

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1338(1)

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	ORDER
)	
Application for an Accounting Order Approving)	
Deferral of Costs Relating to Renewable)	
Resources Pursuant to Senate Bill 838.)	

DISPOSITION: APPLICATION APPROVED

On August 29, 2008, PacifiCorp, dba Pacific Power (Pacific Power) filed a request with the Public Utility Commission of Oregon (Commission) to reauthorize the deferral of costs related to renewable resources for the period of September 1, 2008 through December 31, 2008. The filing was made pursuant to ORS 469 A.12(1) and (3) and OAR 860-027-0300. Deferred accounting in this docket related to renewable resources was initially approved by the Commission in Order No. 07-457. A full description of the filing and Staff's recommendation are contained in the Staff Report, attached as Appendix A and incorporated by reference.

At its Public Meeting on October 21, 2008, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that Pacific Power's request to defer costs related to renewable resources for the period of September 1, 2008 through December 31, 2008, is approved.

Made, entered, and effective OCT 22 2008.

BY THE COMMISSION:



Becky L. Beier
Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 21, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE September 1, 2008

DATE: October 6, 2008

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *MS* Lee Sparling, *EB* Ed Busch, and *JJ* Judy Johnson

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1338(1)) Reauthorizes deferred accounting related to renewable resource projects.

STAFF RECOMMENDATION:

I recommend the Commission approve Pacific Power & Light's request for reauthorization to defer costs related to renewable resources for the period of September 1, 2008 through December 31, 2008.

DISCUSSION:

Pursuant to ORS 469 A.12(1) and (3) and OAR 860-027-0300, Pacific Power & Light (PPL or company) is seeking reauthorization¹, to continue to defer costs incurred for the Leaning Juniper and Marengo wind resources, and the Blundell Bottoming Cycle geothermal plant (Blundell.) These costs include but are not limited to: (1) return on the plant investment at the most recently authorized rate of return; (2) a project-specific forecasted fixed operation and maintenance expense; (3) depreciation expense; (4) applicable property taxes; and, (5) tax credits.

The current application is also in accordance with the Commission-approved stipulation in Docket No. UM 1330, Order No. 07-572, regarding the company's Renewable Adjustment Clause (RAC). In the stipulation, the parties agreed to support the use of deferred accounting to allow for the recovery of prudently incurred costs of an eligible resource for the period of time between the in-service date and when the resource costs are incorporated into rates. The short deferral period (September 1, 2008 through December 31, 2008) requested in this application reflects the difference between the end of the current deferral and the expected inclusion of these resources into rates.

¹ Deferred accounting in this docket related to renewable resources was initially approved by the Commission at its Public Meeting on October 23, 2007. See Order No. 07-457.

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The in-service dates for the three resources are as follows: Leaning Juniper September 2006, Marengo August 2007, and Blundell December 2007. The net power cost (NPC) benefits for all three resources are currently included in rates for 2008 through the Transition Adjustment Mechanism (2008 TAM.)² For 2009, the company has included these resources in its RAC filing, docketed as UE 200, with rates to be effective January 1, 2009. The associated NPC benefits are included in the 2009 TAM, docketed as UE 199.

In its filing, the company states that it may seek to begin amortization of the deferred cost balance related to this application prior to December 31, 2008 to match the costs and benefits of the resources in rates and to minimize carrying charges. Amortization of the deferred costs could not be reflected in rates until such time as the Commission approves the inclusion of the prudently incurred costs for these resources into rates.

PPL proposes to continue to record the deferred costs of these three resources in Account 182.3, Other Regulatory Assets, and estimates that approximately \$3.6 million will be deferred for the period of this deferral reauthorization.

For this filing, PPL has met the requirements of OAR 860-027-0300.

PROPOSED COMMISSION MOTION:

PPL's application for reauthorization of deferred accounting related to renewable resources be approved for accounting purposes only for the period of September 1, 2008 through December 31, 2008.

PPL UM 1338(1) RAC related deferral

² See Order No. 07-446 in Docket No. 191.