator had not been previously "devoted to public service."<sup>11</sup> Conversely, PacifiCorp notes that the Chief Accountant, by delegated authority, has ruled in other cases that merchant generators have been "devoted to public service."<sup>12</sup> PacifiCorp believes that in cases where merchant generators were determined to be "devoted to public service," the applicants did not provide a justification for their proposed accounting treatment. Accordingly, PacifiCorp requests the Commission to consider and accept its proposed accounting, which follows the notion that the Chehalis Facility has not been devoted to public service.

## **II. Notice and Responsive Pleadings**

13. Notice of the application was published in the *Federal Register*, 73 Fed. Reg. 27,533 (2008), with interventions and protests due on or before May 20, 2008. The Constellation Commodities Group, Inc. filed a timely motion to intervene, raising no substantive issues.

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<sup>11</sup> Application at 33 (citing *Puget Sound Energy, Inc.*, Docket No. AC05-34-000 (April 6, 2005) (Puget Sound) (unpublished letter order)).

<sup>12</sup> Application at 33 (citing *Entergy Corporation*, Docket No. AC06-19-000 (February 2, 2007) (Entergy Corporation) (unpublished letter order); *American Electric Power*, Docket No. AC06-161-000 (April 26, 2007) (AEP) (unpublished letter order)).

### **III. Discussion**

#### **A. Procedural Matters**

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>13</sup> the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.

#### **B. Standard of Review under Section 203**

15. FPA section 203(a)(4) requires the Commission to approve a transaction if it determines that the transaction will be consistent with the public interest. Under the Commission's regulations, its analysis of whether a transaction will be consistent with the public interest generally involves considering three factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation.<sup>14</sup> Section 203 also requires the Commission to find that the transaction "will not result in cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company, unless the Commission determines that the cross-subsidization, pledge, or encumbrance will be consistent with the public interest."<sup>15</sup> The Commission's regulations establish verification and informational requirements for applicants that seek a determination that a transaction will not result in inappropriate cross-subsidization or pledge or encumbrance of utility assets.<sup>16</sup>

##### **1. Effect on Competition**

16. Applicants argue that the Proposed Transaction does not raise any horizontal market power concerns. Applicants performed an Appendix A analysis for the PacifiCorp East, PacifiCorp West, Idaho Power, Avista, BPA, and Pacific Gas & Electric (PGE) balancing authority areas, as well as the larger Pacific Northwest market, using both Available Economic Capacity (AEC) and Economic Capacity (EC) as defined in the Merger Policy Statement, to represent a supplier's ability to participate in the market.<sup>17</sup>

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<sup>13</sup> 18 C.F.R. § 385.214 (2008).

<sup>14</sup> See Merger Policy Statement, FERC Stats. & Regs. ¶ 31,044 at 30,111.

<sup>15</sup> 16 U.S.C. § 824b(a)(4) (2006).

<sup>16</sup> 18 C.F.R. § 33.2(j) (2008).

<sup>17</sup> Generally, "Economic Capacity" is the amount of capacity that could compete in the relevant market given market prices, running costs, and transmission availability. 18 C.F.R. 33.3(c)(4)(i)(A) (2008). "Available Economic Capacity" is based on the same factors but subtracts the supplier's native load obligation from its capacity and adjusts transmission availability. 18 C.F.R. 33.3(c)(4)(i)(B) (2008).

Applicants state that there are no plans at the state level to implement retail competition with the exception of a limited number of retail access customers in Oregon, but this does not affect PacifiCorp's capacity obligations. Applicants conclude that for the foreseeable future, PacifiCorp will continue to have a native load obligation, and thus AEC provides a more meaningful measure of the actual competitive situation than EC. Applicants found no screen failures for AEC in any of the markets for any of the time periods they analyzed.<sup>18</sup> Applicants' analysis of the Proposed Transaction found no adverse competitive impacts on the markets for capacity and ancillary services, either.<sup>19</sup>

