

March 11, 2016

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, Oregon 97301

Attn: Filing Center

**RE: Docket UM _____
PacifiCorp's Application for Authorization of Deferred Accounting Related to a
Change in Annual Regulatory Fees Payable to the Public Utility Commission of
Oregon**

PacifiCorp d/b/a Pacific Power submits for filing its Application for Authorization of Deferred Accounting Related to a Change in Annual Regulatory Fees Payable to the Public Utility Commission of Oregon.

It is respectfully requested that all formal data requests to the Company regarding this filing be addressed to the following:

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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Please direct any informal inquiries to Erin Apperson, Manager, Regulatory Affairs, at (503) 813-6642.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

cc: Service List UE 263

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Notice of Application on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

UE 263

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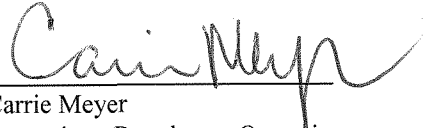
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Dated this 11th of March, 2016.


Carrie Meyer
Supervisor, Regulatory Operations

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
Related to a Change in Annual Regulatory Fees
Payable to the Public Utility Commission of
Oregon.

**APPLICATION FOR DEFERRED
ACCOUNTING**

1 **I. INTRODUCTION**

2 In accordance with Oregon Revised Statutes (ORS) 757.259(2)(e) and Oregon
3 Administrative Rules (OAR) 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or
4 Company) submits this application to the Public Utility Commission of Oregon
5 (Commission) for an order authorizing the Company to defer the increase in the annual
6 regulatory fee due to the Commission-ordered increase in the annual fee rate from 0.25
7 percent to 0.275 percent. For administrative ease, the Company also requests to amortize the
8 deferred amounts through its existing property sales balancing account.

9 The Company requests to begin deferral of costs associated with the increase in the
10 annual fee rate from the date of this filing until the increase in the annual fee rate is included
11 in the Company's base rates.¹

12 **II. NOTICE**

13 Communications regarding this application should be addressed to:

¹ In accordance with OAR 860-027-0300, PacifiCorp will file for reauthorization of the deferral, as necessary.

Oregon Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: oregondockets@pacificorp.com

Matthew D. McVee
Assistant General Counsel
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Email: matthew.mcvee@pacificorp.com

1 In addition, the Company requests that all data requests regarding this application be
2 sent to the following:

3 By email (preferred): datarequest@pacificorp.com

4 By regular mail: Data Request Response Center
5 PacifiCorp
6 825 NE Multnomah Street, Suite 2000
7 Portland, OR 97232

8 Informal questions may be directed to Erin Apperson, Regulatory Affairs Manager, at
9 503-813-6642.

10 **III. BACKGROUND**

11 In accordance with OAR 860-021-0033, electric utilities are required to pay
12 regulatory fees to the Commission each year by April 1. The fee payable by the electric
13 utility is an annual fee rate multiplied by the utility's gross operating revenues derived within
14 Oregon for the previous calendar year. The annual fee rate is set by Commission order
15 entered on or after March 1 of each year.

16 On February 23, 2016, the Commission issued Order No. 16-067, setting the annual
17 fee rate at 0.275 percent of 2015 gross operating revenues for electric, natural gas, water, and
18 wastewater utilities. This is an increase from prior annual fee rate that previously could not
19 exceed of 0.25 percent. Senate Bill (SB) 329, enacted in 2015, now allows the Commission
20 to set the annual fee to a percentage not to exceed 0.3 percent of utilities' gross operating
21 revenue.

1 In 2015, the Commission held a rulemaking proceeding through docket AR 591 to
2 update relevant rules to reflect the change to the maximum fee permitted in SB 329. During
3 that rulemaking proceeding, PacifiCorp submitted comments and requested that the
4 Commission provide an opportunity for the Company to file for deferred accounting
5 treatment if the annual fee rate level were set higher than the previous 0.25 percent rate. In
6 its comments, the Company indicated that the request for deferred accounting would be
7 calculated as the difference between the Company’s annual fee using the new rate and the
8 annual fee at the previous rate of 0.25 percent. Calculating the deferral in this way would
9 capture the change associated with the increase in the annual fee rate.² The Company also
10 noted in its comments that amounts deferred should not be subject to an earnings test because
11 the annual fees are collected from customers and directly passed through to the Commission.

