

July 2, 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

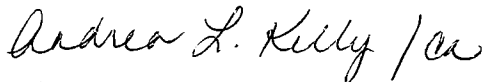
**RE: UE-082252 Pacific Power Notice of Deferred Accounting for Chehalis Generating Plant – Quarterly Report on the Balance of Deferred Costs for Quarter Ending March 31, 2009**

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 March 31, 2009. This report has been provided as Attachment A. As noted in the December 31, 2008 quarterly report filed on March 13, 2009, 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). Included as Attachment B, the Company has quantified the impact of the Chehalis plant on its net power costs during the fourth quarter 2008.

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

Sincerely,



Andrea L. Kelly  
Vice President, Regulation

Enclosures

cc: Deborah Reynolds, WUTC  
Roland Martin, WUTC

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REGISTRATION

# **Attachment A**

**Pacific Power**  
 Washington  
 Docket UE-082252  
 Chehalis Natural Gas Plant Deferral  
**Summary - Through March 31, 2009**  
**Washington Allocated**

	Actual						
	Washington Allocated						
	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
Electric Plant In-Service (FERC 102)	33,111,746	66,223,493	66,141,514	67,148,918	68,238,301	68,238,301	68,200,793
Materials & Supplies (FERC 154 and 151)	165,144	342,926	334,684	238,448	250,540	336,368	370,257
Prepaid Maintenance/Overhaul (FERC 186)	1,506,668	3,013,336	3,013,336	1,965,226	917,117	917,117	917,117
Depreciation Reserve (FERC 108)	(39,855)	(159,419)	(318,838)	(466,874)	(613,693)	(770,825)	(928,628)
Accumulated Deferred Taxes (FERC 282)	(194,221)	(388,441)	(388,441)	(388,441)	(388,441)	(388,441)	(388,441)
Net Rate Base	34,549,483	69,031,894	68,782,255	68,497,278	68,403,825	68,332,920	68,171,098
	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Monthly Pre-Tax Return on Rate Base	305,771	610,948	608,738	606,216	605,389	604,758	603,330
Non-NPC Operation & Maintenance Expenses							
548 - Generation Expenses	57,041	14,929	63,819	46,154	6,562	39,586	47,413
549 - Misc Other Power Generation	44,500	58,672	(4,941)	(23,251)	15,457	25,144	2,800
550 - Operation Supplies and Expenses	-	3,953	1,372	714	1,089	795	47
552 - Maintenance of Structures	-	1,646	324	227	96	22	35
553 - Maintenance of Generating and Electric Equipment	3,220	55,319	27,063	27,810	25,338	19,005	27,107
557 - Other Expenses	-	-	-	-	2,923	2,817	2,959
930 - Misc. General	-	-	-	-	-	36	-
Total Non-NPC O&M Expenses	104,761	134,518	87,637	51,654	51,466	87,405	80,361
Depreciation Expense (FERC 403)	79,710	159,419	159,419	136,652	156,986	157,279	158,328
Estimated Property Taxes (FERC 408)	7,078	14,138	14,086	14,270	14,472	14,438	14,397
Monthly Rev. Reqt. Before Franchise Tax & Bad Debt	497,319	919,023	869,881	808,792	828,313	863,880	856,415
WA Revenue Taxes (3.873%)	20,147	37,230	35,239	32,765	33,555	34,996	34,694
Bad Debt Expense (0.552%)	2,715	5,018	4,750	4,416	4,523	4,717	4,676
<b>Monthly Revenue Requirement</b>	<b>520,181</b>	<b>961,271</b>	<b>909,869</b>	<b>845,973</b>	<b>866,390</b>	<b>903,593</b>	<b>895,785</b>

Reported in fourth quarter 2008 report

Pacific Power  
Washington  
Docket UE-082252  
Chehalis Natural Gas Plant Deferral  
2009 - 1st Quarter Actual Costs (January 2009)

