



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

January 22, 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 1360. 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 or initials.

Andrea L. Kelly
Vice President, Regulation

Enclosures

cc: Service List UE 179

1
2
3

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____ /UM 1360

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 Proposals for Flexible Resources
starting in 2012 through 2017

4

I. INTRODUCTION

5

Pursuant to ORS 757.259 and OAR 860-02

6

7-0300, 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 the independent
evaluators (“IEs”) selected and approved by the Commission for the Company’s
solicitation process for flexible resources starting in 2012 through 2017 which the Company
will refer to as the 2008 All Source Request for Proposal (“2008 RFP”).

7

8

9

10

11

12

II. NOTICE

13

Communications regarding this application should be addressed to:

PacifiCorp Oregon Dockets
825 NE Multnomah, Suite 2000
Portland, OR 97235
Email: oregondockets@pacificorp.com

Natalie Hocken
Vice President & General Counsel
Pacific Power
825 NE Multnomah, Suite 2000
Portland, OR 97235
Phone: (503) 813-7205
Email: natalie.hocken@pacificorp.com

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

3 By email (preferred) datarequest@pacificorp.com

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

8 By facsimile (503) 813-6060

9 Informal inquiries may be directed to Joelle Steward, State Regulatory Manager, at
10 (503) 813-5542.

11 III. DEFERRED ACCOUNTING RULE REQUIREMENTS

12 The following information is provided pursuant to the requirements set forth in OAR
13 860-027-0300(3).

14 A. Description of Utility Expense.

15 On December 24, 2007 PacifiCorp filed an application requesting the Commission to
16 open a new docket for approval of a solicitation process for the 2008 RFP and requesting
17 selection of the Oregon IEs under the competitive bidding guidelines established in Docket
18 No. UM 1182, Order No. 06-0446 (“RFP Order”). This filing was assigned Docket No.
19 UM 1360.

20 Guideline 5 of the RFP Order requires an IE in all RFPs. Guideline 5 provides that a
21 utility may request deferred accounting to track the costs of an IE for later inclusion in
22 rates. Consistent with Guideline 5 and based on a recommendation from the Commission
23 Staff to reappoint the same independent evaluators, the Company requested that parties to
24 Docket No. UM 1208 advise the Company of their position on reappointment of the same
25 independent evaluators. Commission Staff, Citizens’ Utility Board of Oregon, NIPPC,
26 Renewable Northwest Project, Industrial Customers of Northwest Utilities and Northwest

1 Energy Coalition all responded to the Company's request supporting the recommendation
2 that Boston Pacific Company, Inc. ("Boston Pacific") and Accion Group ("Accion") be
3 recommended to the Commission for selection as the independent evaluators for the 2008
4 RFP. Boston Pacific and Accion have also indicated a willingness to perform this function
5 for the 2008 RFP, if reappointed. Given the support for retaining the same IEs, the
6 Company requested reappointment of Boston Pacific and Accion.

7 At the Commission Public Meeting on January 8, 2008, the Commission approved
8 Staff's recommendation and selected Boston Pacific and Accion as the Oregon IEs. *See*
9 Staff Report, Docket No. UM 1360 (January 8, 2008 Public Meeting). The Commission
10 also approved Staff's recommendation that the Commission direct PacifiCorp to negotiate a
11 contract with Boston Pacific and the Accion consistent with the RFP Order and subject to
12 Staff's review. Order No. 08-019.

13 PacifiCorp has provided draft contracts to the IEs and Commission Staff for review
14 and intends to execute the contract with the Oregon IEs as soon as practicable. This
15 application seeks deferred accounting for all costs incurred under this contract. Because
16 the Commission may direct PacifiCorp to employ the Oregon IEs even if the Commission
17 does not approve the 2008 RFP, PacifiCorp seeks deferred accounting irrespective of the
18 Commission's decision on approval of the 2008 RFP.

19 **B. Reasons for Deferral.**

20 ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where
21 necessary to match appropriately the costs borne by and benefits received by ratepayers.
22 This request seeks to align the costs of the Oregon IEs and the services that the Oregon IEs
23 will perform on behalf of customers. In its RFP Order, the Commission specifically
24 approved of the use of deferred accounting to match the customer costs and benefits of an
25 IE in this manner.