17. Applicants argue that the Proposed Transaction raises no vertical competition concerns. They state that other than certain rights and assets related exclusively to the operation of the Chehalis Facility, PacifiCorp will not acquire any natural gas production, transportation, or storage facilities or any other essential facilities for electric power production as a result of the Proposed Transaction. Also, the Proposed Transaction does not involve the acquisition or transfer of control over any transmission or transportation facilities, either electric or natural gas, other than the Chehalis Facility's interconnection facilities. Applicants further state that the Proposed Transaction poses no concerns with respect to barriers to entry.<sup>20</sup>

18. Based on the facts presented, we find that the Proposed Transaction will not adversely affect competition. We agree that, where applicants have significant native load obligations, AEC provides a more accurate measure of the effect on competition than EC.<sup>21</sup> Based on Applicants' competitive analysis, the small size of the Chehalis Facility in comparison to the relevant markets, and PacifiCorp's operation of its transmission facilities under its OATT, we are satisfied that the Proposed Transaction does not raise concerns with respect to either horizontal or vertical market power.

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<sup>18</sup> Application at 13-18. Applicants note that their analysis assumes that PacifiCorp will integrate the Chehalis Facility into the PacifiCorp West balancing authority area immediately upon consummation of the proposed transaction. Applicants also analyzed the competitive impact of the transaction assuming the Chehalis Facility is not integrated into the PacifiCorp West balancing authority area, remaining in the BPA balancing authority area. Their analysis shows no adverse competitive impact under this assumption either.

<sup>19</sup> Application at 20-22.

<sup>20</sup> *Id.* at 23-24.

<sup>21</sup> See *Nevada Power Co.*, 113 FERC ¶ 61,265 at P 15, 18 (2005); *Kansas City Power and Light Co.*, 113 FERC ¶ 61,074 at P 30, 35 (2005).

## 2. Effect on Rates

19. Applicants argue that the Proposed Transaction will not have an adverse effect on rates. They commit that they will not seek to include transaction-related costs in excess of transaction savings in their cost-based energy and/or capacity rates (including their reactive power rates) or filed transmission revenue requirements for a period of five years after the Proposed Transaction is consummated. Applicants further state that PacifiCorp and Chehalis are both authorized to sell power at market-based rates, and that those rates will not be affected by the Proposed Transaction and do not raise concerns. Moreover, PacifiCorp's existing cost-based wholesale power customers are served pursuant to fixed cost-based rates rather than formula rates. Applicants state that these fixed rate contracts include provisions that do not allow PacifiCorp to increase its rates for sales to these wholesale cost-based customers without making a section 205 filing with the Commission.<sup>22</sup>

20. We accept Applicants' commitment to hold transmission and wholesale customers harmless from costs related to the Proposed Transaction. We note that nothing in the application indicates that rates to customers will increase as a result of the Proposed Transaction, and no customer argues otherwise. In addition, the Commission will be able to monitor the Applicants' hold harmless provision under the books and records provision of the Public Utility Holding Company Act of 2005.<sup>23</sup> Therefore, we find that the Proposed Transaction will not adversely affect rates.

## 3. Effect on Regulation

21. Applicants state that the Proposed Transaction has no effect upon regulation because the Commission will continue to regulate the relevant jurisdictional assets owned by Chehalis after the merger with PacifiCorp, and state regulation will be unaffected by the Proposed Transaction.<sup>24</sup>

22. Based on the facts presented in the application, the Commission finds that the Proposed Transaction will not adversely affect regulation. We note that no state commission has intervened in this proceeding.

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<sup>22</sup>Application at 27-28.

<sup>23</sup> Energy Policy Act of 2005, Pub. L. No. 109-58, §§ 1261 *et seq.*, 119 Stat. 594 (2005).

<sup>24</sup> Application at 28-29.