Actual						
January 2009						
Total Company					Washington Allocated	
Beginning Balance	Ending Balance	Average Balance	Factor	Factor %	Average Balance	
Electric Plant In-Service (FERC 102)	309,903,456	309,903,456	309,903,456	CAGW	22.0192%	68,238,301
Materials & Supplies (FERC 154 and 151)	740,682	1,534,968	1,137,825	CAGW	22.0192%	250,540
Prepaid Maintenance/Overhaul (FERC 186)	4,165,076	4,165,076	4,165,076	CAGW	22.0192%	917,117
Depreciation Reserve (FERC 108)	(2,430,604)	(3,143,553)	(2,787,078)	CAGW	22.0192%	(613,693)
Accumulated Deferred Taxes (FERC 282)	(1,764,101)	(1,764,101)	(1,764,101)	CAGW	22.0192%	(388,441)
Net Rate Base	310,614,510	310,695,847	310,655,178			68,403,825
			0.89%			0.89%
Monthly Pre-Tax Return on Rate Base		2,749,368				605,389
Non-NPC Operation & Maintenance Expenses						
548 - Generation Expenses		29,801	CAGW	22.0192%	6,562	
549 - Misc Other Power Generation		70,196	CAGW	22.0192%	15,457	
550 - Operation Supplies and Expenses		4,947	CAGW	22.0192%	1,089	
552 - Maintenance of Structures		437	CAGW	22.0192%	96	
553 - Maintenance of Generating and Electric Equipment		115,073	CAGW	22.0192%	25,338	
557 - Other Expenses		13,275	CAGW	22.0192%	2,923	
930 - Misc. General		-	SO	7.2725%	-	
Total Non-NPC O&M Expenses		233,730			51,466	
Depreciation Expense (FERC 403)		712,949	CAGW	22.0192%	156,986	
Estimated Property Taxes (FERC 408)		198,997	GPS	7.2725%	14,472	
Monthly Rev. Req't. Before Franchise Tax & Bad Debt		3,895,044			828,313	
WA Revenue Taxes (3.873%)		157,790			33,555	
Bad Debt Expense (0.552%)		21,267			4,523	
<b>Monthly Revenue Requirement</b>		<b>4,074,100</b>			<b>866,390</b>	

Notes:

- (1) The Washington allocation factors come 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. 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 June 15, 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.
- (9) Deferred income tax balances are reported based on output from the Company's PowerTax system which is updated on an annual basis. Since the system is only updated on an annual basis, balances reported above represent actuals as of December 2008.

Pacific Power  
Washington  
Docket UE-082252  
Chehalis Natural Gas Plant Deferral  
2009 - 1st Quarter Actual Costs (February 2009)

Actual						
February 2009						
Total Company						Washington Allocated
Beginning Balance	Ending Balance	Average Balance	Factor	Factor %	Average Balance	
Electric Plant In-Service (FERC 102)	309,903,456	309,903,456	309,903,456	CAGW	22.0192%	68,238,301
Materials & Supplies (FERC 154 and 151)	1,534,968	1,520,253	1,527,611	CAGW	22.0192%	336,368
Prepaid Maintenance/Overhaul (FERC 186)	4,165,076	4,165,076	4,165,076	CAGW	22.0192%	917,117
Depreciation Reserve (FERC 108)	(3,143,553)	(3,857,831)	(3,500,692)	CAGW	22.0192%	(770,825)
Accumulated Deferred Taxes (FERC 282)	(1,764,101)	(1,764,101)	(1,764,101)	CAGW	22.0192%	(388,441)
Net Rate Base	310,695,847	309,966,853	310,331,350			68,332,520
			0.89%			0.89%
Monthly Pre-Tax Return on Rate Base		2,746,502				604,758
Non-NPC Operation & Maintenance Expenses						
548 - Generation Expenses			179,778	CAGW	22.0192%	39,586
549 - Misc Other Power Generation			114,192	CAGW	22.0192%	25,144
550 - Operation Supplies and Expenses			3,610	CAGW	22.0192%	795
552 - Maintenance of Structures			99	CAGW	22.0192%	22
553 - Maintenance of Generating and Electric Equipment			86,312	CAGW	22.0192%	19,005
557 - Other Expenses			12,793	CAGW	22.0192%	2,817
930 - Misc. General			500	SO	7.2725%	36
Total Non-NPC O&M Expenses			397,285			87,405
Depreciation Expense (FERC 403)			714,279	CAGW	22.0192%	157,279
Estimated Property Taxes (FERC 408)			198,534	GPS	7.2725%	14,438
Monthly Rev. Req. Before Franchise Tax & Bad Debt			4,056,600			863,880
WA Revenue Taxes (3.873%)			164,335			34,996
Bad Debt Expense (0.552%)			22,149			4,717
Monthly Revenue Requirement			4,243,083			903,593

