

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 12, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE January 22, 2008

DATE: January 25, 2008

TO: Public Utility Commission

FROM: Deborah Garcia

THROUGH: Lee Sparling, Ed Busch, and Judy Johnson

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1363) Defers costs associated with the independent evaluators for the solicitation process established in Docket UM 1360 for flexible resources beginning 2012 through 2017.

STAFF RECOMMENDATION:

I recommend that Pacific Power & Light's application in this filing be approved.

DISCUSSION:

In accordance with the competitive bidding guidelines associated with the acquisition of resources that were established by Order No. 06-446 (RFP Order) in Docket No. UM 1182, Pacific Power & Light (PPL or company) filed a request¹ for Commission approval to establish a solicitation process for 2008 and to select Oregon Independent Evaluators (IE). At its January 8, 2008, Public Meeting, the Commission approved PPL's request and selected Boston Pacific Company, Inc. and Accion Group as the 2008 IE. PPL has provided draft contracts to the 2008 IE and Commission Staff for review and intends to execute the contract with the Oregon IE as soon as practicable. PPL's current request to establish a deferral account to track the expense associated with the 2008 IE for later inclusion in rates is consistent with guideline 5 of the RFP Order.

Reason for Deferral -- Adoption of this deferred account is authorized by 757.259(2)(e) in order to minimize the frequency of rate changes or fluctuation of rate levels. PPL has met the requirements of OAR 860-027-0300 in its filing.

¹ Docket No. UM 1360

Proposed Accounting -- The proposed deferrals would be recorded in Account 182.3, Other Regulatory Assets. PPL also requests that it be allowed to accrue interest on the unamortized balance at a rate equal to its weighted average cost of capital most recently approved by the Commission.

Estimated Deferrals in Authorization Period – PPL estimates the cost of the IE to be \$700,000 but notes that the estimated amount is based on costs associated with the 2012 RFP and will be updated as better information becomes available.

PROPOSED COMMISSION MOTION:

PPL's filing, docketed as UM 1363, be approved for accounting purposes only with amortization of the balance to be considered in a subsequent proceeding coincident with inclusion in rates.