



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

April 11, 2008

***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 an Accounting Order To Establish a Regulatory
Asset
Docket No. UM _____

Enclosed for filing by PacifiCorp d.b.a. Pacific Power is an original and one (1) copy of
an Application for an Accounting Order to Establish a Regulatory Asset. Also enclosed
is a motion seeking entry of a standard protective order in this proceeding.

Communications regarding this Application should be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
OregonDockets@PacifiCorp.com

Natalie Hocken
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Natalie.Hocken@PacifiCorp.com

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

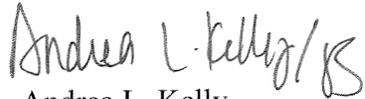
By E-mail (preferred): datarequest@pacificorp.com

By Facsimile: (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 Joelle Steward, Regulatory Affairs Manager, at
(503) 813-5542.

Very truly yours,

A handwritten signature in black ink that reads "Andrea L. Kelly" followed by a stylized flourish.

Andrea L. Kelly
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of
PacifiCorp d/b/a Pacific Power for an
Accounting Order to Establish a Regulatory
Asset

APPLICATION

1 Pursuant to ORS 757.120, ORS 757.125 and OAR 860-027-0045, PacifiCorp d/b/a
2 Pacific Power applies to the Public Utility Commission of Oregon (“Commission”) for an
3 accounting order authorizing PacifiCorp to establish a regulatory asset for costs associated
4 with an exclusivity payment made to Seller to acquire 100% of the outstanding equity
5 interests in the Company that holds tangible and intangible assets, real and personal
6 properties, contracts, permits and other rights associated with a generation facility (“Plant”)
7 (the “Proposed Transaction”). On April 1, 2008, in Docket No. UM 1374, PacifiCorp filed a
8 request for waiver of the Commission’s Competitive Bidding Guidelines Under Order No.
9 06-446 which provided certain information related to the Proposed Transaction. PacifiCorp
10 requests this accounting treatment in the event the Proposed Transaction is not completed. In
11 support of the Application, PacifiCorp states:

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

16 2. ORS 757.120, ORS 757.125 and OAR 860-027-0045 prescribe the
17 Commission’s general authority regarding the accounting to be used by any public utility
18 subject to the Commission’s jurisdiction.

1 disposition of the generation facility (and other associated output, rights and assets). The
2 Exclusivity Payment of \$8.7 million represents a deposit towards the total purchase price
3 under the PSA. Upon closing of the sale, the remainder of the purchase price will be paid.

4 5. The Proposed Transaction provides that at the closing, Seller shall transfer
5 100% of the equity interests of Company to PacifiCorp, and the Company will become a
6 direct, wholly owned subsidiary of PacifiCorp. One day after closing, the subsidiary
7 Company will be dissolved and merged into PacifiCorp.

8 6. In order to match the benefits and costs of the Proposed Transaction,
9 PacifiCorp will record the Exclusivity Payment within Account 182.3 (Other Regulatory
10 Assets). It will remain in Account 182.3 until the closing date of the Proposed Transaction.
11 At the closing date, the Exclusivity Payment amount will be credited to Account 182.3 and
12 debited to Account 123.1 (Investment in Subsidiary Companies), in accordance with 18
13 C.F.R. Ch. I, Pt. 101. Additionally, the remainder of the purchase price and expenses
14 incidental to the acquisition will be included in Account 123.1 as part of the total costs of the
15 acquisition. When the subsidiary Company is dissolved and merged into PacifiCorp, the
16 amount in Account 123.1 (Investment in Subsidiary Companies) will be transferred to the
17 appropriate accounts in PacifiCorp. The plant asset balances will be transferred to Account
18 102 (Electric Plant Purchased or Sold) until approvals are received from the Federal Energy
19 Regulatory Commission to transfer from Account 102 to Account 101 (Electric Plant in
20 Service).