Notes:

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**Pacific Power**  
Washington  
Docket UE-082252  
Chehalis Natural Gas Plant Deferral  
2009 - 1st Quarter Actual Costs (March 2009)

Actual						
March 2009						
Total Company					Washington Allocated	
Beginning Balance	Ending Balance	Average Balance	Factor	Factor %	Average Balance	
Electric Plant In-Service (FERC 102)	309,903,456	309,562,767	309,733,112	CAGW	22.0192%	68,200,793
Materials & Supplies (FERC 154 and 151)	1,520,253	1,842,786	1,681,519	CAGW	22.0192%	370,257
Prepaid Maintenance/Overhaul (FERC 186)	4,165,076	4,165,076	4,165,076	CAGW	22.0192%	917,117
Depreciation Reserve (FERC 108)	(3,857,831)	(4,576,877)	(4,217,354)	CAGW	22.0192%	(928,628)
Accumulated Deferred Taxes (FERC 282)	(1,764,101)	(1,764,101)	(1,764,101)	CAGW	22.0192%	(388,441)
Net Rate Base	309,966,853	309,229,652	309,598,252			68,171,098
		0.89%				0.89%
Monthly Pre-Tax Return on Rate Base		2,740,014				603,330
Non-NPC Operation & Maintenance Expenses						
548 - Generation Expenses			215,325	CAGW	22.0192%	47,413
549 - Misc Other Power Generation			12,717	CAGW	22.0192%	2,800
550 - Operation Supplies and Expenses			214	CAGW	22.0192%	47
552 - Maintenance of Structures			157	CAGW	22.0192%	35
553 - Maintenance of Generating and Electric Equipment			123,105	CAGW	22.0192%	27,107
557 - Other Expenses			13,438	CAGW	22.0192%	2,959
930 - Misc. General			-	SO	7.2725%	-
Total Non-NPC O&M Expenses			364,956			80,361
Depreciation Expense (FERC 403)			719,045	CAGW	22.0192%	158,328
Estimated Property Taxes (FERC 408)			197,959	GPS	7.2725%	14,397
Monthly Rev. Req. Before Franchise Tax & Bad Debt			4,021,975			856,415
WA Revenue Taxes (3.873%)			162,932			34,694
Bad Debt Expense (0.552%)			21,960			4,676
<b>Monthly Revenue Requirement</b>			<b>4,206,867</b>			<b>895,785</b>

Notes:

- (1) The Washington allocation factors come from the Company's last general rate case filing, Docket No. UE-080220, Exhibit No.\_\_(RBD-2), page 10.1
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- (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.
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- (9) Deferred income tax balances are reported based on output from the Company's PowerTax system which is updated on an annual basis. Since the system is only updated on an annual basis, balances reported above represent actuals as of December 2008.

