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March 23, 2006

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**VIA ELECTRONIC FILING**

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: In the Matter of Application of PACIFIC POWER & LIGHT (d/b/a PacifiCorp) for  
an Accounting Order  
Docket No. UM \_\_\_\_\_**

Enclosed for filing is PacifiCorp's Application for Deferred Accounting Order re Grid West Loan Costs. A copy of Exhibit A to this filing, the Notice of Application, has been served on all parties to PacifiCorp's previous general rate case, docketed as UE 170.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Adams Lien', written over a white background.

Sarah J. Adams Lien

SJL:knp

cc: UE 170 Service List

Oregon  
Washington  
California  
Utah  
Idaho

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

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In the Matter of the Application of PACIFIC  
POWER & LIGHT (d/b/a PacifiCorp) for an  
Accounting Order

**APPLICATION FOR DEFERRED  
ACCOUNTING ORDER RE: GRID  
WEST LOAN COSTS**

Under ORS 757.259 and OAR 860-027-0300, PacifiCorp (or the “Company”) applies to the Public Utility Commission of Oregon (the “Commission”) for an order authorizing the Company to defer the costs of loans made to Grid West, a regional transmission organization (RTO) which now appears unlikely to be able to repay PacifiCorp. Concurrent with its decision to establish a reserve for the uncollectibility of these loans, PacifiCorp is requesting deferred accounting treatment for these costs, commencing as of the date of this filing, for later amortization in rates.

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 757.259(2) which allows the Commission, upon application of a utility, to authorize deferral of certain items for later incorporation in rates.

3. Communications regarding this Application should be addressed to:

**STOEL RIVES LLP**  
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204  
Main (503) 224-3380 Fax (503) 220-2480

1 Laura Beane  
2 Manager, Oregon Regulation  
3 PacifiCorp  
4 825 NE Multnomah, Suite 800  
5 Portland, OR 97232  
6 Telephone: (503) 813-5542  
7 Facsimile: (503) 813-6060  
8 E-mail: laura.beane@pacificorp.com

Katherine A. McDowell  
Stoel Rives LLP  
900 SW Fifth Avenue, Suite 2600  
Portland, OR 97204-1268  
Telephone: (503) 294-9602  
Facsimile: (503) 220-2480  
E-mail: kamcdowell@stoel.com

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

8 By email (preferred)

datarequest@pacificorp.com

9 By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, OR 97232  
(503) 813-6060

11 By facsimile

13 4. PacifiCorp has been involved for over five years in developing an RTO. This  
14 activity has been aimed at meeting FERC requirements to develop regional transmission  
15 entities and state policies encouraging competitive electric market development.

16 5. PacifiCorp is currently recovering expenses associated with this activity in  
17 rates. *See In re PacifiCorp*, UE 170, Order 05-1050 at 27 (ongoing RTO development  
18 expense is reasonable and should be included in PacifiCorp's test year revenue requirement).  
19 PacifiCorp's loans to Grid West are recorded as a long-term receivable in the balance sheet,  
20 however, and are not reflected in PacifiCorp's on-going RTO expense levels.

21 6. PacifiCorp provided initial funding for development of RTO West, the  
22 predecessor to Grid West, in June of 2000. From that date to the present, PacifiCorp has  
23 loaned a total of \$2.7 million to Grid West, including accrued interest. All other regional  
24 utilities involved in the formation of Grid West have made similar loans to the organization.  
25 Grid West planned to repay the loans through surcharges to customers once it became  
26 operational. Unfortunately, Grid West now appears unlikely to function in a manner that

1 would permit it to repay PacifiCorp's loan. As a result, PacifiCorp has concluded that it  
2 cannot continue to carry the Grid West receivable on its books without the establishment of a  
3 reserve for the uncollectibility. The change in PacifiCorp's accounting treatment of this loan  
4 is being made concurrently with the filing of this request for deferred accounting.

