



Pacific Power | Utah Power
Rocky Mountain Power
825 NE Multnomah
Portland, Oregon 97232

August 29, 2008

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

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

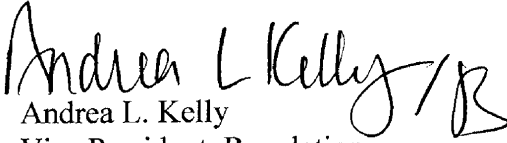
Attention: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: Docket UM 1338 (2)
**Application of PacifiCorp for an Accounting Order Approving Deferral of Costs
Relating to Renewable Resources Pursuant to Senate Bill 838**

Enclosed for filing by PacifiCorp dba, Pacific Power & Light Company ("PacifiCorp") is PacifiCorp's Application Deferral of Costs. An original and five (5) copies will be provided via overnight delivery. A copy of the Notice of Application attached as Exhibit A will be sent to the service list for PacifiCorp's most recent general rate case, Docket No. UE 179.

Please direct informal questions with respect to this filing to Joelle Steward at 503-813-5542.

Very truly yours,


Andrea L. Kelly
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1338 (2)

In the Matter of the Application of
PACIFICORP (d/b/a Pacific Power) for an
Accounting Order Approving Deferral of
Costs Relating to Renewable Resources
Pursuant to Senate Bill 838

**PACIFICORP'S APPLICATION FOR
DEFERRAL OF COSTS**

I. INTRODUCTION

Pursuant to ORS 469A.120(1) and (3), OAR 860-027-0300 and Order No. 07-572, PacifiCorp, d.b.a. Pacific Power ("Company") applies to the Public Utility Commission of Oregon ("Commission") for an order reauthorizing the Company to defer certain costs as follows: (1) starting September 1, 2008 through December 31, 2008, the revenue requirement not included in PacifiCorp's net power costs ("NPC") for the 100.5 MW Leaning Juniper wind resource, the 140 MW Marengo wind resource, and the 11 MW Blundell Bottoming Cycle geothermal plant ("Blundell") (collectively "Renewable Resources"). PacifiCorp respectfully seeks reauthorization of the deferral to accurately track and preserve costs associated with the Renewable Resources for later incorporation in rates.

II. NOTICE

Communications regarding this Application should be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Telephone: (503) 813-5542
Email: oregondockets@pacificorp.com

Ryan Flynn
Legal Counsel
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, OR 97232
Telephone: (503) 813-5854
Email: ryan.flynn@pacificorp.com

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

By email (preferred)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal questions and communications can be directed to Joelle Steward, Regulatory Manager, at (503) 813-5542.

III. DEFERRAL OF COSTS

On August 27, 2007, the Company submitted the initial request in this docket, pursuant to Sections 13(1), 13(3) and 13a of Senate Bill 838 (“SB 838”)¹, the Oregon Renewable Energy Act, to defer costs related to renewable resources for a period of twelve months. On October 25, 2007, the Commission granted the Company’s request to defer costs related to renewable resources for a period of twelve months, beginning September 1, 2007. *See* Order No. 07-457.

In Docket No. UM 1330, Order No. 07-572, the Commission approved a stipulation (“UM 1330 Stipulation”) regarding the Company’s Renewable Adjustment Clause (“RAC”). The parties to the stipulation agreed to support the use of deferred accounting to allow for the recovery of prudently-incurred costs of an eligible resource for the period of time between the in-service date and when the resource enters rates.

¹ These sections of the senate bill have been codified as ORS 469A.120(1) and (3).

The Company respectfully requests approval reauthorizing the deferral for future rate-making treatment of these costs, which are not currently included in rates. The revenue requirement amounts to be deferred will include, but are not limited to: (1) return on the plant investment at the most recently authorized rate of return, (2) a project-specific forecasted fixed operation and maintenance expense, (3) depreciation expense, (4) applicable property taxes and (5) tax credits.

A. Reasons for Deferral.

This request seeks to appropriately match the costs associated with investment in the Renewable Resources with the benefits of renewable energy received by the Company's customers. Pursuant to the UM 1330 Stipulation, this Application is designed to capture costs of Renewable Resources already in service but not yet being recovered through general rates or another cost-recovery mechanism.

Leaning Juniper went into service in September 2006. Marengo went into service in August 2007. Blundell went into service in December 2007. The net power cost benefits for all three Renewable Resources are currently included in rates for 2008 through the Transition Adjustment Mechanism ("2008 TAM").² The non-NPC revenue requirement of the Renewable Resources is not included in rates at this time.

For 2009, the Company has included the Renewable Resources in its RAC filing, Docket No. UE 200, with rates to be effective January 1, 2009. The associated net power cost benefits are included in the 2009 TAM, Docket No. UE 199.

In this Application, the Company seeks authorization to continue to defer the non-NPC revenue requirement for the Renewable Resources for the period between the

² See In the Matter of PacifiCorp, dba PACIFIC POWER PacifiCorp's 2008 Transition Adjustment Mechanism, Docket No. UE 191, Order No. 07-446 (October 17, 2007).

conclusion of the initial deferral authorization in this docket and when the Renewable Resources will be reflected in rates through the RAC; this period is September 1, 2008 through December 31, 2008.