# Attachment B

**Pacific Power**  
**Washington**  
**Docket UE-082252**  
**Chehalis Natural Gas Plant Deferral**  
**Net Power Cost Impacts (Sep. 08 to Dec. 08)**

		TOTAL WEST CONTROL AREA				TOTAL WASHINGTON ALLOCATED							
Description	Indicator	Sep-08	Oct-08	Nov-08	Dec-08	Total	WCA Allocation Factor	Washington Allocation Percentage	Sep-08	Oct-08	Nov-08	Dec-08	Total
Sales for Resale (Account 447)	447CAGW	48,370,210	38,250,266	40,197,790	43,560,012	170,378,278	CAGW	22.019%	10,650,740	8,422,407	8,851,237	9,591,572	37,515,955
<b>Total Sales for Resale</b>		<b>48,370,210</b>	<b>38,250,266</b>	<b>40,197,790</b>	<b>43,560,012</b>	<b>170,378,278</b>			<b>10,650,740</b>	<b>8,422,407</b>	<b>8,851,237</b>	<b>9,591,572</b>	<b>37,515,955</b>
Purchased Power (Account 555)													
Existing Firm Energy	555CAEW	3,488,522	2,186,891	2,497,109	3,316,885	11,489,508	CAEW	22.103%	771,063	483,388	551,933	733,127	2,539,510
WA Qualifying Facilities	555WA	220,555	173,822	147,521	139,162	681,061	WA	100.000%	220,555	173,822	147,521	139,162	681,061
Post-Merger Firm Energy	555CAGW	60,137,400	42,214,191	42,012,200	66,810,524	213,174,315	CAGW	22.019%	13,241,782	9,295,233	9,250,756	15,151,536	46,939,306
Other Generation Expenses	555CAGW	106,886	90,113	100,242	116,382	413,623	CAGW	22.019%	23,535	19,842	22,073	25,626	91,076
<b>Total Purchased Power</b>		<b>63,953,364</b>	<b>44,665,117</b>	<b>44,757,072</b>	<b>72,382,953</b>	<b>225,768,506</b>			<b>14,256,936</b>	<b>9,972,285</b>	<b>9,972,282</b>	<b>16,049,450</b>	<b>50,250,993</b>
Wheeling (Account 565)													
Wheeling Expenses	565CAGW	6,560,134	6,605,529	6,577,667	6,609,790	26,353,120	CAGW	22.019%	1,444,490	1,454,485	1,448,350	1,455,424	5,802,750
<b>Total Wheeling Expense</b>		<b>6,560,134</b>	<b>6,605,529</b>	<b>6,577,667</b>	<b>6,609,790</b>	<b>26,353,120</b>			<b>1,444,490</b>	<b>1,454,485</b>	<b>1,448,350</b>	<b>1,455,424</b>	<b>5,802,750</b>
Fuel Expense (Accounts 501 and 547)													
Fuel Consumed - Coal	501CAEW	13,517,056	14,045,694	13,764,021	14,800,689	56,127,460	CAEW	22.103%	2,987,656	3,104,500	3,042,242	3,271,376	12,405,774
Fuel Consumed - Natural Gas	547CAEW	5,174,603	5,337,954	4,988,980	5,794,587	21,296,123	CAEW	22.103%	1,143,735	1,179,840	1,102,707	1,280,769	4,707,052
<b>Total Fuel and Other Expense</b>		<b>18,691,659</b>	<b>19,383,647</b>	<b>18,753,001</b>	<b>20,595,275</b>	<b>77,423,583</b>			<b>4,131,391</b>	<b>4,284,341</b>	<b>4,144,950</b>	<b>4,552,145</b>	<b>17,112,827</b>
<b>Total Net Power Cost without Chehalis</b>		<b>40,834,947</b>	<b>32,404,028</b>	<b>29,889,950</b>	<b>56,028,006</b>	<b>159,156,931</b>			<b>9,182,078</b>	<b>7,288,703</b>	<b>6,714,345</b>	<b>12,465,447</b>	<b>35,650,574</b>
