

May 23, 2007

VIA ELECTRONIC FILING

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

Attention: Carole Washburn
Executive Secretary

RE: PacifiCorp's Schedule 98 – Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act

In accordance with RCW 80.28.060 and WAC 480-80-105, PacifiCorp d/b/a/ Pacific Power & Light Company (Pacific Power) hereby files the enclosed tariff sheet to revise Schedule 98. This schedule provides residential and certain other Pacific Power customers with a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program. BPA has announced that it is ceasing to pay these benefits; thus, the effect of this revision is to reduce the level of credits provided to Pacific Power's eligible customers under the Residential Exchange Program from 0.884 cents per kWh to 0.00 cents per kWh.

Third Revision of Sheet No. 98 Schedule 98 Adjustment Associated with
the Pacific Northwest
Electric Power Planning and
Conservation Act

The Residential Exchange Program is contained in section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) and is a mechanism for allocating a share of the economic benefits of the federal hydroelectric system to the residential and small farm customers of the Northwest investor-owned utilities. This program is also available for publicly-owned utilities.

In contrast to BPA's public power utility customers, which benefit from the federal hydroelectric system primarily through their preferential access to low-cost federal power, investor-owned utility residential and small farm customers share in the benefits of the federal hydroelectric system through the Residential Exchange Program – typically receiving bill credits instead of low-cost federal power. These benefits, in total, are directly passed through to Pacific Power's residential and small farm customers in Oregon, Washington, and Idaho as a credit on their electric bills.

On May 3, 2007, the United States Ninth Circuit Court of Appeals issued a decision that concluded that the Residential Exchange Program 2000 Settlement Agreement for Fiscal Year 2002-2006 was inconsistent with the Northwest Power Act. As a result of this decision the BPA announced on May 21, 2007 that it will cease providing payments to the investor-owned utilities – including Pacific Power – under the Residential Exchange Program. A copy of this announcement from BPA is attached.

The Commission previously authorized Pacific Power to implement a balancing account for tracking the receipt of benefits from BPA and the payment of benefits to customers under Schedule 98. The balancing account may contain positive or negative balances. The adjustment currently reflected on Schedule 98 roughly corresponded to the level of receipts previously received from BPA under the Residential Exchange Program. With BPA's immediate cessation of these payments, however, it is necessary to eliminate the credit currently provided under Schedule 98 to track this development and ensure that customers are not paid credits that exceed the benefits received from BPA. To the extent the balancing account contains a negative balance upon adjustment of the credits, this issue will be addressed in a subsequent filing.

Attachment A is a true and correct copy of the notice to be posted at Pacific Power's designated principal and other business offices in Washington. Attachment B is a listing of the proposed tariff sheet.

In accordance with WAC 480-80-122, the Company is requesting this Schedule become effective with less than statutory notice for service rendered on and after June 1, 2007, and, in addition, the Company seeks a waiver of the prior noticing requirements of WAC 480-100-194. Specifically, the Company requests that the Commission shorten the required prior notice periods set forth in WAC 480-100-194. The Company is expediting the required publication notice and has made arrangements to publish notice in the relevant newspapers within three (3) business days of this filing. The Company also intends to provide individual customer notice through direct mailed customer letters. Less than statutory notice and waiver of the timing requirements set forth in WAC 480-100-194 are warranted given the urgent need to match the Schedule 98 credit with the level of receipts that BPA will be providing under the Residential Exchange Program – zero – in order to ensure that customers are not paid credits that exceed the benefits received from BPA.

The Company respectfully requests that the Commission convene a special public meeting in order for this tariff change to become effective with service on and after June 1, 2007. In the alternative, if such a special public meeting cannot occur, the Company respectfully requests that the Commission take action at its June 6, 2007 public meeting to allow the tariff to become effective with service on and after June 7, 2007.

The monthly bill impact of this filing on an average Washington residential customer using 1300 kWh will be \$11.49.

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to:

PacifiCorp Washington Dockets
PacifiCorp
825 Multnomah Street, Suite 2000
Portland, OR 97232
Telephone: (503) 813-6176
Facsimile: (503) 813-6060
Email: washingtondockets@pacificorp.com

With a copy to:

Natalie L. Hocken
Vice President & General Counsel
Pacific Power
825 Multnomah Street, Suite 2000
Portland, OR 97232
Telephone: (503) 813-7205
Facsimile: (503) 813-7262
Email: natalie.hocken@pacificorp.com

Data requests for PacifiCorp should be addressed in the following manner with copies to the company's counsel:

By Email (preferred): datarequest@pacificorp.com

By Facsimile: (503) 813-6060

By Regular Mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Any informal inquires may be directed to Shay LaBray, Regulatory Affairs Manager at (503) 813-6176.

Sincerely,

A handwritten signature in black ink that reads "Andrea Kelly" followed by a stylized flourish that appears to be "pm".

Andrea Kelly

Enclosures