

March 13, 2009

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

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Attention: David Danner
Executive Director and Secretary

RE: UE-082252 Pacific Power Notice of Deferred Accounting for Chehalis Generating Plant – Quarterly Report on the Balance of Deferred Costs for Quarter Ending December 31, 2008

Dear Mr. Danner,

In accordance with WAC 480-100-435(2)(b) PacifiCorp, d.b.a. Pacific Power (“PacifiCorp” or “the Company”) hereby submits its quarterly report documenting the balance of deferred costs for the Chehalis Generating Plant for the quarter ended December 31, 2008. The total amount deferred from September 15, 2008 through December 31, 2008, without the impact of net power costs, is approximately \$3.2 million. As noted in footnote 5, the report does not include the impact of net power costs since the Company has not yet quantified the impact and has not recorded the costs in the deferred account. The Company intends to quantify the impact of the Chehalis plant on its net power costs during the deferral period based on the following approach:

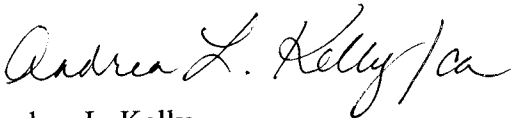
1. Using the Generation Regulation Initiatives Decision tools model (“GRID”) run from the Washington quarterly results of operations filed pursuant to WAC 480-100-275 and modified by Order 01 in UE-072123 (“Washington Operations Report”), complete two GRID runs; one run will include Chehalis, the other run will exclude Chehalis.
2. The impact on net power costs will be calculated as the difference between the two runs.
3. The impact on net power costs will be included in the balance of the deferred costs associated with the Chehalis plant and reported in the Company’s quarterly report filed pursuant to WAC 480-100-435(2)(b) (“Chehalis Deferral Report”).

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Due to the timing of the completion and filing of the Washington Operations Report, each quarter's impact on net power costs will be provided in the following quarter's Chehalis Deferral Report (e.g. the impact on net power costs for fourth quarter 2008 will be reported in the first quarter 2009 Chehalis Deferral Report).

If you have any questions or require further information, please contact Cathie Allen, Regulatory Manager, at (503) 813-5934.

Sincerely,

A handwritten signature in cursive script that reads "Andrea L. Kelly /ca".

Andrea L. Kelly
Vice President, Regulation

Enclosure

Cc: Deborah Reynolds
Roland Martin

	Actual						Washington Allocated Average Balance
	September 2008						
	Beginning Balance	Ending Balance	Average Balance	Factor	Factor %		
	-	300,753,226	150,376,613	CAGW	22.0192%	33,111,746	
Electric Plant In-Service (FERC 102)	-	1,500,000	750,000	CAGW	22.0192%	165,144	
Materials & Supplies (FERC 154 and 151)	-	13,685,029	6,842,515	CAGW	22.0192%	1,506,668	
Prepaid Maintenance/Overhaul (FERC 186)	-	(362,000)	(181,000)	CAGW	22.0192%	(39,855)	
Depreciation Reserve (FERC 108)	-	(1,764,101)	(882,051)	CAGW	22.0192%	(194,221)	
Accumulated Deferred Taxes (FERC 282)	-	313,812,154	156,906,077			34,549,483	
Net Rate Base							
			0.89%			0.89%	
Monthly Pre-Tax Return on Rate Base			1,388,654			305,771	
Non-NPC Operation & Maintenance Expenses							
548 - Generation Expenses			259,050	CAGW	22.0192%	57,041	
549 - Misc Other Power Generation			202,097	CAGW	22.0192%	44,500	
550 - Operation Supplies and Expenses			-	CAGW	22.0192%	-	
552 - Maintenance of Structures			-	CAGW	22.0192%	-	
553 - Maintenance of Generating and Electric Equipment			14,625	CAGW	22.0192%	3,220	
Total Non-NPC O&M Expenses			475,772			104,761	
Depreciation Expense (FERC 403)			362,000	CAGW	22.0192%	79,710	
Estimated Property Taxes (FERC 408)			97,320	GPS	7.2725%	7,078	
Monthly Rev. Req. Before Franchise Tax & Bad Debt			2,323,746			497,319	
WA Revenue Taxes (3.873%)			94,136			20,147	
Bad Debt Expense (0.552%)			12,688			2,715	
Monthly Revenue Requirement			2,430,569			520,181	
			0.89%			0.89%	
			2,774,612			610,948	
Total Company							
Beginning Balance	300,753,226	300,753,226	300,753,226			66,223,453	
Ending Balance	1,500,000	1,614,791	1,557,396	CAGW	22.0192%	342,926	
Average Balance	13,685,029	13,685,029	13,685,029	CAGW	22.0192%	3,013,336	
Factor	(362,000)	(1,086,000)	(724,000)	CAGW	22.0192%	(159,419)	
Factor %	(1,764,101)	(1,764,101)	(1,764,101)	CAGW	22.0192%	(388,441)	
Washington Allocated Average Balance	313,812,154	313,202,945	313,507,550			69,031,894	
			0.89%			0.89%	
			2,774,612			610,948	
Total Company							
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Factor	(362,000)	(1,086,000)	(724,000)	CAGW	22.0192%	(159,419)	
Factor %	(1,764,101)						

