



900 S.W. Fifth Avenue, Suite 2600  
Portland, Oregon 97204  
main 503.224.3380  
fax 503.220.2480  
www.stoel.com

STEPHEN C. HALL  
Direct (503) 294-9625  
schall@stoel.com

April 21, 2006

**VIA ELECTRONIC FILING**

PUC FilingCenter  
Oregon Public Utility Commission  
PO Box 2148  
Salem, OR 97308-2148

**Re: PacifiCorp's Application for Authorization to Defer Certain Expenses or Revenues**

Enclosed for filing is PacifiCorp's Application for Authorization to Defer Certain Expenses or Revenues. A copy of this filing has been served on all parties as indicated on the attached certificate of service.

Very truly yours,

A handwritten signature in cursive script that reads "Stephen Hall".

Stephen C. Hall

SCH:hhs  
Enclosure  
cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

UM \_\_\_\_\_

In the Matter of the Application by  
PacifiCorp for Deferred Accounting of 2005  
Oregon "Tax Kicker"

APPLICATION FOR AUTHORIZATION TO DEFER  
CERTAIN EXPENSES OR REVENUES

Pursuant to ORS 757.259 and OAR 860-030-0035, PacifiCorp hereby submits this application for deferred accounting treatment of payments to the Company associated with the Oregon "Tax Kicker" income tax reduction. This filing is for accounting purposes only and ratemaking treatment should be reserved for a ratemaking proceeding. In addition, PacifiCorp recommends that the Commission review the effect of the rulemaking in AR 499 (Senate Bill 408, Utility Taxes) before making any decision to amortize the potential savings created by the Tax Kicker in order to avoid the possibility of double counting.

**1. Background**

PacifiCorp hereby applies to the Oregon Public Utility Commission for an order authorizing the Company to defer for later inclusion in rates the amount of the Oregon Tax Kicker applicable to utility operations in Oregon in 2005, as follows:

**a. Description of the expense for which deferred accounting is requested.**

PacifiCorp requests deferred accounting plus interest for the amount by which the Oregon Tax Kicker reduces Oregon income tax for utility operations in Oregon.

**b. The reasons deferred accounting is being requested.** PacifiCorp seeks

deferred accounting treatment for the amount of the Oregon Tax Kicker described in paragraph (a) above under the authority of ORS 757.259(e). Oregon income taxes are utility expenses that are allowed to be recovered, but a reduction in the expense should be refunded

1 to customers in order to appropriately match the costs borne by and benefits received by  
2 ratepayers.

3           **c. The account proposed for recording of the amounts to be deferred and**  
4 **the account which would be used for recording the amounts in the absence of approval**  
5 **of deferred accounting.** PacifiCorp proposes to record the amounts described in  
6 paragraph (a) above of this Application in a sub-account of Account 186. In the absence of  
7 deferred accounting, the Company would record decreases in Oregon income tax in the  
8 appropriate sub-account of FERC Account 409.

9           **d. An estimate of the amounts to be recorded in the deferred account for a**  
10 **12-month period.** PacifiCorp estimates that amounts to be recorded in the deferred accounts  
11 for the upcoming 12-month period will be approximately \$2.9 million.

12           **e. A copy of a notice of this application is attached.** Notice has been sent to  
13 persons listed on the service list of the Company's general rate case, UE 179, as described in  
14 the attached notice.

15 **2. Request**

16 For all the reasons stated in this application, PacifiCorp requests deferred accounting  
17 treatment for decreased income taxes resulting from the Oregon Tax Kicker. The Company  
18 requests that ratemaking treatment be reserved for a ratemaking proceeding.

19 PacifiCorp recommends that the Commission review the effect of the rulemaking in  
20 AR 499 before making any decision to amortize the potential savings created by the Oregon  
21 Tax Kicker. The purpose of such review would be to avoid the possibility of double  
22 counting. This recommendation is consistent with Staff's recommendation in Portland  
23 General Electric Company's application in UM 1252 for deferred accounting treatment  
24 associated with the 2005 Oregon Tax Kicker.

