PACIFICORP
A MIDAMERICAN ENERGY HOLDINGS COMPANY

May 19, 2006

VIA ELECTRONIC FILING

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attention: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: Petition of PacifiCorp for an Accounting Order for Certain Costs Related to the MidAmerican Energy Holdings Company Transition

Enclosed for filing are an original and five copies of PacifiCorp's application for an accounting order authorizing the Company to capitalize and amortize over a three-year period the costs related to the MidAmerican Energy Holdings Company transition.

Communications regarding this petition should be addressed to:

Andrea L. Kelly
Vice President, Regulation
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Andrea.kelly@pacificorp.com

Natalie L. Hocken
Assistant General Counsel
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, OR 97232
Natalie.hocken@pacificorp.com

In addition, PacifiCorp requests that all data requests regarding this petition be addressed to:

By E-mail (preferred): datarequest@pacificorp.com.

By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232

Informal inquiries may be directed to Laura Beane, Regulatory Manager at (503) 813-5542.

Sincerely,

Andrea L. Kelly /ALK

Andrea L. Kelly
Vice President, Regulation
Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

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In the Matter of the Application of PACIFICORP for an Accounting Order Regarding Costs Related to the MidAmerican Energy Holdings Company Transition	**APPLICATION**

PacifiCorp applies to the Public Utility Commission of Oregon ("Commission") for an accounting order authorizing the Company to capitalize and amortize over a three-year period the costs related to the MidAmerican Energy Holdings Company transition ("MEHC Transition or Transition"), effective as of the filing date of this petition. In support of this Application, PacifiCorp states:

1. PacifiCorp is a public utility in the state of Oregon and is subject to the jurisdiction of the Commission with regard to its rates, service and accounting practices. PacifiCorp also provides retail electricity service in the states of California, Idaho, Utah, Washington and Wyoming.

2. This Application is filed pursuant to ORS 757.120 and 757.125, and OAR 860-027-0045, which authorize 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:

Andrea L. Kelly
Vice President, Regulation
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
E-mail: andrea.kelly@pacificorp.com

Natalie L. Hocken
Assistant General Counsel
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, OR 97232
E-mail: natalie.hocken@pacificorp.com

In addition, PacifiCorp 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 300 Portland, OR 97232
By facsimile	(503) 813-6060

4. The Company anticipates both savings and costs related to the MEHC Transition. Savings related to workforce reductions are anticipated along with additional costs related to employee severance and computer software conversion. The Company seeks an accounting order authorizing capitalization of the transition costs through March 2007; then, amortization of the capitalized balance over a three year period beginning April 1, 2007 or at the implementation of the next general rate case.

5. PacifiCorp's severance plan required 60 days notice to those employees for whom there were no positions. That 60 day period concludes in May for employees whose positions were eliminated at the time of the transaction close. These savings are partially offset by costs of the Severance Program. Under 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 will be eligible for enhanced severance benefits consisting of severance pay, outplacement assistance and Company-subsidized health benefits. The specific

severance benefits provided will vary depending on the compensation level for the impacted employee's position and the employee's length of service with the Company.

6. The MEHC Transition also necessitates changing computer software from a fiscal year ending March to a calendar year ending December. PacifiCorp believes this change will streamline financial reporting for regulatory purposes. The cost of adapting software to a calendar year is estimated at between $.5 million and $1 million.

7. In order to match the benefits and costs of the Severance Program, PacifiCorp wishes to capitalize the costs in accordance with paragraph 9 of SFAS No. 71. The cost of the MEHC Transition would then be amortized on a straight-line basis over a three-year period. Such an amortization is appropriate because transition activities are concentrated in the first several months while the MEHC Transition benefits are realized over time. Charging all Transition costs in the period they are incurred would unfairly burden existing customers for the benefit of future customers. For this reason, the matching principle supports capitalizing Transition costs and amortizing them over a reasonable period during which the benefits of the Transition will be realized.

8. PacifiCorp proposes to account for its Transition costs by charging them to Account 182.3 Other Regulatory Assets and amortizing these amounts to Account 930.2 Miscellaneous General Expenses upon inclusion in rates. PacifiCorp proposes to include the unamortized amounts in its rate base, where they would earn a return at PacifiCorp's authorized rate of return. Prior to inclusion in rate base PacifiCorp proposes to accrue a carrying charge using PacifiCorp's most recent return on rate base. In the absence of the authorizations requested in this Application, the Transition costs would be charged to the Company's operations and maintenance accounts.

9. PacifiCorp requests a determination of ratemaking treatment for the MEHC Transition through the currently filed general rate case. The Company will demonstrate that the employee savings are greater than the increased costs included in this request providing benefits to customers.

10. If the costs of programs like the MEHC Transition could not be recovered in either present or future rates, utilities would be unfairly burdened and significantly discouraged from investing in needed efficiencies that benefit rate payers. For this reason, and in order to properly match the costs and benefits of the Transition, the capitalization and amortization requested in this Application is in the public interest.

WHEREFORE, PacifiCorp respectfully requests an order of the Commission authorizing it to accumulate and capitalize the costs of the Transition 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 with inclusion in rates.

DATED: May 19, 2006

Respectfully submitted,

Andrea L. Kelly /TW

Andrea L. Kelly
Vice President, Regulation
PacifiCorp