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Portland, Oregon 97232

May 19, 2010

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301-2551

Attn: Filing Center

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 photovoltaic feed-in tariff program required by ORS 757.365. A copy of the enclosed Notice has been served on all parties in Docket UE 210 as indicated on the attached Certificate of Service.

Informal inquiries may be directed to Joelle Steward at (503) 813-5542.

Very truly yours,

Andrea L. Kelly
Vice President, Regulation

Enclosures
cc: Service List UE 210

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document, in Docket UE 210, on the date indicated below by email and/or US Mail (if paper service was waived), addressed to said parties at his or her last-known address(es) indicated below.

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DATED: May 19, 2010



Ariel Son
Coordinator, Regulatory Administration

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of PACIFICORP d.b.a.
PACIFIC POWER for a Deferred
Accounting Order

**PACIFICORP'S APPLICATION FOR
DEFERRED ACCOUNTING**

I. INTRODUCTION

1
2 Pursuant to ORS 757.365(10), ORS 469A.120(1) and (3), or ORS 757.259 and
3 OAR 860-027-0300, PacifiCorp, d.b.a. Pacific Power (“PacifiCorp” or “Company”) applies
4 to the Public Utility Commission of Oregon (“Commission”) for an order authorizing the
5 Company to defer from the date of this Application forward the costs and expenses
6 associated with the photovoltaic feed-in tariff pilot program, including payments to owners
7 of qualified systems for generation (i.e. a volumetric incentive rate) and costs associated
8 with the administration of the pilot program. The Company may seek amortization of the
9 deferred amount in a future Commission proceeding. The Company waives paper service
10 of documents in this proceeding. Authority to defer the requested costs is necessary to
11 allow the Company to recover costs associated with compliance with ORS 757.365, as
12 required by ORS 757.365(10).

13 The Company has filed its Application in the alternative under ORS 757.365(10),
14 ORS 469A.120(1) and (3), or ORS 757.259 because the Commission has not yet ruled on
15 an application to defer costs associated with compliance with ORS 757.365, so the source
16 of the Commission’s legal authority to allow deferral of such costs has not yet been
17 resolved. As discussed below, ORS 757.365(10) provides the Commission authority
18 independent of other statutes to authorize deferral of costs associated with compliance with

1 ORS 757.365(10). The Company therefore requests that the Commission authorize
2 deferral under that statute. Alternatively, if the Commission finds that ORS 757.365(10)
3 does not provide independent legal authority, such costs are appropriately deferred under
4 ORS 469A.120(1) and (3) as costs associated with compliance with the Oregon Renewable
5 Portfolio Standards (“RPS”). Finally, if the Commission determines that neither
6 ORS 757.365(10) nor ORS 469A.120(1) and (3) allow for deferral of such costs, the
7 Commission should authorize deferral under ORS 757.269.

8 In support of this Application, the Company states:

9 **II. NOTICE**

Oregon Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Phone: 503.813.5542
Email: oregondockets@pacificorp.com

Ryan Flynn
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, Oregon 97232
Phone: 503.813.5854
Email: ryan.flynn@pacificorp.com

10 In addition, PacifiCorp requests that all data requests regarding this Application be sent to the
11 following:

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

13 By regular mail: Data Request Response Center
14 PacifiCorp
15 825 NE Multnomah, Suite 2000
16 Portland, Oregon 97232

17 Informal questions may be directed to Joelle Steward, Regulatory Manager at 503-
18 813-5542.

1 In Docket UM 1330, the Commission approved the renewable adjustment clause
2 (“RAC”) Stipulation³ that outlined the terms and conditions governing the RAC, the
3 automatic adjustment clause established by the Commission as required by
4 ORS 469A.120(3). The parties to the RAC Stipulation agreed to support the use of deferred
5 accounting to allow for an opportunity for recovery of the prudently incurred costs that are
6 authorized by ORS 469A.120(1).⁴ The Commission has authorized the use of deferred
7 accounting as a method for cost recovery of prudently incurred costs relating to RPS
8 compliance.⁵

9 **C. Deferral of the Requested Costs is Authorized by ORS 757.365(10).**

10 Costs associated with the photovoltaic feed-in tariff pilot program are eligible for
11 deferral pursuant to ORS 757.365(10), which requires that all prudently incurred costs
12 associated with compliance with ORS 757.365 are recoverable in rates. Such costs are not
13 currently included in rates. Consequently, without the ability to defer costs associated with
14 compliance with implementing the required pilot program, PacifiCorp will be unable to
15 recover such costs. In order to allow recovery of the costs of compliance as required by
16 ORS 757.365(10), it follows that the Commission must have the authority to allow for
17 deferral of such costs. The Commission should therefore authorize deferral under this
18 section.

19 Although deferral is most appropriate under ORS 757.365(10), ORS 469A.120(1) and
20 (3) also provide legal authority to defer the costs associated with establishing the
21 photovoltaic feed-in tariff pilot program. The costs set forth in this Application are prudently

³ *Re Investigation of Automatic Adjustment Clause Pursuant to SB 838, Docket UM 1330, Order No. 07-572, Appendix A (Dec. 19, 2007) [hereinafter “RAC Stipulation”].*

⁴ *Id.* at 6.

⁵ *See, e.g., Re PacifiCorp Application to Defer Costs Related to the Renewable Resource Known as High Plains, Docket UM 1453, Order No. 10-031 (February 3, 2010).*

1 incurred costs relating to RPS compliance pursuant to ORS 757.365(8) and
2 ORS 469A.120(1). Because the Commission has allowed for deferral of costs associated
3 with RPS compliance pursuant to ORS 469A.120(1) and (3), deferral of the costs set forth in
4 this Application is appropriate under ORS 469A.120(1) and (3).

