



March 1, 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: Advice No. 10-003, Docket No. UE-____
In the Matter of PacifiCorp's Filing of Revised Tariff Schedules for Electric Service in Oregon

Enclosed for filing by PacifiCorp dba Pacific Power are an original and 30 copies of the following proposed tariff pages associated with the Company's Tariff P.U.C. OR No. 35 applicable to electric service in the State of Oregon, together with the Pretrial Brief, supporting direct testimony and exhibits. The tariffs reflect an effective date of March 31, 2010. Provided on the enclosed CDs (3) are electronic versions of the testimony, exhibits and workpapers, in their original format when available.

Thirty-second Revision of Sheet No. B-1		Tariff Index Sheet
Eighth Revision of Sheet No.4	Schedule 4	Residential Service Delivery Service
Thirteenth Revision of Sheet No. 15-1	Schedule 15	Outdoor Area Lighting Service No
		New Service Delivery Service
Seventh Revision of Sheet No. 23-1	Schedule 23	General Service – Small
		Nonresidential
		Delivery Service
Fifth Revision of Sheet No. 28-1	Schedule 28	General Service – Large
		Nonresidential - Less than 1,000 kW
		Delivery Service
Fifth Revision of Sheet No. 30-1	Schedule 30	General Service-Large Nonresidential
		201 KW to 999 KW Delivery Service
Ninth Revision of Sheet No. 41-1	Schedule 41	Agricultural Pumping Service
		Delivery Service
Seventh Revision of Sheet No. 47-1	Schedule 47	Large General Service/Partial
		Requirements Service – Nameplate
		Rating 1,000 kW and Over Delivery
		Service
Seventh Revision of Sheet No. 48-1	Schedule 48	Large General Service - 1,000 kW and
		Over Delivery Service
Fourteenth Revision of Sheet No. 50-1	Schedule 50	Mercury Vapor Street Lighting
		Service No New Service Delivery
		Service

Fourteenth Revision of Sheet No. 51-1	Schedule 51	High Pressure Sodium Vapor Street Lighting Service/Company-Owned System Delivery Service
Twelfth Revision of Sheet No. 52-1	Schedule 52	Street Lighting Service Company-Owned System Delivery Service
Thirteenth Revision of Sheet No. 53-1	Schedule 53	Street Lighting Service Consumer-Owned System Delivery Service
Eighth Revision of Sheet No. 54-1	Schedule 54	Recreational Field Lighting Restricted Delivery Service
Third Revision of Sheet No. 76R-1	Schedule 76R	Large General Service/Partial Requirements Service – Economic Replacement Power Rider Delivery Service
Original Sheet No. 80	Schedule 80	Populus to Ben Lomond Cost Recovery Charge
Sixteenth Revision of Sheet No. 200-1	Schedule 200	Cost-Based Supply Service
Sixteenth Revision of Sheet No. 200-2	Schedule 200	Cost-Based Supply Service
Fifteenth Revision of Sheet No. 200-3	Schedule 200	Cost-Based Supply Service
Sixth Revision of Sheet No. 299	Schedule 299	Rate Mitigation Adjustment
Sixth Revision of Sheet No. 723-1	Schedule 723	General Service – Small Nonresidential Direct Access Delivery Service
Fifth Revision of Sheet No. 728-1	Schedule 728	General Service – Large Nonresidential 31KW to 200KW Direct Access Delivery Service
Fifth Revision of Sheet No. 730-1	Schedule 730	General Service – Large Nonresidential 201KW to 999KW Direct Access Delivery Service
Seventh Revision of Sheet No. 741-1	Schedule 741	Agricultural Pumping Service Direct Access
Sixth Revision of Sheet No. 747-1	Schedule 747	Large General Service Partial Requirements Service – 1,000 KW and Over Direct Access Delivery Service
Eighth Revision of Sheet No. 748-1	Schedule 748	Large General Service 1,000 KW and Over Direct Access Delivery Service
Thirteenth Revision of Sheet No. 751-1	Schedule 751	High Pressure Sodium Vapor Street Lighting Service - Company-Owned System Direct Access Delivery Service
Tenth Revision of Sheet No. 752	Schedule 752	Street Lighting Service Company Owned System Direct Access Delivery Service
Tenth Revision of Sheet No. 753	Schedule 753	Street Lighting Service Consumer Owned System Direct Access Delivery service

Eighth Revision of Sheet No. 754	Schedule 754	Recreational Field Lighting Restricted Direct Access Delivery Service
Third Revision of Sheet No. 776R-1	Schedule 776R	Large General Service/Partial Requirements Service – Economic Replacement Service Rider Direct Access Delivery Service

It is respectfully requested that all data requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com.

