



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

May 15, 2014

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

Public Utility Commission of Oregon
3930 Fairview Industrial Dr. S.E.
Salem, OR 97302-1166

Attn: Filing Center

**RE: Docket UM _____
PacifiCorp's Application for Approval of Deferred Accounting of Net Power Cost
Variances**

PacifiCorp d/b/a Pacific Power submits for filing an original and five copies of its Application for Approval of Deferred Accounting of Net Power Cost Variances.

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 Natasha Soares, Director, Regulatory Affairs and Revenue Requirement, at (503) 813-6583.

Sincerely,

R. Bryce Dalley
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred
Accounting of Net Power Cost Variances.

**APPLICATION FOR DEFERRED
ACCOUNTING**

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I. INTRODUCTION

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Under ORS 757.210, ORS 757.259, and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) requests an accounting order authorizing PacifiCorp to defer for later ratemaking treatment annual net power cost variances under Schedule 206, as authorized by Order No. 12-493. PacifiCorp seeks authorization of this deferral to facilitate rate changes under the Company's power cost adjustment mechanism (PCAM) if net power cost variances in 2014 exceed the deadbands and other limitations in Order No. 12-493.

8

II. NOTICE

9

Communications regarding this application should be addressed to:

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

Sarah K. Wallace
Assistant General Counsel
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
sarah.wallace@pacificorp.com

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In addition, the Company requests that all data requests regarding this application be

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sent to the following:

12

By email (preferred): datarequest@pacificorp.com

13

By regular mail: Data Request Response Center

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PacifiCorp

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825 NE Multnomah Street, Suite 2000

16

Portland, OR 97232

1 Informal questions may be directed to Natasha Siores, Director of Regulatory Affairs
2 and Revenue Requirement, at 503-813-6583.

3 **III. OAR 860-027-0300(3) REQUIREMENTS**

4 **A. Description**

5 PacifiCorp seeks authorization from the Public Utility Commission of Oregon
6 (Commission) to accrue, for future amortization, the difference between actual annual net
7 power costs and forecasted annual net power costs, in accordance with Order No. 12-493.
8 The annual variance will be determined under the terms of Order No. 12-493, which includes
9 a deadband, a sharing band, and an earnings test.

10 **B. Reasons for Deferral**

11 In Order No. 12-493, the Commission ordered the adoption of a PCAM for
12 PacifiCorp. The PCAM provides for recognition in rates of the difference, for a given year,
13 between the actual annual net power costs incurred by PacifiCorp and forecast annual net
14 power costs, subject to certain limitations. The Company's PCAM became effective in 2013
15 with the filing of Schedule 206. PacifiCorp's net power cost variances in 2013, however,
16 were insufficient to trigger rate changes under the PCAM.

17 Given unfavorable hydro conditions in the Northwest, the Company anticipates that
18 its net power cost variances in 2014 may exceed the deadbands and other PCAM limitations
19 in Order No. 12-493. For this reason, the Company is seeking authorization to defer net
20 power cost variances in excess of the deadbands and other PCAM limitations for possible
21 later inclusion in rates. This deferral is intended to capture the net annual power cost
22 difference exceeding those limitations that will then be amortized in rates through the
23 PCAM.

1 This deferral is filed in accordance with Order No. 12-493 and ORS 757.259(2)(e).

2 This deferral will minimize the frequency of rate changes or the fluctuation of rate levels or
3 match appropriately the costs borne by and benefits received by customers.

4 **C. Proposed Accounting**

5 PacifiCorp records revenues and expenses that would be subject to the deferral order
6 in accordance with the Code of Federal Regulations (CFR) to FERC Account 501 (Fuel),
7 FERC Account 503 (Steam from Other Sources), FERC Account 547 (Fuel), FERC Account
8 447 (Sales for Resale), FERC 565 (Transmission by Others), and FERC 555 (Purchased
9 Power). Upon receiving approval of a deferral, PacifiCorp proposes to record the deferred
10 amount by debiting FERC Account 182.3 (Regulatory Assets) and crediting FERC Account
11 555 (Purchased Power) if there is an amount to collect from customers. If there is a refund to
12 customers, PacifiCorp would record the accrued amount in FERC Account 254 (Regulatory
13 Liabilities) and debiting FERC Account 555 (Purchased Power).

14 **D. Estimate of Amounts**

15 PacifiCorp is unable to provide an estimate of the deferred amount because it is a
16 function of several unknown and unpredictable factors. PacifiCorp requests that, under
17 Order No. 05-1070, it be allowed to accrue interest on the unamortized balance at a rate equal
18 to its authorized weighted average cost of capital most recently approved by the Commission.

19 **E. Notice**

20 A copy of the Notice of Application for Deferred Accounting and a list of persons
21 served with the notice are included with this filing as Attachment A.

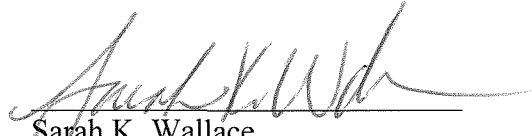
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IV. CONCLUSION

Deferred accounting treatment is an appropriate, just, and reasonable means of implementing Order No. 12-493. For the reasons stated above, PacifiCorp requests permission to defer annual net power cost variances in accordance with Order No. 12-493.

Respectfully submitted this 15th day of May, 2014.

By:



Sarah K. Wallace
Assistant General Counsel
PacifiCorp d/b/a Pacific Power

ATTACHMENT 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
of Net Power Cost Variances

**NOTICE OF
APPLICATION FOR DEFERRED
ACCOUNTING**

On May 15, 2014, PacifiCorp d/b/a Pacific Power filed an application with the Public Utility Commission of Oregon (Commission) for an order authorizing the Company to defer for later ratemaking treatment annual net power cost (NPC) variances under Schedule 206, as authorized by Order No. 12-493. PacifiCorp seeks authorization of this deferral to facilitate rate changes under the Company's power cost adjustment mechanism if NPC variances in 2014 exceed the deadbands and other limitations in Order No. 12-493. To obtain a copy of the application, contact the following:

Oregon Dockets
825 NE Multnomah, Suite 2000
Portland, OR 97232
Telephone: (503) 813-6583
E-mail: oregondockets@pacificcorp.com

Any person may submit written comments to the Commission regarding the application by June 16, 2014.

Respectfully submitted on May 15, 2014.

By:



Sarah K. Wallace
Assistant General Counsel
PacifiCorp d/b/a Pacific Power

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of Pacific Power's Notice of Application of Deferred Accounting on the parties listed below via electronic mail and/or US mail in compliance with OAR 860-001-0180.

UE 263

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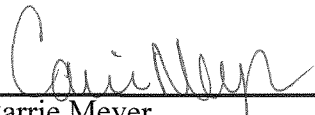
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Dated this 15th day of May, 2014.



Carrie Meyer
Supervisor, Regulatory Operations