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December 12, 2007

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

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97310-2551

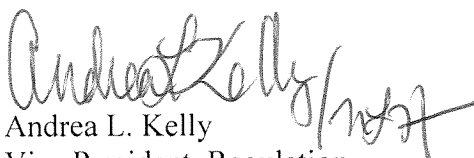
Attn: Vikie Bailey-Goggins, Administrator
Regulatory Operations

RE: Application of PacifiCorp for Reauthorization of Deferred Accounting
Docket UM 1285

Enclosed for filing by PacifiCorp d.b.a. Pacific Power is an Application for Reauthorization of Deferred Accounting for independent evaluator costs associated with PacifiCorp's Request for Proposals. A copy of the enclosed Notice has been served on all parties in Dockets UE 179 and UM 1285 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 Dockets UE 179 and UM 1285

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

3 **UM 1285 (2) /UM 1208**

4 In the Matter of the Application of
5 PACIFICORP for a Deferred Accounting
6 Order

**PACIFICORP'S APPLICATION FOR
REAUTHORIZATION OF DEFERRED
ACCOUNTING**

7 In the Matter of PACIFICORP's Draft
8 2012 Request for Proposals

9 **I. INTRODUCTION**

10 On November 9, 2006, under ORS 757.259 and OAR 860-027-0300, PacifiCorp (or
11 the Company) applied to the Commission for an order authorizing the Company to defer
12 costs associated with an independent evaluator (IE) selected by the Public Utility
13 Commission of Oregon for PacifiCorp's Request for Proposals (RFP). In Order No. 07-
14 0145, the Commission approved the Company's application for deferred accounting.
15 Because the RFP process has extended beyond the date originally expected, the Company
16 is hereby submitting this application to the Commission for an order reauthorizing the
17 Company to defer costs associated with the IEs from the date of this Application forward.

18 **II. NOTICE**

19
20 Communications regarding this application should be addressed to:

21 Oregon Dockets
22 PacifiCorp
23 825 NE Multnomah, Suite 2000
24 Portland, OR 97232
25 Telephone: (503) 813-5542
26 Email: oregondockets@pacificorp.com

Natalie Hocken
General Counsel, Pacific Power
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Telephone: (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 III. DEFERRED ACCOUNTING RULE REQUIREMENTS

10 The following information is provided pursuant to the requirements set forth in OAR
11 860-027-0300(3).

12 A. Description of Utility Expense.

13 On July 11, 2006 PacifiCorp filed its final draft RFP with the Commission, under the
14 competitive bidding guidelines established in Commission Order 91-1383. This filing was
15 made in Docket No. UM 1208. On August 10, 2006, the Commission issued new
16 competitive bidding guidelines in Order No. 06-446 in Docket No. UM 1182 (“the RFP
17 Order”). The RFP Order provided that it would be applied to all pending and future RFP
18 proceedings. On August 30, 2006, PacifiCorp submitted its compliance filing with the RFP
19 Order in Docket No. UM 1208.

20 Oregon Guideline 5 of the RFP Order requires an IE in all RFPs. Oregon Guideline 5
21 provides that a utility may request deferred accounting to track the costs of an IE for later
22 inclusion in rates. Additionally, Oregon Guideline 6 requires the utility to consult with the
23 IE on RFP design.

24 At the time of issuance of the RFP Order, PacifiCorp’s RFP was staffed with an IE
25 selected by the Utah Commission, Merrimack Energy Group. Consistent with Utah law,
26 the RFP includes bid fees which will be used toward payment of the Utah IE’s costs.

1 PacifiCorp proposed that the Oregon Commission rely on the IE selected by the Utah
2 Commission to satisfy Oregon Guideline 5. PacifiCorp noted that the Commission could
3 give specific direction to this IE regarding oversight of the RFP under Oregon's
4 competitive bidding guidelines and that the Commission's RFP Order agreed to give due
5 consideration to an IE already selected for the RFP by another state commission.
6 Additionally, because the Utah IE was in the process of reviewing and commenting on RFP
7 design, PacifiCorp proposed that the Oregon Commission rely upon this review to satisfy
8 Oregon Guideline 6. Among other reasons, PacifiCorp noted that this approach would
9 avoid the expense of retention of a second IE for this RFP.