25 In addition, the Company recommends that the Commission consider an earnings test  
26 before any amortization of the savings created by the Oregon Tax Kicker.

1 **3. Communications**

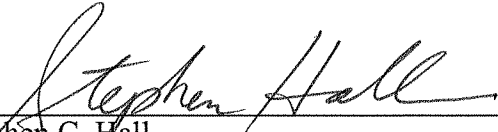
2 Communications regarding this Application should be addressed to:

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

11 Katherine A. McDowell  
12 Stephen C. Hall  
13 Stoel Rives LLP  
14 900 SW Fifth Avenue, Suite 2600  
15 Portland, OR 97204-1268  
16 Telephone: (503) 294-9625  
17 Facsimile: (503) 220-2480  
18 E-mail: schall@stoel.com

19 DATED: April 21, 2006.

20 STOEL RIVES LLP

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22 \_\_\_\_\_  
23 Stephen C. Hall

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

**CERTIFICATE OF SERVICE**

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

Jim Abrahamson  
Community Action Directors  
of Oregon  
PO Box 7964  
Salem, OR 97303-0208  
jim@cado-oregon.org

Kurt J. Boehm  
Boehm Kurtz & Lowry  
36 E. Seventh Street, Suite 1510  
Cincinnati, OH 45202  
kboehm@bkllawfirm.com

Melinda J. Davison  
Davison Van Cleve PC  
333 SW Taylor, Suite 400  
Portland, OR 97204  
mail@dvclaw.com

Edward A. Finklea  
Cable Huston Benedict Haagensen  
& Lloyd LLP  
1001 SW 5th Avenue, Suite 2000  
Portland, OR 97204  
efinklea@chbh.com

Jason W. Jones  
Department of Justice  
1162 Court Street NE  
Salem, OR 97301-4096  
jason.w.jones@state.or.us

Michael L. Kurtz  
Boehm Kurtz & Lowry  
36 E. Seventh Street, Suite 1510  
Cincinnati, OH 45202  
mkurtz@bkllawfirm.com

Richard Lorenz  
Cable Huston Benedict Haagensen  
& Lloyd LLP  
1001 SW 5th Avenue, Suite 2000  
Portland, OR 97204  
rlorenz@chbh.com

Rates & Regulatory Affairs  
Portland General Electric  
121 SW Salmon, 1WTC0702  
Portland, OR 97204  
pge.opuc.filings@pgn.com

Irion Sanger  
Davison Van Cleve PC  
333 SW Taylor, Suite 400  
Portland, OR 97204  
ias@dvclaw.com

James T. Selecky  
Brubaker & Associates, Inc.  
1215 Fern Ridge Pkwy, Suite 208  
St. Louis, MO 63141  
jtselecky@consultbai.com

Karl Hans Tanner  
Oregon Energy Coordinators Assoc.  
2448 W. Harvard Blvd.  
Roseburg, OR 97470  
karl.tanner@ucancap.org

Douglas C. Tingey  
Portland General Electric  
121 SW Salmon, 1WTC13  
Portland, OR 97204  
doug.tingey@pgn.com

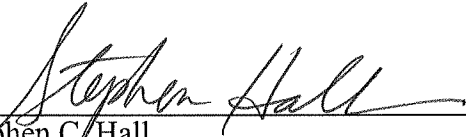
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[bwalters@ci.portland.or.us](mailto:bwalters@ci.portland.or.us)  
[dtooze@ci.portland.or.us](mailto:dtooze@ci.portland.or.us)  
[richard.gray@pdxtrans.org](mailto:richard.gray@pdxtrans.org)

Michael T. Weirich  
Department of Justice  
1162 Court Street NE  
Salem, OR 97304-4096  
[michael.weirich@state.or.us](mailto:michael.weirich@state.or.us)

OPUC Dockets  
Citizens' Utility Board of Oregon  
610 SW Broadway, Suite 308  
Portland, OR 97209  
[dockets@oregoncub.org](mailto:dockets@oregoncub.org)

DATED: April 21, 2006

  
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Stephen C. Hall

Of Attorneys for PacifiCorp