5           7. Pursuant to ORS 757.259, PacifiCorp proposes to defer these loan costs as of  
6 the date of this filing for later recovery in rates. ORS 757.259(2)(e) allows the deferral of  
7 utility expenses or revenues where necessary to minimize the frequency of rate changes or  
8 the fluctuation of rate levels or to match appropriately the costs borne by and benefits  
9 received by ratepayers. The costs for which PacifiCorp seeks deferral meet the requirement  
10 of subsection (2)(e).

11           9. PacifiCorp estimates that the total amount of the deferred account would be  
12 approximately \$765,000, Oregon's portion of PacifiCorp's \$2.7 million loan. PacifiCorp  
13 proposes to account for these costs in the following manner: Amounts currently recorded as  
14 a loan to Grid West will be transferred from Account 124, Other Investments, to Account  
15 182.3, Other Regulatory Assets. The amortization of the balance would be accomplished by  
16 crediting Account 182.3 and debiting Account 560, Transmission Operation Supervision and  
17 Engineering, coincident with inclusion of the amortization expense in rates. PacifiCorp  
18 requests that, in accordance with ORS 757.259(3), it be allowed to accrue interest on the  
19 unamortized balance at a rate equal to its weighted average cost of capital most recently  
20 approved by the Commission in UE 170.

21           10. PacifiCorp does not request a determination of ratemaking treatment of the  
22 Grid West loan costs at this time and instead proposes to address amortization of these costs  
23 in PacifiCorp's pending Oregon rate case, UE 179.

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

26

1 PacifiCorp respectfully requests that in accordance with ORS 757.259, the  
2 Commission authorize the Company to defer, commencing as of the date of this filing, the  
3 Grid West loan costs incurred by the Company as described in this Application.

4 DATED: March 23, 2006.

5 STOEL RIVES LLP

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8 Katherine A. McDowell  
9 Sarah J. Adams Lien

10 Attorneys for PacifiCorp  
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## **Exhibit A**

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

3 **UM \_\_\_\_\_**

4 In the Matter of the Application of PACIFIC  
5 POWER & LIGHT (d/b/a PacifiCorp) for an  
6 Accounting Order

**NOTICE OF APPLICATION**


7 On March 23, 2006, PacifiCorp applied to the Public Utility Commission of Oregon  
8 (the "Commission") for authorization to use deferred accounting. Pursuant to ORS 757.259,  
9 PacifiCorp proposes to defer for later recovery in rates the costs of loans made to Grid West,  
10 a regional transmission organization (RTO) that now appears unlikely to be able to repay  
11 PacifiCorp. The granting of the Application will not authorize a change in rates, but will  
12 permit the Commission to consider allowing such deferred amounts in rates in a subsequent  
13 proceeding. Interested persons can obtain a copy of Application by contacting:

14 Katherine A. McDowell  
15 Stoel Rives LLP  
16 900 SW Fifth Avenue, Suite 2600  
17 Portland, OR 97204  
18 Telephone: (503) 294-9602

19 Any person may submit to the Commission written comment on the Application, in  
20 accordance with procedures prescribed by the Commission. The deadline for comments on  
21 the application is April 17, 2006.

22 DATED: March 23, 2006.

23 **STOEL RIVES LLP**

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25 \_\_\_\_\_  
26 Katherine A. McDowell  
Sarah J. Adams Lien

Of Attorneys for PacifiCorp

**STOEL RIVES LLP**  
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204  
Main (503) 224-3380 Fax (503) 220-2480

CERTIFICATE OF SERVICE

1  
2 I hereby certify that I served a true and correct copy of the foregoing document in  
3 Docket UE 170 on the following named person(s) on the date indicated below by email and  
4 first-class mail addressed to said person(s) at his or her last-known address(es) indicated  
5 below.

6 Rates & Regulatory Affairs  
7 Portland General Electric  
8 121 SW Salmon Street, 1WTC0702  
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19 2455 Patterson Street, Suite 3  
20 Klamath Falls, OR 97603  
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23 Klamath Off-Project Water Users, Inc.  
24 30474 Sprague River Road  
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DATED: March 23, 2006



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Katherine A. McDowell

Of Attorneys for PacifiCorp