



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

November 9, 2006

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97310-2551

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

RE: Application of PacifiCorp for a Deferred Accounting Order  
In the Matter of PacifiCorp's Draft 2012 Request for Proposals

PacifiCorp (d.b.a. Pacific Power & Light Company) hereby submits for filing an original and five copies of the Company's Application of PacifiCorp for a Deferred Accounting Order - In the Matter of PacifiCorp's Draft 2012 Request for Proposals

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:


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

By Fax: (503) 813-6060

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

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

Very truly yours,

  
Andrea L. Kelly  
Vice President, Regulation

Enclosures

cc: Service List UE-179 and UM-1208

I hereby certify that on this 9th day of November, 2006, I caused to be served, via E-Mail (if address available) and U.S. mail, a true and correct copy of PacifiCorp's Application for a Deferred Accounting Order – In the Matter of PacifiCorp's Draft 2012 Request for Proposals to the following in Docket Nos. UM-1208 and UE-179.

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Peggy Ryan  
Supervisor, Regulatory Administration

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_ /UM 1208

In the Matter of the Application of  
PACIFICORP for a Deferred Accounting  
Order

In the Matter of PACIFICORP's Draft 2012  
Request for Proposals

**NOTICE OF APPLICATION**

On November 9, 2006, Applicant PacifiCorp applied to the Public Utility Commission of Oregon (the "Commission") for authorization to use deferred accounting.

PacifiCorp proposes to defer from the date of the application forward the costs associated with an independent evaluator (IE) selected by the Public Utility Commission of Oregon for PacifiCorp's Request for Proposals (RFP). PacifiCorp expects the annual deferral amounts could be up to \$670,000. PacifiCorp requests that the deferral continue no longer than twelve months from the date of this filing.

The granting of the Application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Interested persons can obtain a copy of the Application by contacting:

Data Request Center  
PacifiCorp  
825 NE Multnomah Street  
Lloyd Center Tower, Suite 2000  
Portland, OR 97232  
datarequest@pacificorp.com

Any person may submit to the Commission written comment on the Application, in accordance with the procedures prescribed by the Commission. The deadline for comments on the application is December 4, 2006.

DATED: November 9, 2006.

A handwritten signature in cursive script, reading "Natalie Hocken" followed by a stylized monogram "KH". The signature is written in black ink and is positioned above a horizontal line.

Natalie Hocken  
Assistant General Counsel  
PacifiCorp

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 **UM \_\_\_\_\_ /UM 1208**

4 In the Matter of the Application of  
5 PACIFICORP for a Deferred Accounting  
6 Order

**PACIFICORP'S APPLICATION FOR  
DEFERRED ACCOUNTING**

7 In the Matter of PACIFICORP's Draft  
8 2012 Request for Proposals

9 **I. INTRODUCTION**

10 Under ORS 757.259 and OAR 860-027-0300, PacifiCorp (or the Company) applies  
11 to the Commission for an order authorizing the Company to defer from the date of this  
12 Application forward the costs associated with an independent evaluator (IE) selected by the  
13 Public Utility Commission of Oregon for PacifiCorp's Request for Proposals (RFP).

14 **II. NOTICE**

15 Communications regarding this application should be addressed to:

16 Laura Beane  
17 Oregon State Manager  
18 PacifiCorp  
19 825 NE Multnomah, Suite 2000  
20 Portland, OR 97232  
21 Telephone: (503) 813-5542  
22 Email: [laura.beane@pacificorp.com](mailto:laura.beane@pacificorp.com)

Natalie Hocken  
Assistant General Counsel  
PacifiCorp  
825 NE Multnomah, Suite 1800  
Portland, OR 97232  
Telephone: (503) 813-7205  
Email: [natalie.hocken@pacificorp.com](mailto:natalie.hocken@pacificorp.com)

23 In addition, PacifiCorp respectfully requests that all data requests regarding this  
24 matter be addressed to:

25 By email (preferred)

[datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

26 By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232  
(503) 813-6060

1                                   **III. DEFERRED ACCOUNTING RULE REQUIREMENTS**

2           The following information is provided pursuant to the requirements set forth in OAR  
3   860-027-0300(3).

4 **A.       Description of Utility Expense.**

5           On July 11, 2006 PacifiCorp filed its final draft RFP with the Commission, under the  
6 competitive bidding guidelines established in Commission Order 91-1383. This filing was  
7 made in Docket No. UM 1208. On August 10, 2006, the Commission issued new  
8 competitive bidding guidelines in Order No. 06-446 in Docket No. UM 1182 (“the RFP  
9 Order”). The RFP Order provided that it would be applied to all pending and future RFP  
10 proceedings. On August 30, 2006, PacifiCorp submitted its compliance filing with the RFP  
11 Order in Docket No. UM 1208.

