

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP d.b.a. PACIFIC POWER,

Respondent.

DOCKET UE- 08_____

APPLICATION

1 Pursuant to RCW 80.28.050, RCW 80.28.060 and in accordance with WAC 480-07-510, PacifiCorp d.b.a. Pacific Power (“Company”), hereby files a general rate increase to revise its tariff schedules to adjust prices for its Washington electric customers.

2 The Company is an electric company and public service company in the State of Washington within the meaning of RCW 80.04.010, and is subject to the Washington Utilities and Transportation Commission’s (“Commission”) jurisdiction with respect to its prices and terms of electric service to retail customers in Washington. The Company provides electric service to approximately 125,000 retail customers in the State of Washington and approximately 1.65 million total retail customers in Washington, California, Idaho, Oregon, Utah and Wyoming. The Company’s principal place of business is Portland, Oregon.

3 Communications regarding this filing should be addressed to:

Andrea L. Kelly
Vice President, Regulation
PacifiCorp
825 NE Multnomah, Ste 2000
Portland, OR 97232
Telephone: (503) 813-6043
Facsimile: (503) 813-6438
Email: andrea.kelly@pacificorp.com

Sarah Edmonds
Legal Counsel
PacifiCorp
825 NE Multnomah, Ste 1800
Portland, OR 97232
Telephone: (503) 813-6840
Facsimile: (503) 813-7252
Email: sarah.edmonds@pacificorp.com

Communications regarding discovery matters, including data requests issued to the Company should be addressed to:

Data Request Response Center
PacifiCorp
825 NE Multnomah, Ste 2000
Portland, OR 97232
Email: datarequest@pacificorp.com

4 The Company is currently earning a normalized return on equity (“ROE”) of approximately 3.83 percent in Washington. In order to achieve the 10.75 percent ROE needed to maintain the financial integrity of the Company, an increase of \$34.9 million, or 14.6 percent, is necessary. The revised tariff schedules submitted with this filing reflect an increase in this amount.

5 The tariff sheets reflect a proposed effective date of March 7, 2008, which allows the required thirty (30) days notice under RCW 80.28.060 following the submittal of a tariff filing. The Company waives its right to have this filing considered at an open meeting of the Commission as set forth in RCW 80.04.130(1) and consents to the Commission’s prompt entry of an order suspending the filing and commencing an investigation.

6 The proposed price increases are based upon normalized Results of Operations for Washington for the test period, a historical twelve-month period ending June 30, 2007, adjusted for known and measurable changes through June 30, 2008.

7 The Company proposes to allocate the proposed revenue increase across customer classes by using a rate spread similar to the one approved in Docket UE-061546 (“2006 Rate Case”). The Company proposes that Street Lighting and Small General Service Customers receive an increase of 75 percent of the average increase, resulting in an 11.0 percent increase for those schedules. The Company proposes that Residential and Medium General Service receive the average increase of 14.6 percent. The Company proposes to recover the remaining increase from Irrigation and Large General Service Customers, resulting in a 17.3 percent increase for those schedules.

8 In the 2006 Rate Case, Order No. 08, issued June 21, 2007, the Commission approved the West Control Area allocation methodology for a trial period of five years. *Order No. 08, Dockets UE-061546 and UE-060817 (Cons.), p. 13.* The Company proposes to continue using the West Control Area allocation methodology consistent with the approved five-year trial period.

9 The Company also seeks to implement a Generation Cost Adjustment Mechanism (“GCAM”), which is comprised of two components: 1) an annual update to forecast net power costs and 2) an as-needed update to all generation-related costs on a forecast basis to be reflected in rates between general rate cases. In the 2006 Rate Case, the Commission provided guidance for the Company’s proposed Power Cost Adjustment Mechanism (“PCAM”). *Order No. 08, Dockets UE-061546 and UE-060817 (Cons.), pp.*

22-29. The Company proposes the GCAM, which is consistent with the guidance provided in the 2006 Rate Case.

10 The Company also seeks to include the amortization of the costs related to low hydro conditions which occurred during 2005, approved by the Commission for deferral in Order No. 04, Dockets UE-050684 and UE-050412 (Cons).

10 The Company's direct case consists of the testimony and exhibits of eleven witnesses:

(a) **Richard Patrick "Pat" Reiten**, President, Pacific Power, provides an overview of the Company's request for an increase in its base electric rates and the major factors driving the need for the rate increase. He briefly discusses the generation cost adjustment mechanism, the Company's request to begin amortizing costs associated with the 2005 hydro deferral and changes the Company proposes to the low income bill assistance program. Additionally, he provides an introduction of the other witnesses providing testimony on behalf of the Company.