5 Finally, if the Commission determines that the requested deferral is not appropriate
6 under ORS 757.365(10) or ORS 469A.120, the Company requests that the Commission
7 allow deferral under ORS 757.259(2)(e) in order to match appropriately the costs borne by
8 and benefits received by ratepayers. However, authorizing the deferral under this statute
9 could result in the Company not recovering all prudently incurred costs associated with
10 compliance of ORS 757.365 because of the operation of the earnings test required by the
11 general deferral statute. *See* ORS 757.269(5). Deferral under ORS 757.365, as proposed by
12 the Company in this Application, would avoid such a result and would therefore be
13 consistent with ORS 757.365(10).

14 **IV. DEFERRAL OF COSTS**

15 **A. Description of Utility Expense.**

16 The Company requests authority to defer costs associated with the solar photovoltaic
17 pilot program. In preparation for the July 1, 2010 start date, the Company is in the process of
18 setting up internal processes in order to implement the program in a cost-effective and
19 nondiscriminatory manner. Because the Company is presently incurring costs and expenses
20 associated with the program, the Company is filing this deferral at this time. The costs to be
21 deferred would include any administrative, marketing, metering, incentive payments and any
22 other costs incurred by PacifiCorp for purposes of implementing the pilot program.

1 **B. Reasons for Deferral.**

2 As described above, ORS 757.365 requires the implementation and administration of
3 the solar photovoltaic pilot program. The statute also provides that prudently incurred
4 costs associated with compliance with the statute are recoverable in rates. Moreover, the
5 RECs associated with generation sold to the utility under ORS 757.365 may be used to
6 comply with the Oregon RPS, which also requires cost recovery of prudently incurred costs
7 associated with compliance. ORS 469A.120(1). Costs associated with compliance with
8 ORS 757.365 are not currently included in rates. Accordingly, the deferral application is
9 necessary to allow for recovery of the costs as contemplated by ORS 757.365(10) and
10 ORS 469A.120(1). Deferred accounting will allow the Company to match the benefits that
11 customers will be receiving with the costs to the Company of providing those benefits.

12 **C. Proposed Accounting.**

13 During the period of deferral, PacifiCorp proposes to account for the deferred costs of
14 the solar photovoltaic pilot program by recording the deferral in Account 182.3, Other
15 Regulatory Assets.

16 **D. Estimate of Amounts.**

17 Costs and expenses of the solar photovoltaic pilot program include the payment of
18 volumetric incentive rates and program administration costs to implement and administer
19 the program. At this time, it is difficult to estimate the amount of any deferrals, since the
20 ultimate outcome will depend on the program's effectiveness, including actual participation
21 levels and the types of systems to be installed. Further, the Commission's ultimate
22 determination of the volumetric incentive rate will significantly impact total deferred
23 amounts. Many of these requirements are subject to future Commission determination. In

1 this context, the Company estimates that the incremental costs may range from \$1,000,000
2 to \$1,200,000 annually for the first four years.

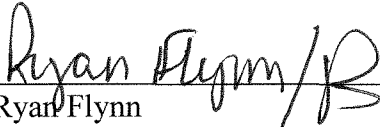
3 **E. Notice.**

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

6 **V. CONCLUSION**

7 Deferral of the costs described in this Application is necessary to allow recovery of
8 prudently incurred costs associated with compliance with ORS 757.365 and the Oregon
9 RPS. Therefore, PacifiCorp respectfully requests that, in accordance with
10 ORS 757.365(10), the Commission authorize the Company to defer costs associated with
11 compliance with ORS 757.365 as required by statute. In the alternative, the Company
12 requests that if the Commission determines that ORS 757.365(10) does not authorize
13 deferral, the Commission authorize deferral under ORS 469A.120(1) and (3). Finally, if
14 the Commission finds that deferral is not appropriate under ORS 757.365(10) or
15 ORS 469A.120(1) and (3), the Company requests that the Commission authorize the
16 deferral under ORS 757.259.

DATED: May 19, 2010.



Ryan Flynn
Senior Counsel, Pacific Power

Counsel for PacifiCorp

EXHIBIT A

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

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

NOTICE OF APPLICATION

On May 19, 2010, Applicant PacifiCorp, d.b.a. Pacific Power (“Company”) applied to the Public Utility Commission of Oregon (“Commission”) for authorization to use deferred accounting for expenses associated with a photovoltaic pilot program required by ORS 757.365.

The Company proposes to defer from the date of the application forward the costs and expenses associated with the implementation of a solar feed-in tariff. Though difficult to estimate at this time, the Company has estimated that the annual deferral amounts could be \$1,000,000 to \$1,200,000 for the first four years. The Company requests that the deferral continue no longer than twelve months from the date of this filing.

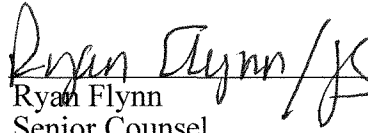
The granting of the Application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

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

Joelle Steward
PacifiCorp
825 NE Multnomah Street, Ste 2000
Portland, OR 97232
Phone: (503) 813-5542

Any person may submit to the Commission written comment on the Application, in accordance with the procedures prescribed by the Commission. The deadline for comments on the application is June 14, 2010.

DATED: May 19, 2010



Ryan Flynn
Senior Counsel
Pacific Power