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 300
Portland, OR 97232

Please address all communications related to this filing to:

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Please direct informal correspondence and questions regarding this filing to Joelle Steward, Regulatory Manager, at (503) 813-5542.

A copy of this filing has been served on all parties to PacifiCorp's last general rate case proceeding, UE 210, as indicated on the attached certificate of service.

Very truly yours,


Andrea L. Kelly
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE _____

In the Matter of
PACIFICORP, dba PACIFIC POWER's
Filing Of Revised Tariff Schedules for
Electric Service in Oregon

PACIFICORP'S PRETRIAL BRIEF

1 **I. INTRODUCTION**

2 Pursuant to ORS 757.205 and ORS 757.220, PacifiCorp d.b.a Pacific Power
3 ("PacifiCorp" or "Company"), is filing a general rate increase to revise its tariff schedules
4 to adjust prices for its Oregon electric customers. The revised rates produce revenues
5 necessary to sustain a stable, reliable, and low-cost power supply, while preserving the
6 Company's ability to attract capital for future investments in system infrastructure. The
7 Company files this brief in accordance with OAR 860-013-0075.

8 PacifiCorp is an electric company and public utility in the state of Oregon within
9 the meaning of ORS 757.005, and is subject to the Public Utility Commission of Oregon's
10 ("Commission") jurisdiction with respect to prices and terms of electric service to retail
11 customers in Oregon. The Company provides electric service to approximately 580,000
12 retail customers in Oregon and approximately 1.7 million total retail customers in
13 Washington, California, Idaho, Oregon, Utah, and Wyoming. PacifiCorp's principal place
14 of business is Portland, Oregon.

1 Communications regarding this filing should be addressed to:

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2 In addition, PacifiCorp requests that all data requests be sent to the following:

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, Oregon 97232

8 II. CASE SUMMARY

9 This case is based upon a historical base period of 12-months ending June 2009,
10 with normalizing and pro forma adjustments to calculate a calendar year 2011 future test
11 period. The new rates will become effective no later than January 1, 2011, assuming
12 application of the full nine-month statutory suspension period to the 30-day effective date
13 now contained in the tariffs. As such, the rate effective period aligns closely with the test
14 period in this case.

15 A. Return on Equity

16 PacifiCorp is forecast to earn a return on equity (“ROE”) in Oregon of 3.8 percent for
17 the test period. In this case, the Company seeks an ROE of 10.6 percent. This ROE is
18 necessary to maintain the financial integrity of the Company, while ensuring its ability to

1 provide safe, efficient, and reliable service to its Oregon customers. Significantly, the
2 requested 10.6 percent ROE is at the low range of ROE recommended by the Company's
3 cost of equity expert, Dr. Samuel C. Hadaway. This filing supports an overall price
4 increase of \$130.9 million, or 13.1 percent, required to produce the 10.6 percent ROE.
5 Notwithstanding this increase, PacifiCorp's Oregon customers continue to benefit from
6 some of the lowest electricity rates in the country.

7 **B. New Investment is Primary Cost Driver**

8 The Company's need for this rate increase is primarily driven by on-going new
9 investments in the system required to provide safe, adequate and reliable service to
10 customers in Oregon. This case includes investments in all facets of the system, including
11 transmission, generation and distribution investment, all of which help to bolster reliability
12 and improve power delivery. This filing includes an increase in Oregon-allocated net
13 electric plant in service of more than \$470 million over what was included in the
14 Company's filing in the 2009 rate case in Docket UE 210 ("UE 210").

15 **1. Transmission Investments**

16 The most significant new investment in this case is the Populus to Terminal
17 transmission line, which is the first segment to be constructed of the Company's Energy
18 Gateway transmission plan. The Populus to Terminal transmission line will increase
19 capacity of a key transmission path necessary to enhance reliability and transfer capability
20 between the Company's east and west control areas, facilitate the delivery of power from
21 wind projects, and provide greater flexibility and the opportunity to consider additional
22 options regarding planned generation capacity additions.

1 **2. Wind Generation Resources**

2 This case also includes the addition of Dunlap I and McFadden Ridge I--two new
3 wind generation resources which together add an additional 139.5 MW of cost-effective
4 renewable resources to the Company's portfolio. The acquisition of the new wind
5 generation resources is consistent with PacifiCorp's integrated resource planning ("IRP")
6 process and commitments made during the MidAmerican Energy Holdings Company
7 ("MEHC") acquisition of PacifiCorp.