10 On September 5, 2006, the parties to the Oregon RFP docket filed comments
11 objecting to the use of the IE selected by the Utah Commission to satisfy Oregon Guideline
12 5. The parties also asserted the need for a separate review of RFP design by an Oregon IE.
13 Based upon these positions, Oregon Staff recommended appointment of an Oregon IE for
14 the RFP and a conditional approval process to permit the Oregon IE to conduct an RFP
15 design review. *See Staff Report, Docket No. UM 1208 (September 19, 2006 Public*
16 *Meeting).*

17 At the Commission Public Meeting on September 19, 2006, the Commission
18 approved the Staff's recommendation for selection of an Oregon IE. *See In re PacifiCorp's*
19 *RFP, Order 06-550 (September 26, 2006).* At the public meeting, PacifiCorp did not object
20 to the selection of an Oregon IE, but noted that the RFP bid fees would not cover the costs
21 of the Oregon IE. Therefore, PacifiCorp stated that it planned to file a deferred accounting
22 application to cover the costs of the Oregon IE, as contemplated by Oregon Guideline 5.
23 No party objected to PacifiCorp's proposal to seek deferred accounting for these costs.

24 At the Commission Public Meeting on November 7, 2006, the Commission approved
25 Staff's recommendation and selected Boston Pacific and the Accion Group as the Oregon
26 IE. *See Staff Report, Docket UM No. 1208 (November 7, 2006 Public Meeting).* The

1 Commission also approved Staff's recommendation that the Commission direct PacifiCorp
2 to negotiate a contract with Boston Pacific and the Accion Group consistent with the RFP
3 Order and Staff's Oregon IE solicitation, subject to Staff's review.

4 PacifiCorp subsequently executed a contract with the Oregon IEs for a scope of work
5 starting November 8, 2006 and filed its application for deferred accounting on November 9,
6 2006. In Order No. 07-145, the Commission approved PacifiCorp's application for
7 *deferred accounting for IE costs associated with its RFP and interest accrual thereon.*

8 PacifiCorp subsequently executed an extension to the original contract with the Oregon IEs
9 on October 10, 2007 to cover the additional work to be performed by the Oregon IEs.

10 PacifiCorp now seeks reauthorization of its deferred accounting application.

11 **B. Reasons for Deferral.**

12 ORS 757.259(2)(e) allows the deferral of utility expenses or revenues where
13 necessary to match appropriately the costs borne by and benefits received by ratepayers.
14 This request seeks to align the costs of the Oregon IE and the services that the Oregon IE
15 will perform on behalf of ratepayers. In its RFP Order, the Commission specifically
16 approved of the use of deferred accounting to match the ratepayer costs and benefits of an
17 IE in this manner.

18 **C. Proposed Accounting.**

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

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1 **D. Estimate of Amounts.**

2 From November 9, 2006 through November 8, 2007, PacifiCorp has incurred
3 approximately \$620,000. PacifiCorp anticipates that the total cost of the IE will be
4 approximately \$750,000.


5 **E. Notice.**

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

8 **IV. CONCLUSION**

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

11 DATED: December 12, 2007.

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14 Natalie L. Hocken
15 General Counsel, Pacific Power

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Counsel for PacifiCorp

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1285 (2)

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

In the Matter of PACIFICORP's Draft
2012 Request for Proposals

NOTICE OF APPLICATION

On December 12, 2007, Applicant PacifiCorp dba Pacific Power applied to the Public Utility Commission of Oregon (the "Commission") for reauthorization to use deferred accounting. Pursuant to ORS 757.259, Pacific Power proposes to continue to defer for later recovery costs associated with the independent evaluator selected by the Public Utility Commission of Oregon for PacifiCorp's Request for Proposals (RFP).


The granting of the Application for reauthorization 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

1 Any person may submit to the Commission written comment on the Application, in
2 accordance with procedures prescribed by the Commission. The deadline for comments on
3 the Application is January 11, 2008.

4 DATED this 12th day of December, 2007.

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7 Natalie L. Hocken
8 Vice President & General Counsel
9 Pacific Power
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1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing Notice of
3 Application on the following named person(s) in Docket Nos. UE 179 and UM 1285 on the
4 date indicated below by e-mail and/or first class mail addressed to said person(s) at his or her
5 last known address indicated below:

6	JIM DEASON (C) ATTORNEY AT LAW	1 SW COLUMBIA ST, SUITE 1600 PORTLAND OR 97258-2014 jimdeason@comcast.net
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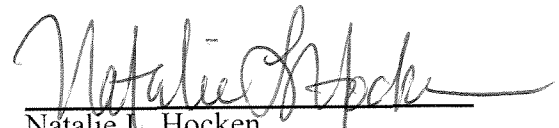
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