



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

October 3, 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 Operations

RE: Application of PacifiCorp for a Deferred Accounting Order

Enclosed for filing by PacifiCorp d.b.a. Pacific Power is an Application for a Deferred Accounting Order to defer the costs associated with the independent evaluators for the solicitation process in Docket UM 1368. A copy of the enclosed Notice has been served on all parties in Docket UE 179 as indicated on the attached Certificate of Service.

Informal inquiries may be directed to Joelle Steward at (503) 813-5542.

Very truly yours,

Andrea L. Kelly  
Vice President, Regulation

Enclosures

cc: Service List UE 179

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_ /UM 1368

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

**PACIFICORP'S APPLICATION FOR  
DEFERRED ACCOUNTING**

In the Matter of PacifiCorp's Request for  
Approval of a 2008R-1 Solicitation  
Process for New Renewable Resources

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**I. INTRODUCTION**

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Under ORS 757.259 and OAR 860-027-0300, PacifiCorp, d.b.a. Pacific Power (“Company”) applies to the Public Utility Commission of Oregon (“Commission”) for an order authorizing the Company to defer from the date of this Application forward the costs associated with an independent evaluator (“IE”) selected by the Commission for the Company’s solicitation process for renewable resources known as the 2008R-1 Request for Proposals (“2008R-1 RFP”) to the extent these costs are not otherwise recovered through bidder success fees as set forth in the approved 2008R-1 RFP.

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**II. NOTICE**

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Communications regarding this application should be addressed to:

PacifiCorp Oregon Dockets  
825 NE Multnomah, Ste 2000  
Portland, OR 97235  
Email: [oregondockets@pacificorp.com](mailto:oregondockets@pacificorp.com)

Michelle Mishoe  
Legal Counsel, Pacific Power  
825 NE Multnomah, Ste 1800  
Portland, OR 97235  
Phone: (503) 813-5977  
Email: [michelle.mishoe@pacificorp.com](mailto:michelle.mishoe@pacificorp.com)

11

In addition, PacifiCorp respectfully requests that all data requests regarding this

12

matter be addressed to:

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By email (preferred)

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

1 By regular mail

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

2  
3  
4  
5 Informal inquiries may be directed to Joelle Steward, State Regulatory Manager, at  
6 (503) 813-5542.

7 **III. DEFERRED ACCOUNTING RULE REQUIREMENTS**

8 The following information is provided pursuant to the requirements set forth in OAR  
9 860-027-0300(3).

10 **A. Description of Utility Expense.**

11 On March 4, 2008 PacifiCorp filed its application for approval of the 2008R-1 RFP  
12 with the Commission, under the competitive bidding guidelines established in Docket No.  
13 UM 1182, Order No. 06-0446 (“RFP Order”). This filing was assigned Docket No. UM  
14 1368.

15 Guideline 5 of the RFP Order requires an Independent Evaluator (“IE”) in all RFPs.  
16 Guideline 5 provides that a utility may request deferred accounting to track the costs of an  
17 IE for later inclusion in rates. Also in the application for approval of the 2008R-1 RFP, the  
18 Company included a draft request for proposals for an Oregon IE. After receiving  
19 comments from Commission Staff,<sup>1</sup> the Company issued the final IE RFP on March 20,  
20 2008. Staff recommended selecting Boston Pacific Company, Inc. (“Boston Pacific”) as the  
21 IE for the 2008R-1 RFP. Staff based this recommendation on several reasons, one being  
22 Boston Pacific receiving the highest ranking based on the scoring criteria contained in the  
23 IE RFP. At the Commission Public Meeting on May 6, 2008, the Commission approved  
24 Staff’s recommendation and selected Boston Pacific. *See* Staff Report, Docket No. UM  
25 1368 (May 6, 2008 Public Meeting). The Commission also approved Staff’s  
26 recommendation that the Commission direct PacifiCorp to negotiate a contract with Boston

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<sup>1</sup> No other party provided comments on the RFP for an IE.

1 Pacific consistent with the RFP Order and subject to Staff's review. PacifiCorp executed  
2 the contract with the Oregon IE and regularly consults with the Oregon IE under the terms  
3 of the contract.