Pacific Power
 Washington
 Docket UE-082252
 Chehalis Natural Gas Plant Deferral
2008 - 4th Quarter Actual Costs (September - December 2008)

	Actual					
	November 2008			December 2008		
	Total Company		Washington Allocated	Total Company		Washington Allocated
	Beginning Balance	Ending Balance	Average Balance	Factor	Factor %	Average Balance
Electric Plant In-Service (FERC 102)	300,753,226	300,008,617	300,380,921	CAGW	22.0192%	66,141,514
Materials & Supplies (FERC 154 and 151)	1,614,791	1,425,140	1,519,966	CAGW	22.0192%	334,684
Prepaid Maintenance/Overhaul (FERC 186)	13,685,029	13,685,029	13,685,029	CAGW	22.0192%	3,013,336
Depreciation Reserve (FERC 108)	(1,086,000)	(1,810,000)	(1,448,000)	CAGW	22.0192%	(318,838)
Accumulated Deferred Taxes (FERC 282)	(1,764,101)	(1,764,101)	(1,764,101)	CAGW	22.0192%	(388,441)
Net Rate Base	313,202,945	311,544,686	312,373,816			68,782,255
Monthly Pre-Tax Return on Rate Base			0.89%			0.89%
			2,764,578			608,738
Non-NPC Operation & Maintenance Expenses						
548 - Generation Expenses			289,832	CAGW	22.0192%	63,819
549 - Misc Other Power Generation			(22,438)	CAGW	22.0192%	(4,941)
550 - Operation Supplies and Expenses			6,230	CAGW	22.0192%	1,372
552 - Maintenance of Structures			1,473	CAGW	22.0192%	324
553 - Maintenance of Generating and Electric Equipment			122,904	CAGW	22.0192%	27,053
Total Non-NPC O&M Expenses			398,001			87,637
Depreciation Expense (FERC 403)			724,000	CAGW	22.0192%	159,419
Estimated Property Taxes (FERC 408)			193,694	GPS	7.2725%	14,086
Monthly Rev. Req. Before Franchise Tax & Bad Debt			4,080,274			869,881
WA Revenue Taxes (3.873%)			165,294			35,239
Bad Debt Expense (0.552%)			22,278			4,750
Monthly Revenue Requirement			4,267,846			909,869
			0.89%			0.89%
			2,753,124			606,216
			209,610	CAGW	22.0192%	46,154
			(105,995)	CAGW	22.0192%	(23,251)
			3,242	CAGW	22.0192%	714
			1,030	CAGW	22.0192%	227
			126,298	CAGW	22.0192%	27,810
			234,585			51,654
			620,604	CAGW	22.0192%	136,652
			196,223	GPS	7.2725%	14,270
			3,804,535			808,792
			154,123			32,765
			20,773			4,416
			3,979,432			845,973

- Notes:
- (1) The Washington allocation factors are from the Company's last general rate case filing, Docket No. UE-080220, Exhibit No. __ (RBD-2), page 10.1
 - (2) The return on rate base is calculated using the current authorized capital structure and costs, as ordered in Docket No. UE-061546 and settled in UE-080220. The annual rate of return is divided by twelve to calculate a monthly return on rate base.
 - (3) Property taxes are estimated using the Washington allocated net electric plant in service (EPIS) to Washington allocated total property tax ratio from Docket No. UE-080220
 - (4) The Company intends to use the Average of Monthly Averages (AMA) rate base methodology when computing the final deferral amount, consistent with current Commission practice.
 - (5) Net Power Costs impacts are not reflected in the figures above.
 - (6) Costs and balances presented in this exhibit were extracted from the Company's accounting system as of February 27, 2009.
 - (7) A pre-tax return on rate base has been used for simplicity in presentation. Using a pre-tax return accounts for the income tax expense component of the revenue requirement.
 - (8) Washington revenue tax and bad debt expense rates are those filed in the Company's last general rate case, Docket No. UE-080220, Exhibit No. __ (RBD-2), page 1.3.