As a part of the 2008 TAM and the current 2009 RAC and 2009 TAM proceedings, parties have had the opportunity to conduct discovery to address the prudence of the Renewable Resources. To date, no party has challenged the inclusion of the Renewable Resources in rates beginning January 1, 2009.

To match the costs and benefits of the Renewable Resources in rates and to minimize carrying charges, the Company may seek to begin amortization of the deferred cost balance related to this Application prior to December 31, 2008.

B. Proposed Accounting.

During the period of deferral, PacifiCorp proposes to account for the deferred costs of the Renewable Resources by recording the deferral in Account 182.3, Other Regulatory Assets.

C. Estimate of Amounts.

The Company estimates that approximately \$3.6 million will be deferred for prudently incurred costs relating to investment in the Renewable Resources for the period of this deferral reauthorization.

D. Notice.

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

E. Explanation of Deferred Account to Date.

The Company has accounted for the non-NPC revenue requirement for the Renewable Resources by recording the deferral in Account 182.3, Other Regulatory Assets, as authorized in Order No. 07-457.

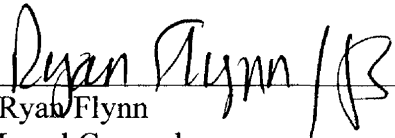
F. Reasons for Continuation of Deferral.

The Company requests continuation of the deferral in order to appropriately match the costs associated with investment in the Renewable Resources with the benefits of renewable energy received by the Company's customers. The benefits are currently being passed through to customers in the 2008 TAM, pursuant to Order 07-446.

IV. CONCLUSION

PacifiCorp respectfully requests that, in accordance with ORS 469A.120 and Order No. 07-572, the Commission authorize the Company to defer the costs described in this Application.

DATED: August 29, 2008.



Ryan Flynn
Legal Counsel

PacifiCorp

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1338 (2)

In the Matter of the Application of
PACIFICORP (d/b/a Pacific Power) for an
Accounting Order Approving Deferral of
Costs Relating to Certain Renewable
Resources Pursuant to Senate Bill 838

**PACIFICORP'S APPLICATION FOR
DEFERRAL OF COSTS**

EXHIBIT A

**NOTICE OF APPLICATION
OF PACIFICORP (D/B/A PACIFIC POWER) FOR AN ACCOUNTING ORDER
APPROVING DEFERRAL OF COSTS RELATING TO CERTAIN RENEWABLE
RESOURCES PURSUANT TO SENATE BILL 838**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1338 (2)

In the Matter of the Application of
PACIFICORP (d/b/a Pacific Power) for an
Accounting Order Approving Deferral of
Costs Relating to Certain Renewable
Resources Pursuant to Senate Bill 838

NOTICE OF APPLICATION

1 On August 29, 2008, Applicant PacifiCorp applied to the Public Utility
2 Commission of Oregon (“Commission”) for reauthorization to defer costs relating to
3 certain renewable resources pursuant to ORS 469A.120(1) and (3), OAR 860-027-0300
4 and Order No. 07-572.

5 PacifiCorp proposes to continue to defer costs incurred starting September 1,
6 2008 through December 31, 2008, for the Leaning Juniper wind resource, the Marengo
7 wind resource, and the Blundell Bottoming Cycle geothermal plant. PacifiCorp seeks
8 deferral of these costs to accurately track and preserve such costs for later incorporation
9 in rates.

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

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

14 Joelle Steward
15 Regulatory Manager, Oregon
16 PacifiCorp
17 825 NE Multnomah, Suite 2000
18 Portland, OR 97232
19 Telephone: (503) 813-5542
20 Email: joelle.steward@pacificorp.com

 Ryan Flynn
 Legal Counsel
 PacifiCorp
 825 NE Multnomah, Suite 1800
 Portland, OR 97232
 Telephone: (503) 813-5854
 Email: ryan.flynn@pacificorp.com

1 Any person may submit to the Commission written comment on the Application,
2 in accordance with procedures prescribed by the Commission. The deadline for
3 comments on the Application is September 25, 2008

DATED: August 29, 2008.


Ryan Flynn
Legal Counsel

PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of August, 2008, I caused to be served, via E-Mail and US Mail (to those parties who have not waived paper service), a true and correct copy of the foregoing document on the following named person(s) at his or her last-known address(es) indicated below.

**SERVICE LIST
UM-1338**

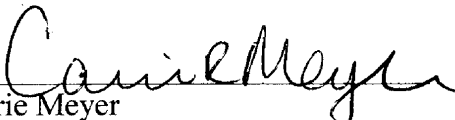
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Carrie Meyer
Coordinator, Administrative Services

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document on the parties of record from PacifiCorp's last general rate case, Docket UE 179, on the date indicated below by email and first-class mail, addressed to said parties at his or her last-known address(es) indicated below.

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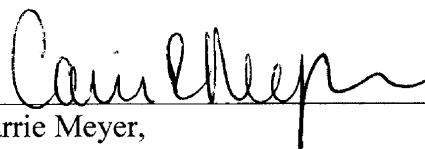
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DATED: August 29, 2008.



Carrie Meyer,
Coordinator, Administrative Services