4 At the September 18, 2008 Public Meeting, the Commission approved the 2008R-1  
5 RFP (*See* Order No. 08-476). The 2008R-1 RFP requires successful bidders to submit a fee,  
6 which will be used to cover the costs of the Oregon IE. Because the Company expects the  
7 costs to be covered by the successful bidders' fees, the Company does not expect the  
8 deferral to be necessary absent unexpected circumstances (e.g. lack of sufficient successful  
9 bidders to cover the full cost). Therefore, this application seeks deferred accounting for  
10 costs incurred under the Oregon IE contract only to the extent such costs are not otherwise  
11 recovered from the successful bidders.

12 **B. Reasons for Deferral.**

13 ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where  
14 necessary to match appropriately the costs borne by and benefits received by customers.  
15 This request seeks to align the costs of the Oregon IE and the services that the Oregon IE  
16 performs on behalf of customers. In its RFP Order, the Commission specifically approved  
17 of the use of deferred accounting to match the customer costs and benefits of an IE in this  
18 manner.

19 **C. Proposed Accounting.**

20 During the period of deferral, PacifiCorp proposes to account for the deferred costs of  
21 the Oregon IE by recording the deferral in Account 182.3, Other Regulatory Assets.  
22 PacifiCorp requests that in accordance with ORS 757.259(4), it be allowed to accrue  
23 interest on the unamortized balance at a rate equal to its weighted average cost of capital  
24 most recently approved by the Commission. Amortization of the balance would be  
25 considered in a subsequent proceeding coincident with inclusion in rates.

26 **D. Estimate of Amounts.**

27 PacifiCorp anticipates that the cost of the IE will be approximately \$500,000.

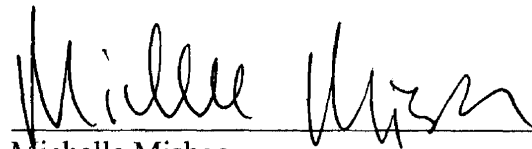
1 **E. Notice.**

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

4 **IV. CONCLUSION**

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

DATED: October 3, 2008.



Michelle Mishoe  
Legal Counsel, Pacific Power

Counsel for PacifiCorp

## **EXHIBIT A**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_ /UM 1368

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

**NOTICE OF APPLICATION**

In the Matter of PacifiCorp's Request for  
Approval of a 2008R-1 Solicitation Process  
for New Renewable Resources

1           On October 3, 2008, Applicant PacifiCorp, d.b.a. Pacific Power (“Company”) applied  
2 to the Public Utility Commission of Oregon (“Commission”) for authorization to use  
3 deferred accounting.

4           The Company proposes to defer from the date of the application forward the costs  
5 associated with an independent evaluator (“IE”) selected by the Commission for the  
6 Company’s 2008R-1 Request for Proposals for Renewable Resources that are not otherwise  
7 recovered through the bidder success fee mechanism. The Company expects the annual  
8 deferral amounts could be up to \$500,000. The Company requests that the deferral continue  
9 no longer than twelve months from the date of this filing.

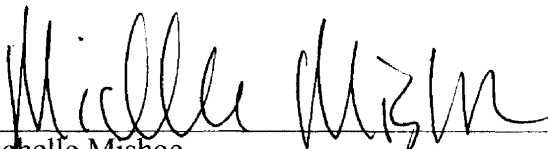
10           The granting of the Application will not authorize a change in rates, but will permit  
11 the Commission to consider allowing such deferred amounts in rates in a subsequent  
12 proceeding.

13           Interested persons may obtain a copy of the Application by contacting:

14                   Joelle Steward  
15                   PacifiCorp  
16                   825 NE Multnomah Street  
17                   Lloyd Center Tower, Suite 2000  
18                   Portland, OR 97232  
19                   Phone: (503) 813-5542

1           Any person may submit to the Commission written comment on the Application, in  
2 accordance with the procedures prescribed by the Commission. The deadline for comments  
3 on the application is October 28, 2008.

DATED: October 3, 2008.

  
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Michelle Mishoe  
Legal Counsel  
Pacific Power



## 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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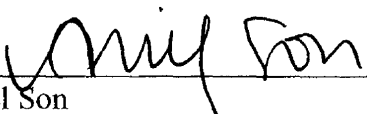
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DATED: October 3, 2008.

  
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Ariel Son  
Coordinator, Administrative Services