(b) **Andrea L. Kelly**, Vice President, Regulation, describes a proposal for a generation cost adjustment mechanism that consists of two components: (1) an annual update to forecast net power costs and (2) an as-needed update to all generation-related costs on a forecast basis in between general rate cases for new and existing generation resources. She also briefly describes the West Control Area (WCA) allocation methodology.

(c) **Dr. Samuel C. Hadaway**, Principal, FINANCO, Inc. testifies concerning the Company's return on equity. He will present support for the requested authorized return on equity of 10.75% to account for the risks and operating challenges that the Company faces.

(d) **Bruce N. Williams**, Treasurer, describes the calculation of PacifiCorp's cost of debt and preferred stock. He also presents studies that demonstrate PacifiCorp's compliance with the Company's and MidAmerican Energy Holdings Company's commitment from Docket UE-051090 (Commitment 37).

(e) **Dr. Hui Shu**, Regulatory Consultant, describes the Company's net power costs. Dr. Shu will also explain the Company's production cost model and the calculation associated with the 2005 deferral of hydro costs.

(f) **Mark R. Tallman**, Vice President of Renewable Resource Development, describes the Company's acquisition of new wind resources at Marengo and Goodnoe Hills.

(g) **R. Bryce Dalley**, Manager, Revenue Requirements, presents the Company's overall revenue requirement based on the test period (a historical twelve-month period ending June 30, 2007, adjusted for known and measurable changes through June 30, 2008). He also presents the normalizing and pro-forma adjustments to historic results related to revenue, operation and maintenance expense, net power costs, depreciation and amortization, taxes and rate base.

(h) **Erich D. Wilson**, Director, Human Resources, describes the Company's compensation, pension, and benefits programs and the costs associated with each

of them.

(i) **Mark E. Tucker**, Senior Analyst, Cost of Service and Pricing, presents the Company's cost of service study.

(j) **William R. Griffith**, Director, Pricing, Cost of Service and Regulatory Operations, presents the Company's proposed rate spread and changes in price design for the affected rate schedules. He also describes the changes proposed by the Company to the low income bill assistance program.

(k) **Carole A. Rockney**, Director, Customer & Regulatory Liaison, proposes changes to the Washington Electric Service Schedules and Regulations to improve the clarity of the Company's regulations and to better describe the application of these regulations. She also provides background on the improvements in the level of service experienced by the Company's Washington customers.

11 Pursuant to WAC 480-07-510(4), attached as Exhibit A is the Summary Document setting forth the information required to be filed in connection with applications for general rate increases.

DATED: February 6, 2008.

Respectfully Submitted,

By _____

Sarah Edmonds

Legal Counsel

PacifiCorp

PACIFICORP

Exhibit A
Summary of Requested Electric General Rate Increase
Washington Jurisdiction
Filed February 6, 2008

- 1) The date and amount of the latest prior general rate increase authorized by the Commission, and the revenue realized from that authorized increase in the test period, based on the company's test period units of revenue.**

Date:	June 27, 2007
Amount:	\$14,427,000
Amount Realized in the test period:	\$14,427,000

- 2) Total revenues at present rates and at requested rates.**

Present Rates	\$239,245,000
Requested Rates	\$274,194,000

- 3) Requested revenue change in percentage, in total and by major customer class**

Residential	14.6%
Commercial & Industrial	14.7%
Public Street Lighting	11.0%
Total	14.6%

- 4) Requested revenue change in dollars, in total and by major customer class**

Residential	\$15,138,000
Commercial & Industrial	\$19,639,000
Public Street Lighting	\$ 173,000
Total	\$34,950,000

- 5) Requested rate change in dollars per month, per average residential customer.**

Monthly impact at average usage of 1,300 kWh per month - \$13.03

- 6) Most current customer count by major customer class.**

Residential	102,489
Commercial & Industrial	23,944
Public Street Lighting	3,306
Total	129,738

Twelve months ended June 2008 ProForma.

7) Current authorized overall rate of return and authorized rate of return on common equity.

Overall rate of return (UE-061546)	8.06%
Rate of return on common equity (UE-061546)	10.20%

8) Requested overall rate of return and requested rate of return on common equity, and the method or methods used to calculate rate of return on common equity.

Overall rate of return	8.47%
Rate of return on common equity	10.75%

9) Requested capital structure.

Long-term Debt	48.2%
Preferred stock	0.4%
Common Equity	50.1%
Short-term Debt	1.3%

10) Requested total net operating income.

Net operating income:	\$ 52,923,173
-----------------------	---------------

11) Requested total rate base and method of calculation, or equivalent.

Rate base:	\$624,913,487
------------	---------------

Method of calculation: Thirteen-month average.

12) Requested revenue effect of attrition allowance, if any requested.

Attrition allowance requested: None.