12 On September 8, 2015, the Commission adopted the rule modifications proposed in
13 AR 591 and indicated that “PacifiCorp may request its proposed treatment to address the
14 potential financial impact of the increase in the annual fee.”³

15 **IV. DEFERRAL OF COSTS**

16 PacifiCorp respectfully requests authorization under ORS 757.259(2)(e) to defer the
17 costs related to the increase in the annual fee rate and to amortize these costs through the

² The Company’s deferral proposal is generally consistent with the treatment allowed by the Commission in Order No. 10-083, issued in 2010, when the Commission, seeking to reduce its cash reserves, lowered the annual fee rate and ordered that electric and natural gas utilities defer the difference between the previous rate and the revised rate.

³ *In the Matter of Rulemaking to Implement SB 329 Relating to Annual Fee Percentage Rate*, Docket AR 591, Order No. 15-266, at 2 (Sept. 8, 2015).

1 Company's tariff Schedule 96, Property Sales Balancing Account.⁴ Further, because the
2 collection and payment of the annual fee is a direct pass-through to the Commission, the
3 Company proposes that this deferral not be subject to an earnings test.

4 As required by OAR 860-027-0300(3), PacifiCorp provides the following:

5 **A. Description of Utility Expense**

6 The Company is requesting to defer approximately \$344,000 in 2016 associated with
7 the increase in the regulatory fee rate for 2015, calculated as shown in the following table.
8 This amount reflects the calculated difference between PacifiCorp's annual fee at the new
9 rate of 0.275 percent and the annual fee at the previous rate of 0.25 percent.

	Current Rate per Order No. 16-067	Previous Rate per Order No. 15-057	Amount for deferral
2015 Revenues	\$1,377,449,403	\$1,377,449,403	
Annual Fee Rate	0.275%	0.250%	
Annual Regulatory Fee	\$3,787,986	\$3,443,624	\$344,362

10

11 **B. Reasons for Deferral**

12 As discussed above, the Company requests deferral of the costs associated with the
13 increase in the annual regulatory fee rate that is higher than the previous Commission-
14 ordered rate. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order
15 to minimize the frequency of rate changes or the fluctuation of rate levels or to match
16 appropriately the costs borne and received by customers. In this application the Company
17 seeks to match the costs borne and benefits received by customers. The concurrent proposal
18 to amortize deferred amounts through the existing property sales balancing account also

⁴ The Company's property sales balancing account is evaluated and reported annually to the Commission. Any rate changes necessary to the property sales balancing account will be requested and determined in a subsequent filing.

1 provides for administrative efficiency by minimizing the rate changes required to address the
2 change in annual fees.

3 **C. Proposed Accounting**

4 If this application is approved, PacifiCorp will record deferred amounts by crediting
5 Commission fees recorded in FERC Account 408—Taxes, Other than Income Taxes and
6 debiting the property sales balancing account, in FERC Account 254—Other Regulatory
7 Liabilities. If this application is denied, the increase in regulatory fees will remain in Taxes,
8 Other than Income Taxes, FERC Account 408.

9 **D. Estimate of Amounts**

10 The Company estimates that the Oregon cost related to the increase in the annual fee
11 rate is \$344,000 for the 2015 annual fee that will be paid on or before April 1, 2016.

12 **E. Notice**

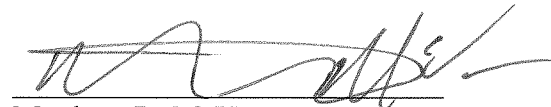
13 A copy of the Notice of Application and a list of persons served with the notice are
14 attached as Exhibit A to this application.

15 **V. CONCLUSION**

16 PacifiCorp respectfully requests that, in accordance with ORS 757.259(2)(e), the
17 Commission authorize the Company to defer the costs described in this application, and to
18 amortize these costs through tariff Schedule 96, Property Sales Balancing Account.

Respectfully submitted this 11th day of March, 2016.

By:



Matthew D. McVee
Assistant General Counsel
PacifiCorp d/b/a Pacific Power

EXHIBIT A

NOTICE

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
Related to a Change in Annual Regulatory Fees
Payable to the Public Utility Commission of
Oregon.

**NOTICE OF
APPLICATION FOR DEFERRED
ACCOUNTING**


On March 11th, 2016, PacifiCorp d/b/a Pacific Power filed an application with the Public Utility Commission of Oregon (Commission) for an order approving deferral of the increase in regulatory fees resulting from the change in the statutory maximum of the regulatory fee percentage. The granting of this application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding. To obtain a copy of the application, contact the following:

Oregon Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
E-mail: oregondockets@pacificorp.com

Any person may submit written comments to the Commission regarding the application by April 5, 2016.

Respectfully submitted on March 11, 2016.

By:


Matthew D. McVee
Assistant General Counsel
PacifiCorp d/b/a Pacific Power