



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

December 4, 2007

***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 a Deferred Accounting Order
For Network Damage from December 2007 Storm
Docket UM _____

Enclosed for filing by PacifiCorp d.b.a. Pacific Power is an original and five copies of an Application for a Deferred Accounting Order for Network Damage from the December 2007 Storm. 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,

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

Andrea L. Kelly
Vice President, Regulation

Enclosures
cc: Service List UE 179

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of the Application of
PACIFICORP for a Deferred Accounting
Order For Network Damage from
December 2007 Storm

**PACIFICORP'S APPLICATION FOR
DEFERRED ACCOUNTING**

I. INTRODUCTION

Under ORS 757.259 and OAR 860-027-0300, PacifiCorp dba Pacific Power (or the Company) applies to the Commission for an order authorizing the Company to defer from the date of this Application forward the costs associated with network damage from a powerful and sustained rain and windstorm that initially struck Oregon on December 2, 2007.

II. NOTICE

Communications regarding this application should be addressed to:

| | |
|--------------------------------------|---------------------------------------|
| Oregon Dockets | Natalie Hocken |
| PacifiCorp | General Counsel |
| 825 NE Multnomah, Suite 2000 | Pacific Power |
| Portland, OR 97232 | 825 NE Multnomah, Suite 2000 |
| Telephone: (503) 813-5542 | Portland, OR 97232 |
| Email: oregondockets@pacificcorp.com | Telephone: (503) 813-7205 |
| | Email: natalie.hocken@pacificcorp.com |

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

| | |
|----------------------|------------------------------|
| By email (preferred) | datarequest@pacificcorp.com |
| By regular mail | Data Request Response Center |
| | PacifiCorp |
| | 825 NE Multnomah, Suite 2000 |
| | Portland, OR 97232 |
| By facsimile | (503) 813-6060 |

1 **III. DEFERRED ACCOUNTING RULE REQUIREMENTS**

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

4 **A. Description of Utility Expense.**

5 Starting December 2, 2007, Oregon experienced a severe rain and windstorm with
6 winds topping 125 mph in the coast range and headlands and rain that caused extensive
7 flooding of the coast and other parts of Oregon. The storm downed trees and power lines
8 throughout the state. An estimated 160,000 customers had service interruptions throughout
9 the Pacific Power service territory.

10 The storm caused significant damage to Pacific Power’s transmission and distribution
11 network throughout the state. Pacific Power’s first priority has been customer safety and
12 power restoration so a complete assessment of the damages is not yet available. Based upon
13 the nature and extent of the damage observed; however, Pacific Power believes that its
14 network has suffered extensive damage. Without a clearer understanding of the nature and
15 scope of the damage, Pacific Power is unable to determine which losses, if any, are covered
16 by insurance.

17 **B. Reasons for Deferral.**

18 Pacific Power’s request for deferral results from damage caused by a severe and
19 extraordinary storm. In establishing generic guidelines for deferred accounting in UM
20 1147, the Commission made clear that deferred accounting was designed to cover costs
21 associated with this type of unanticipated and undeniably serious triggering event. *See In*
22 *re Investigation Related to Deferred Accounting*, Order No. 05-1070, Docket UM 1147
23 (2005).

24 This Application for deferred accounting permits the Commission to support Pacific
25 Power’s efforts to respond responsibly to the December 2007 storm by immediately
26 addressing all safety and service concerns, and conducting subsequent assessment of

1 damage and repairs costs and options. In UM 1147, the Commission made clear that it had
2 discretion and flexibility to allow deferred accounting to encourage utility behavior
3 consistent with good regulatory policy. Order No. 05-1070 at 2.

4 ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where
5 necessary to match appropriately the costs borne by and the benefits received by customers.
6 This standard requires flexibility and an examination of the facts of the case. Order No.
7 05-1070 at 4-5. This request seeks to align the costs of Pacific Power's network service
8 with the benefits customers receive from such service.

9 **C. Proposed Accounting.**

10 During the period of deferral, Pacific Power proposes to account for the deferred
11 costs of the storm by recording the deferral in Account 182.3, Other Regulatory Assets.
12 Pacific Power requests that in accordance with ORS 757.259(3), it be allowed to accrue
13 interest on the unamortized balance at a rate equal to its weighted average cost of capital
14 most recently approved by the Commission. Amortization of the balance would be
15 considered in a subsequent proceeding coincident with inclusion in rates.

16 **D. Estimate of Amounts.**

17 Pacific Power will supplement this Application with an estimate of the costs of the
18 storm damage as soon as these are available. In the event the costs are fully covered by
19 insurance, Pacific Power will withdraw this Application.

20 **E. Notice.**

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

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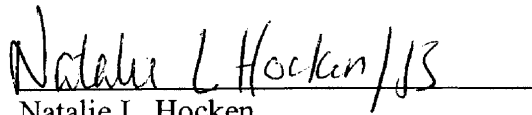
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IV. CONCLUSION

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

DATED: December 4, 2007.



Natalie L. Hocken
General Counsel, Pacific Power

Counsel for PacifiCorp

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EXHIBIT A

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM _____

In the Matter of Application of
PACIFICORP for a Deferred Accounting
Order For Network Damage from December
2007 Windstorm

NOTICE OF APPLICATION

On December 4, 2007, Applicant PacifiCorp dba Pacific Power applied to the Public Utility Commission of Oregon (the "Commission") for authorization to use deferred accounting. Pursuant to ORS 757.259, Pacific Power proposes to defer for later recovery costs associated with network damage from a powerful and sustained rain and windstorm that initially struck Oregon on December 2, 2007.

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

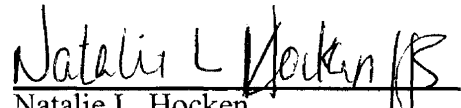
Interested persons can obtain a copy of the Application by contacting:

Joelle Steward
PacifiCorp
825 NE Multnomah St., Ste. 2000
Portland, OR 97232
Telephone: (503) 813-5542

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

1 DATED this 21st day of December, 2007.

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Natalie L. Hocken
Vice President & General Counsel
Pacific Power

Certificate of Service

I hereby certify that I served a true and correct copy of the foregoing Notice of Application on the following named person(s) on the service list for Pacific Power's last General Rate Case, Docket UE 179, on the date indicated below by e-mail and/or first class mail addressed to said person(s) at his or her last known address indicated below:

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Dated: December 4, 2007

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Debbie DePetris
Supervisor, Regulatory Administration