12           Oregon Guideline 5 of the RFP Order requires an IE in all RFPs. Oregon Guideline 5  
13 provides that a utility may request deferred accounting to track the costs of an IE for later  
14 inclusion in rates. Additionally, Oregon Guideline 6 requires the utility to consult with the  
15 IE on RFP design.

16           At the time of issuance of the RFP Order, PacifiCorp’s RFP was staffed with an IE  
17 selected by the Utah Commission, Merrimack Energy Group. Consistent with Utah law,  
18 the RFP includes bid fees which will be used toward payment of the Utah IE’s costs.

19           PacifiCorp proposed that the Oregon Commission rely on the IE selected by the Utah  
20 Commission to satisfy Oregon Guideline 5. PacifiCorp noted that the Commission could  
21 give specific direction to this IE regarding oversight of the RFP under Oregon’s  
22 competitive bidding guidelines and that the Commission’s RFP Order agreed to give due  
23 consideration to an IE already selected for the RFP by another state commission.

24           Additionally, because the Utah IE was in the process of reviewing and commenting on RFP  
25 design, PacifiCorp proposed that the Oregon Commission rely upon this review to satisfy

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1 Oregon Guideline 6. Among other reasons, PacifiCorp noted that this approach would  
2 avoid the expense of retention of a second IE for this RFP.

3 On September 5, 2006, the parties to the Oregon RFP docket filed comments  
4 objecting to the use of the IE selected by the Utah Commission to satisfy Oregon Guideline  
5 5. The parties also asserted the need for a separate review of RFP design by an Oregon IE.  
6 Based upon these positions, Oregon Staff recommended appointment of an Oregon IE for  
7 the RFP and a conditional approval process to permit the Oregon IE to conduct an RFP  
8 design review. *See* Staff Report, Docket No. UM 1208 (September 19, 2006 Public  
9 Meeting).

10 At the Commission Public Meeting on September 19, 2006, the Commission  
11 approved the Staff's recommendation for selection of an Oregon IE. *See In re PacifiCorp's*  
12 *RFP*, Order 06-550 (September 26, 2006). At the public meeting, PacifiCorp did not object  
13 to the selection of an Oregon IE, but noted that the RFP bid fees would not cover the costs  
14 of the Oregon IE. Therefore, PacifiCorp stated that it planned to file a deferred accounting  
15 application to cover the costs of the Oregon IE, as contemplated by Oregon Guideline 5.  
16 No party objected to PacifiCorp's proposal to seek deferred accounting for these costs.

17 At the Commission Public Meeting on November 7, 2006, the Commission approved  
18 Staff's recommendation and selected Boston Pacific and the Accion Group as the Oregon  
19 IE. *See* Staff Report, Docket UM No. 1208 (November 7, 2006 Public Meeting). The  
20 Commission also approved Staff's recommendation that the Commission direct PacifiCorp  
21 to negotiate a contract with Boston Pacific and the Accion Group consistent with the RFP  
22 Order and Staff's Oregon IE solicitation, subject to Staff's review.

23 PacifiCorp intends to execute the contract with the Oregon IE as soon as practicable.  
24 This application seeks deferred accounting for all costs incurred under this contract.  
25 Because the Commission may direct PacifiCorp to employ the Oregon IE even if the  
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1 Commission does not approve the RFP, PacifiCorp seeks deferred accounting irrespective  
2 of the Commission's decision on approval of the RFP.

3 **B. Reasons for Deferral.**

4 ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where  
5 necessary to match appropriately the costs borne by and benefits received by ratepayers.  
6 This request seeks to align the costs of the Oregon IE and the services that the Oregon IE  
7 will perform on behalf of ratepayers. In its RFP Order, the Commission specifically  
8 approved of the use of deferred accounting to match the ratepayer costs and benefits of an  
9 IE in this manner.

10 **C. Proposed Accounting.**

11 During the period of deferral, PacifiCorp proposes to account for the deferred costs of  
12 the Oregon IE by recording the deferral in Account 182.3, Other Regulatory Assets.  
13 PacifiCorp requests that in accordance with ORS 757.259(3), it be allowed to accrue  
14 interest on the unamortized balance at a rate equal to its weighted average cost of capital  
15 most recently approved by the Commission. Amortization of the balance would be  
16 considered in a subsequent proceeding coincident with inclusion in rates.

17 **D. Estimate of Amounts.**

18 PacifiCorp anticipates that the cost of the IE will be approximately \$670,000.

19 **E. Notice.**

20 A copy of the Notice of Application and a list of persons served with the Notice are  
21 attached to this Application as Exhibit A.

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**IV. CONCLUSION**

PacifiCorp respectfully requests that, in accordance with ORS 757.259, the Commission authorize the Company to defer the costs described in this Application.

DATED: November 9, 2006.



Natalie L. Hocken  
Assistant General Counsel

PacifiCorp