1 **C. Proposed Accounting.**

2 During the period of deferral, PacifiCorp proposes to account for the deferred costs of
3 the Oregon IE by recording the deferral in Account 182.3, Other Regulatory Assets.
4 PacifiCorp requests that in accordance with ORS 757.259(3), it be allowed to accrue
5 interest on the unamortized balance at a rate equal to its weighted average cost of capital
6 most recently approved by the Commission. Amortization of the balance would be
7 considered in a subsequent proceeding coincident with inclusion in rates.

8 **D. Estimate of Amounts.**

9 PacifiCorp anticipates that the cost of the IE will be approximately \$700,000. It
10 should be noted that this figure is an estimate based on costs associated with the 2012 RFP
11 and will be updated as better information becomes available to the Company.

12 **E. Notice.**

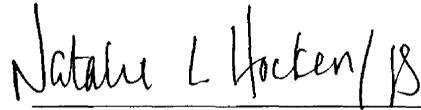
13 A copy of the Notice of Application and a list of persons served with the Notice are
14 attached to this Application as Exhibit A.

1
2
3

IV. CONCLUSION

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

DATED: January 22, 2008.



Natalie L. Hocken
Vice President & General Counsel,
Pacific Power

Counsel for PacifiCorp

EXHIBIT A

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

3 **UM _____ /UM 1360**

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

NOTICE OF APPLICATION

In the Matter of PACIFICORP's Request for
Proposals for Flexible Resources starting in
2012 through 2017

4
5 On January 22, 2008, Applicant PacifiCorp, d.b.a. Pacific Power ("Company")
6 applied to the Public Utility Commission of Oregon ("Commission") for authorization to use
7 deferred accounting.

8 The Company proposes to defer from the date of the application forward the costs
9 associated with the independent evaluators ("IEs") selected and approved by the Commission
10 for the Company's solicitation process for flexible resources starting in 2012 through 2017
11 which the Company will refer to as the 2008 All Source Request for Proposal ("2008 RFP").
12 The Company expects the annual deferral amounts could be up to \$700,000. The Company
13 requests that the deferral continue no longer than twelve months from the date of this filing.

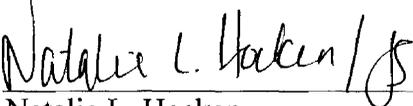
14 The granting of the Application will not authorize a change in rates, but will permit
15 the Commission to consider allowing such deferred amounts in rates in a subsequent
16 proceeding.

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

18
19 Joelle Steward
20 PacifiCorp
21 825 NE Multnomah Street, Suite 2000
22 Portland, OR 97232
23 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 February 18, 2008.

DATED: January 22, 2008.



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 first class mail addressed to said person(s) at his or her last known address indicated below:

Service List UE 179

Jim Deason
Attorney at Law
1 SW Columbia St., Suite 1600
Portland, Or 97258-2014
jimdeason@comcast.net

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

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

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

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

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

OPUC Dockets
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205
dockets@oregoncub.org

Jim Abrahamson
Community Action Directors of Oregon
P.O. Box 7964
Salem, OR 97301
jim@cado-oregon.org

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

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

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

Michael T. Weirich
Department of Justice
1162 Court St. NE
Salem, OR 97301-4096
Michael.weirich@doj.state.or.us

Andrea Fogue
League of Oregon Cities
P.O. Box 928
1201 Court St. NE, Suite 200
Salem, OR 97308
afogue@orcities.org

Katherine A. McDowell
McDowell & Rackner PC
520 SW Sixth Ave, Suite 830
Portland, OR 97204
Katherine@mcd-law.com

Lon L. Peters
Northwest Economic Research, Inc.
607 SE Manchester Place
Portland, OR 97204
lpeters@pacifier.com

Joelle Steward
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Joelle.steward@pacificorp.com

Benjamin Walters
City of Portland – Office of City Attorney
1221 SW 4th Ave, Rm 430
Portland, OR 97204
bwalters@ci.portland.or.us

Richard Gray
City of Portland – Office of Transportation
1221 SW 4th Ave, Rm 430
Portland, OR 97204
Richard.gray@pdxtrans.org

David Tooze
Portland City of Energy Office
721 NW 9th Ave., Suite 350
Portland, OR 97209-3447
dtooze@ci.portland.or.us

Patrick Hager
Portland General Electric
121 SW Salmon St. 1WTC0702
Portland, OR 97204
Pge.opuc.filings@pgn.com

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


Ariel Son
Coordinator, Administrative Services