#### 4. Cross-subsidization

23. Applicants state that based on known or reasonably foreseeable information, the Proposed Transaction will not result in, at the time of the Proposed Transaction or in the future: (1) transfers of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, and an associate company; (2) any new issuances of securities by a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; (3) any new pledge or encumbrance of assets of a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company; or (4) any new affiliate contracts between a non-utility associate company and a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, other than non-power goods and services agreements subject to review under sections 205 and 206 of the FPA.<sup>25</sup> PacifiCorp's corporate structure will not change as a result of this Proposed Transaction. Applicants add that to the extent the Commission has any concerns regarding PacifiCorp's dealings with affiliates prospectively, PacifiCorp is currently ring-fenced under Washington law.<sup>26</sup>

24. Based on the facts as presented in the application, we find that the Proposed Transaction will not result in cross-subsidization, or the pledge or encumbrance of utility assets for the benefit of an associate company. We note that no party has argued otherwise.

#### 5. Other Issues

25. Applicants argue that the Proposed Transaction raises no reliability concerns. Applicants explain that if PacifiCorp chooses to integrate the Chehalis Facility into the PacifiCorp West control area, this should not adversely affect reliability in either the BPA balancing authority area or the PacifiCorp West balancing authority area. Applicants state that PacifiCorp has integrated other resources from remote balancing authority areas into its own balancing authority areas and is not aware that this has ever raised reliability concerns related to its own balancing authority areas or the balancing authority areas of others. Applicants further state that PacifiCorp and Chehalis commit to comply with any reliability requirements that may become applicable as a result of the Proposed

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<sup>25</sup> 16 U.S.C. §§ 824b, 824c (2006).

<sup>26</sup> Application Exhibit M at M-4 (citing *In re Joint Application of MidAmerican Energy Holdings Co. & PacifiCorp*, Order No. 07, Docket No. UE-051090, 2006 Wash. UTC LEXIS 80, 248 PUR 4<sup>th</sup> 442 (Feb. 21, 2006)).

Transaction, including but not limited to any Western Electricity Coordinating Council or North American Electric Reliability Corporation requirements. Applicants state that the Proposed Transaction may benefit reliability, because PacifiCorp intends to rely on the output of the Chehalis Facility, in part, to support its owned and purchased wind generation capacity.<sup>27</sup>

26. Based on the facts as presented in the application, we find that the Proposed Transaction does not raise any issues with respect to reliability. We note that no party has argued otherwise.

## 6. Analysis of Proposed Accounting

27. The Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees requires that the acquisition of an operating unit or system must be accounted for in accordance with EPI No. 2, Electric Plant to be Recorded at Cost, EPI No. 5, Electric Plant Purchased or Sold, and Account 102, Electric Plant Purchased or Sold.<sup>28</sup> EPI No. 2 requires amounts included in the accounts for electric plant acquired as an operating unit or system to be stated at the cost incurred by the person who first devoted the property to utility service (original cost principle).<sup>29</sup>

28. The Commission's original cost principle is a long-standing accounting policy adopted in response to widespread abuses in the electric utility industry that arose through the practice of selling properties at large profits to other public utilities followed by the acquiring utilities' inflating plant accounts (and rate base) by the premium paid. The result of this practice was that ratepayers paid higher rates for electric service but received no increase in benefits.<sup>30</sup> Under the original cost principle, amounts paid in excess of depreciated original cost are recorded as an acquisition adjustment in Account 114, Electric Plant Acquisition Adjustments, and amortized below-the-line as a shareholder expense. To recover an acquisition adjustment in utility rates, a utility must provide demonstrable benefits to ratepayers. Hence, the Commission's purpose for the original cost principle is to protect customers from an unjust and unreasonable increase to their rate base.

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<sup>27</sup> Application at 29.

<sup>28</sup> 18 C.F.R. Part 101 (2008).

<sup>29</sup> The term "original cost," as applied to electric plant, means the cost of such property to the person first devoting it to public service. Definition No. 23, Original Cost, 18 C.F.R. Part 101 (2008).

<sup>30</sup> See *Minnesota Power & Light Co.*, 43 FERC ¶ 61,104 at P 61,342, *order on reh'g*, 43 FERC ¶ 61,502, *order on reconsideration*, 44 FERC ¶ 61,302 (1988).