		TOTAL WEST CONTROL AREA				TOTAL WASHINGTON ALLOCATED							
Description	Indicator	Sep-08	Oct-08	Nov-08	Dec-08	Total	Allocation Factor	Allocation Percentage	Sep-08	Oct-08	Nov-08	Dec-08	Total
Sales for Resale (Account 447)	447CAGW	50,831,127	44,175,449	40,197,790	43,566,650	178,771,016	CAGW	22.019%	11,192,614	9,727,086	8,851,237	9,593,033	39,363,970
<b>Total Sales for Resale</b>		<b>50,831,127</b>	<b>44,175,449</b>	<b>40,197,790</b>	<b>43,566,650</b>	<b>178,771,016</b>			<b>11,192,614</b>	<b>9,727,086</b>	<b>8,851,237</b>	<b>9,593,033</b>	<b>39,363,970</b>
Purchased Power (Account 555)													
Existing Firm Energy	555CAEW	3,488,522	2,186,891	2,497,109	3,316,885	11,489,508	CAEW	22.103%	771,063	483,388	551,933	733,127	2,539,510
WA Qualifying Facilities	555WA	220,555	173,822	147,521	139,162	681,061	WA	100.000%	220,555	173,822	147,521	139,162	681,061
Post-Merger Firm Energy	555CAGW	55,485,869	31,518,660	42,012,200	66,656,922	197,673,650	CAGW	22.019%	12,217,552	6,940,161	9,250,756	15,117,714	43,526,182
Other Generation Expenses	555CAGW	106,886	90,113	100,242	116,382	413,623	CAGW	22.019%	23,535	19,842	22,073	25,626	91,076
<b>Total Purchased Power</b>		<b>59,301,833</b>	<b>33,969,586</b>	<b>44,757,072</b>	<b>72,228,351</b>	<b>210,257,841</b>			<b>13,232,706</b>	<b>7,617,213</b>	<b>9,972,282</b>	<b>16,015,628</b>	<b>46,837,828</b>
Wheeling (Account 565)													
Existing Firm - Pacific	565CAGW	7,081,284	7,130,879	7,478,267	7,510,390	29,200,820	CAGW	22.019%	1,559,243	1,570,163	1,646,655	1,653,729	6,429,791
<b>Total Wheeling Expense</b>		<b>7,081,284</b>	<b>7,130,879</b>	<b>7,478,267</b>	<b>7,510,390</b>	<b>29,200,820</b>			<b>1,559,243</b>	<b>1,570,163</b>	<b>1,646,655</b>	<b>1,653,729</b>	<b>6,429,791</b>
Fuel Expense (Accounts 501 and 547)													
Fuel Consumed - Coal	501CAEW	13,517,056	13,978,388	13,764,021	14,800,689	56,060,154	CAEW	22.103%	2,987,656	3,089,624	3,042,242	3,271,376	12,390,898
Fuel Consumed - Natural Gas	547CAEW	13,597,251	23,862,472	9,635,572	7,228,061	54,323,355	CAEW	22.103%	3,005,382	5,274,289	2,129,737	1,597,608	12,007,016
<b>Total Fuel and Other Expense</b>		<b>27,114,307</b>	<b>37,840,860</b>	<b>23,399,593</b>	<b>22,028,750</b>	<b>110,383,509</b>			<b>5,993,038</b>	<b>8,353,912</b>	<b>5,171,979</b>	<b>4,868,984</b>	<b>24,397,913</b>
<b>Total Net Power Cost with Chehalis</b>		<b>42,666,298</b>	<b>34,765,875</b>	<b>35,437,142</b>	<b>58,201,841</b>	<b>171,071,155</b>			<b>9,592,372</b>	<b>7,824,202</b>	<b>7,939,680</b>	<b>12,945,307</b>	<b>38,301,562</b>
<b>Net Increase (Decrease) in NPC with Chehalis</b>		<b>1,831,350</b>	<b>2,361,847</b>	<b>5,547,192</b>	<b>2,173,834</b>	<b>11,914,224</b>			<b>410,294</b>	<b>535,489</b>	<b>1,226,335</b>	<b>479,860</b>	<b>2,650,989</b>