8 **3. Other New Additions**

9 Other new additions in this case include generation investments for environmental
10 improvements at the Dave Johnston Unit 3 power plant located in Wyoming; hydro
11 investments to conform with relicensing agreements for the Lewis River and North
12 Umpqua hydro systems; and on-going investments in other transmission projects and the
13 Oregon distribution system.

14 **4. Prudently Incurred/Used and Useful**

15 All of the resources and investments included in rates by the Company for this case
16 reflect prudently incurred costs for resources and investments that either are or will be used
17 and useful for service to PacifiCorp's Oregon customers prior to the rate effective date of
18 January 1, 2011. The Company is, however, proposing a separate tariff to recover the
19 investment in the second phase of the Populus to Terminal transmission line (i.e., Populus
20 substation to Ben Lomond substation), which is expected to be in service by December 31,
21 2010. Since the projected in-service date is only one day prior to the January 1, 2011 rate
22 effective date for this case, the Company has separated the revenue requirement associated
23 with this phase in the event the project completion is delayed. In the event of a delay

1 beyond the expected December 31, 2010 in service date, the Company proposes that the
2 separate tariff go into effect after January 1, once the Company has certified that the line is
3 in service and used and useful. Although the construction is currently on schedule and no
4 delay is expected, the Company is proposing this separate tariff out of an abundance of
5 caution and to alleviate any concerns about the timing of this major resource addition,
6 while also allowing timely inclusion in rates and timely cost recovery.

7 **C. Klamath Hydroelectric Settlement Agreement (“KHSA”)**

8 The KHSA was executed on February 18, 2010 by thirty different parties, including
9 PacifiCorp, the U.S. Department of the Interior, the states of Oregon and California and
10 parties representing tribes, counties, irrigation districts, fisherman, environmentalists and
11 other organizations. Consistent with Senate Bill 76 passed by the 2009 Oregon Legislature,
12 the revenue requirement in this proceeding includes accelerated depreciation of the existing
13 investment in the facilities and the costs of the relicensing and settlement process. Under
14 the terms of the KHSA and Senate Bill 76, the Company will file an application with the
15 Commission seeking review of the Company’s decision to enter into the KHSA. As such,
16 the merits of the KHSA will be considered by the Commission in a separate filing.

17 **D. Mitigation Factors**

18 In light of the current economic climate, PacifiCorp is keenly aware of the financial
19 pressures faced by its customers. As such, the Company has taken several steps to mitigate
20 the rate increase request.

21 **1. Cost of Capital**

22 First, as noted above, the Company has moderated the increase to its requested cost
23 of capital notwithstanding the current challenges in the financial markets. The requested

1 10.6 percent ROE in this filing is at the low range of 10.5 percent to 11.0 percent
2 recommended by the Company's cost of equity expert, Dr. Samuel C. Hadaway. The ROE
3 in this case is consistent with the ROE authorized for the Company by the Public Service
4 Commission of Utah on February 18, 2010 after a fully litigated rate case.¹

5 In addition, the Company was successful in securing favorable interest rates for
6 recent bond issuances. These favorable interest rates directly benefit customers by
7 reducing the Company's cost of long-term debt in the capital structure.

8 **2. Operation and Maintenance Costs**

9 The Company also continues to proactively and aggressively control operations and
10 maintenance ("O&M") and administrative and general ("A&G") expenses ("OMAG"). As
11 a result of the Company's cost-control efforts, the Oregon-allocated OMAG costs in this
12 case are only 2.6 percent higher than what the Company included in UE 210. The
13 Company was able to keep overall expenses low by aggressively pursuing efficiency gains
14 that have allowed the Company to largely offset the O&M expense for new generation.
15 Contributing to this on-going low level of OMAG expense is the Company's decision to
16 hold flat the number of full-time equivalent employees ("FTEs") since UE 210, with the
17 exception of a small number FTEs related to new generation facilities.

18 **III. TESTIMONY SUMMARY**

19 The Company's direct case consists of the testimony and exhibits of 17 witnesses:

20 **Richard Patrick "Pat" Reiten**, President, Pacific Power, provides the

21 Company's policy testimony.

¹ See Public Service Commission of Utah's Report and Order on Revenue Requirement, Cost of Service and Spread of Rates, Docket No. 09-035-23 (Issued February 18, 2010).

1 **Dr. Samuel C. Hadaway**, Principal, FINANCO, Inc. testifies concerning the
2 Company's cost of equity. His evidence demonstrates that the current cost of
3 common equity for the Company is in the range of 10.5 percent to 11.00
4 percent.