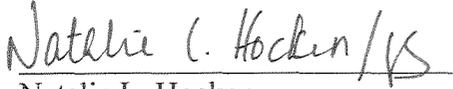
21 7. Accounting for the Exclusivity Payment costs related to this Proposed Transaction as
22 a regulatory asset will encourage utility investment and will serve to more fairly balance the
23 risks and benefits between shareholders and customers, especially in a situation where a
24 time-limited commercial opportunity exists. Expensing the costs of a failed acquisition and

1 not recovering those costs in rates significantly discourages the utility from investing in
2 resources for the benefit of customers. In the event that the Proposed Transaction does not
3 close, the Company requests that these costs continue to be treated as a regulatory asset as
4 requested in Account 182.3. The rate treatment of the Exclusivity Payment will be
5 determined in a future rate proceeding.

6 WHEREFORE, PacifiCorp respectfully requests an accounting order
7 authorizing it to record the Exclusivity Payment costs in Account 182.3 (Other Regulatory
8 Assets). The rate treatment for the Exclusivity Payment costs will be determined in a future
9 rate proceeding.

10 DATED: April 11, 2008.

Respectfully submitted,


Natalie L. Hocken
Vice President and General Counsel
Pacific Power

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of
PacifiCorp d/b/a Pacific Power for an
Accounting Order to Establish a Regulatory
Asset

MOTION FOR PROTECTIVE ORDER

1 Pursuant to ORCP 36(C)(7) and OAR 860-012-0035(1)(k), PacifiCorp d/b/a Pacific
2 Power (“Company”), moves for entry of the Commission’s standard Protective Order in this
3 proceeding. Good cause exists to issue a Protective Order to protect confidential business
4 information about the proposed generation plant acquisition. In support of this Motion, the
5 Company states:

6 1. On April 11, 2008, concurrent with this Motion for a Protective Order, the
7 Company filed an application for an accounting order authorizing the Company to establish a
8 regulatory asset for costs related to the purchase of the exclusive option to acquire a
9 generation plant (“Proposed Transaction”). The Commission’s rules authorize PacifiCorp to
10 seek reasonable restrictions on discovery of trade secrets and other confidential business
11 information. *See* OAR 860-11-000(3) (adopting Oregon Rules of Civil Procedure
12 (“ORCP”)); ORCP 36(C)(7) (providing protection against unrestricted discovery of “trade
13 secrets or other confidential research, development, or commercial information”). *See also In*
14 *re Investigation into the Cost of Providing Telecommunication Service (VA/I 351)*, Order No.
15 91-500 (1991) (recognizing that protective orders are a reasonable means to protect “the
16 rights of a party to trade secrets and other confidential commercial information” and “to
17 facilitate the communication of information between litigants”).

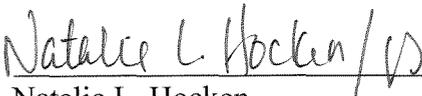
18 2. The Company anticipates that parties to this docket might request detailed
19 information regarding the Proposed Transaction. The Company further anticipates that

1 discovery in this proceeding may include, among other things, requests for production of
2 proprietary agreements and documents about the Proposed Transaction. Discovery in this
3 proceeding could also produce commercially-sensitive load and resource projections,
4 information covered by confidentiality agreements and confidential market analyses. This
5 confidential business information is of significant commercial value, which could expose the
6 Company and its counterparty to competitive injury if disclosure is unrestricted. Unrestricted
7 disclosure could also be detrimental to the Company's customers and future resource
8 acquisition plans.

9 3. It is substantially likely that Staff and others in this proceeding will seek to
10 discover a large amount of information held by PacifiCorp, including confidential business
11 information. "The Commission's standard blanket protective order is designed to facilitate
12 discovery in cases involving discovery of large numbers of documents." *See In re Portland*
13 *Extended Area Service Region (UM26I)*, Order No. 91-958 (1991). Issuance of a protective
14 order will facilitate the production of relevant information and expedite the discovery
15 process.

16 For the foregoing reasons, PacifiCorp requests the entry of a Standard Protective
17 Order in this docket.

DATED: April 11, 2008.



Natalie L. Hocken
Vice President & General Counsel,
Pacific Power

Counsel for PacifiCorp