29. Based on the discussion above, the Commission disagrees with PacifiCorp's position that the Chehalis Facility has not been devoted to public service because it has not been included in a cost-based rate, served captive customers, or been subject to Part 101 of the Commission's regulations. In support of its request, PacifiCorp references *Puget Sound*,<sup>31</sup> a delegated order of the Chief Accountant accepting for filing journal entries recording the acquisition of a merchant generator which the applicant claimed had not been devoted to public service. However, *Puget Sound* is an anomaly in Commission and Commission Staff decisions on this matter.

30. Prior to *Puget Sound*, the Commission affirmed a delegated order of the Chief Accountant which required that the acquisition of plant that had not been included in the predecessor owner's rate base, and on which the predecessor owner did not earn a return or recover depreciation, be recorded on the purchaser's books at depreciated original cost.<sup>32</sup> In the delegated order, the Chief Accountant noted that there is no provision in the USofA for excluding depreciation accumulated on properties previously devoted to public service, regardless of the rate treatment afforded the facilities prior to their acquisition.<sup>33</sup>

31. Since *Puget Sound*, Commission Staff has determined that merchant generating facilities in the same circumstances as the Chehalis Facility have been devoted to public service.<sup>34</sup> As was the case in these orders, the Chehalis facility is an operating unit or system, and wholesale sales of electric energy were made from the facility pursuant to a Commission approved market-based rate tariff. Consequently, the Chehalis Facility was previously devoted to public service, and the accounting for the Proposed Transaction should follow the Commission's original cost rules. Accordingly, Chehalis must account for the acquisition pursuant to EPI No. 2, EPI No. 5, and Account 102, and record the original cost, estimated if not known, in Account 101 and concurrently record the related accumulated depreciation in Account 108, Accumulated Provision for Depreciation of

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<sup>31</sup> *Puget Sound*, *supra* at note 10.

<sup>32</sup> See *Northern Border Pipeline Company*, 77 FERC ¶ 61,006 (1996).

<sup>33</sup> *Northern Border Pipeline Company*, Docket No. AC93-116-000 (February 15, 1994) (unpublished letter order).

<sup>34</sup> See *Goldendale Energy Center, LLC and Puget Sound Energy, Inc.*, 118 FERC ¶ 62,101 (2007); *PSEG Lawrenceburg Energy Company LLC, American Electric Power Service Corporation, AEP Generating Company*, 119 FERC ¶ 62,015 (2007); *DTE Energy Services, Inc., DTE Georgetown Holdings, Inc., DTE Georgetown, LP, and Indianapolis Power & Light Company*, 120 FERC ¶ 62,040 (2007); *Quachita Power, LLC and Entergy Arkansas, Inc.*, 122 FERC ¶ 62,071 (2008); *Entergy Corporation*, *supra* at note 11; and *AEP*, *supra* at note 11.

Electric Utility Plant. PacifiCorp must record in Account 114, Electric Plant Acquisition Adjustments, any difference between the purchase price and the depreciated original cost of the Chehalis Facility.

The Commission orders:

(A) Applicants' Proposed Transaction is authorized, as discussed in the body of this order.

(B) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of costs, or any other matter whatsoever now pending or which may come before the Commission.

(C) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted.

(D) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate.

(E) Applicants shall make any appropriate filings under section 205 of the FPA, as necessary, to implement the Proposed Transaction.

(F) If the Proposed Transaction results in changes in the status or the upstream ownership of Applicants' affiliated qualifying facilities, if any, an appropriate filing for recertification pursuant to 18 C.F.R. § 292.207 shall be made.

(G) Applicants must inform the Commission of any change in circumstances that would reflect a departure from the facts the Commission relied upon in authorizing the Proposed Transaction.

(H) Applicants shall notify the Commission within 10 days of the date that the Proposed Transaction has been consummated.

(I) PacifiCorp shall account for the Proposed Transaction in accordance with EPI No. 2, EPI No. 5, and Account 102. PacifiCorp shall submit its proposed accounting for the Proposed Transaction within six months after the Proposed Transaction is consummated, and the submission shall provide all merger-related accounting entries made, along with appropriate narrative explanations describing the basis for the entries.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.