5 **Bruce N. Williams**, Vice President and Treasurer, describes the calculation of
6 PacifiCorp's capital structure, cost of debt and preferred stock.

7 **John A. Cupparo**, Vice President, Transmission, demonstrates that the
8 addition of the Populus to Terminal transmission line will be beneficial to
9 customers as part of the overall long-term transmission plan, Energy Gateway.

10 **Darrell T. Gerrard**, Vice President, Transmission System Planning, provides
11 additional details and technical information on the Company's decision to
12 build the Populus to Terminal line.

13 **Dean S. Brockbank**, Vice President and General Counsel, explains the
14 relicensing and settlement process for the KHSA and demonstrates that these
15 costs are prudent expenditures.

16 **Chad A. Teply**, Vice President, Resource Development and Construction,
17 provides the justification and description of the environmental improvements
18 to Dave Johnston Unit 3.

19 **Stefan A. Bird**, Vice President, Commercial and Trading, demonstrates the
20 prudent acquisition of the Dunlap I wind resource.

21 **Mark R. Tallman**, Vice President, Renewable Resource Development,
22 demonstrates the prudent acquisition of the McFadden Ridge I wind resource.

1 **Gregory N. Duvall**, Director, Long Range Planning and Net Power Costs,
2 presents the Company's load forecast and describes how it was developed.

3 **R. Bryce Dalley**, Manager, Revenue Requirement, presents the Company's
4 overall revenue requirement based on the test period and allocation factors.

5 **Erich D. Wilson**, Director, Human Resources, presents an overview of
6 compensation and benefit plans and supports the costs related to these areas
7 included in the test period.

8 **Norman K. Ross**, Tax Director, explains how the Company calculates
9 property taxes and explains why this method results in an accurate forecast of
10 property taxes.

11 **Nancy K. Kent**, Managing Director, Risk & Insurance, Corporate Security
12 and Information Technology, explains the Company's proposal related to
13 insurance coverage beginning in 2011.

14 **Barbara C. Coughlin**, Director, Customer & Regulatory Liaison, explains
15 the process for providing electric service request estimates and what would be
16 required if the Company is not able to recover the costs for customer-
17 cancelled projects in general rates.

18 **C. Craig Paice**, Regulatory Consultant, Cost of Service, presents the
19 Company's marginal cost of service study.

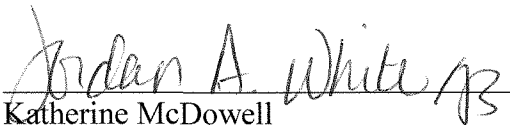
20 **William R. Griffith**, Director, Pricing, Cost of Service and Regulatory
21 Operations, presents the Company's proposed rate spread, rate design and
22 tariffs.

1 Pursuant to OAR 860-013-075(b), attached as Exhibit A is the summary setting
2 forth the information required to be filed in connection with applications for general rate
3 increases.

4 **IV. CONCLUSION**

5 The Company requests the Commission issue an order approving the proposed rate
6 changes and tariffs described herein.

DATED: March 1, 2010.


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Attorneys for PacifiCorp

Exhibit A
Summary of Requested Electric General Rate Increase
Oregon Allocated
Filed March 1, 2010

(A)	Total Revenues collected under proposed rates:	\$851,528,408
(B)	Revenue change requested:	
	Total:	\$130,924,178
	Net of credits from federal agencies:	\$130,924,178
(C)	Percentage change of requested increase:	
	Total %:	13.1%
	Net of credits from federal agencies:	13.1%
(D)	Test period:	Calendar year 2011
(E)	Requested return on capital:	8.38%
	Requested return on equity:	10.6%
(F)	Rate base in filing:	\$3,315,956,804
(G)	Results of operation:	
	Utility operating income, before proposed change:	\$200,242,619
	Utility operating income, after proposed change:	\$277,891,439
(H)	Effect of rate change on each customer class:	
	• Residential -	13.3%
	• Small General Service (Schedule 23) -	13.3%
	• General Service 31-200 kW (Schedule 28) -	13.3%
	• General Service 201-999 kW (Schedule 30) -	13.3%
	• Large General Service >= 1,000 kW (Schedule 48) -	13.3%
	• Agriculture Pumping Service (Schedule 41) -	13.3%
	• Street lighting -	0.0%

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 overnight delivery, addressed to said parties at his or her last-known address(es) indicated below.

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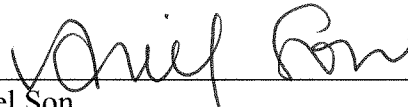
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DATED: March 1, 2010



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