

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 1
Schedule 1
Account 303 – 3031570

Issue

Functionalization of the Account

KWH HISTORICAL DATA COLLECTION

Should PT be an “allowable” functionalization?

Would the PT ratio be plant based?

Discussion

In response to Data Request 33, PAC stated that asset 3031570 supports the Transmission and Generation functions of the Company and should be allocated to PT. PAC claims PT is not an “allowable” functionalization, and therefore functionalized it to PTD.

Direct analysis does not preclude the direct functionalization of an account by any means as long there is a clear description and justification for the functionalization.

Response

PacifiCorp agrees with BPA that this specific sub account of Account 303 should be functionalized “PT” and proposes that the ratio should be plant based.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 2
Schedule 1
Account 303 – 3031830

Issue

Functionalization of the Account

CUSTOMER SERVICE SYSTEM (CSS)

Does the direct analysis justify the functionalization of the account to PTD?

Should this asset be functionalized to Distribution so as to conform to the O&M Accounts?

Discussion

In response to Data Request 33, PAC stated that the Customer Service System is the software which contains information on all of the Company's customers. PAC contends that the system bills customers for Generation, Transmission and Distribution services and is thus appropriately functionalized PTD.

When direct analysis is used, there is a requirement for a clear description and justification for the functionalization of all accounts and sub-accounts.

The description of the software indicates that the software is primarily used for the retail side of the business.

Response

Although the business is used to bill retail customers, it would be inappropriate to functionalize these costs solely to Distribution. In determining the proper functionalization, the focus should be on what costs the Company is recovering using this computer software. The Company is recovering all costs, including wholesale costs, using this software and therefore the assignment of the software to PTD is appropriate.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 3
Schedule 1
Account 303 – 3032030

Issue

Functionalization of the Account

FRANCHISE TAX SYSTEM

Does the direct analysis justify the functionalization of the account to PTD?

Should the functionalization of a software system follow the functionalizations of the operation it supports?

Should the computer system that is used to compute and report the Franchise Taxes be functionalized to Distribution so as to conform to the O&M Accounts?

Discussion

In response to Data Request 33, PAC stated that asset 3032030 takes revenue & volumetric data from the CSS and SAP systems to compute and report taxes. PAC states that since both the CSS and SAP systems are functionalized with PTD, this asset should also be functionalized with PTD.

BPA believes that since franchise taxes are not exchangeable and functionalized to Distribution, it seems that the software used to track the franchise taxes should not be exchangeable. The franchise tax system should, therefore, be functionalized to Distribution.

Response

The functionalization of a software system should follow the functionalization of the operation it supports and the Franchise Tax System should be functionalized to Distribution.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 4
Schedule 1
Account 303 – 3032290

Issue

EMPLOYEE PERFORMANCE & SALARY SYSTEM

Should the functionalization of a software system follow the functionalizations of the operation it supports?

Discussion

Functionalization of the Account

In response to Data Request 33, PAC stated that asset 3032290 is the software which allows employees to enter their annual goals and development plans. PacifiCorp's original filing functionalized this account using PTD. PacifiCorp now supports functionalization using the Labor ratio.

Response

Yes, the functionalization of a software system should follow the functionalization of the operation it supports and the Employee Performance & Salary System should be functionalized using the Labor ratio rather than the PTD ratio used in the Company's original filing.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 5
Schedule 1
Account 303 – 3032320

Issue

Functionalization of the Account

ELECTRONIC TAGGING OUTAGE MANAGE SYSTEM

What is the correct functionalization of the ELECTRONIC TAGGING OUTAGE MANAGE SYSTEM?

Would the PT ratio be plant based?

Discussion

Functionalization of the Account

In response to Data Request 33, PAC stated this asset develops NERC-mandated information for the tracking of its energy transactions between power marketing and transmission companies. It supports the Transmission and Generation functions of the Company and should be allocated PT. As this is not an “allowable” functionalization, the Company has functionalized it PTD.

Direct analysis does not preclude the direct functionalization of an account by any means as long there is a clear description and justification for the functionalization.

Response

PacifiCorp agrees with BPA that this specific sub account of Account 303 should be functionalized “PT” and proposes that the ratio should be plant based.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 6
Schedule 1
Account 303 – 3032380

Issue

HR- BENEFITS OPEN ENROLLMENT ONLINE

What is the correct functionalization of the HR- BENEFITS OPEN ENROLLMENT ONLINE?

Discussion

Functionalization of the Account

Asset 3032380 is the software system that allows employees select among medical, dental and vision plans. PacifiCorp's original filing functionalized this account using PTD. In response to Data Request 33, PacifiCorp now supports functionalization using the Labor ratio.

Response

The costs of medical, dental and vision plans are functionalized to Labor. Software which supports such plans such be functionalized in the same manner.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 7
Schedule 1
Account 303 – 3032330

Issue

FIELDNET PRO METER READING SYST -HRP REP

What is the correct functionalization of the FIELDNET PRO METER READING SYST -HRP REP?

Discussion

Functionalization of the Account

PacifiCorp's original filing functionalized this account using PTD. BPA believes this account should be functionalized to DIST. In response to Data Request 33, PacifiCorp now supports functionalization using the Dist ratio.

Response

BPA and the Company agree on the DIST functionalization.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 8
Schedule 1
Account 303 – 3032450

Issue

MID OFFICE IMPROVEMENT PROJECT

What is the purpose of the software?

Does the direct analysis justify the functionalization of the account to PROD?

Discussion

In response to Data Request 33, PAC stated that asset 3032450 are software programs which support the Company's Mid-Office group, part of the Commercial and Trading organization, and thus functionalized to PROD.

The explanation of the items was not sufficiently clear to allow an understanding of the software's purposes and therefore the applicability of the functionalization.

Response

The software programs are programs that support and improve the Company's Mid-Office group, which is a part of the Commercial and Trading organization. All costs associated with this organization are booked to FERC Account 557, which is functionalized to PROD. PacifiCorp agrees with the proposal raised by BPA in the Discussion sections of Issues 2, 3 and 4 that the functionalization of a software system should follow the functionalization of the operation it supports. Thus, consistent with this approach, this account should be functionalized to PROD.

**BPA Issues and Clarification List for FY 2009 ASC Filing:
PacifiCorp**

Issue 9
Schedule 1
Account 303 – 3032480

Issue

OUTAGE CALL HANDLING INTEGRATION

What is the correct functionalization of the OUTAGE CALL HANDLING INTEGRATION?

Discussion

Functionalization of the Account

In response to Data Request 33, PAC now believes that Asset 3032480 should more appropriately be functionalized to DIST rather than PTD

Response

The correct functionalization of this account is DIST.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 10
Schedule 1
Account 303 – 3032500

Issue

ON LINE EMPLOYEE EXPENSE EXPRESS

What is the correct functionalization of the ON LINE EMPLOYEE EXPENSE EXPRESS

Discussion

Functionalization of the Account

PacifiCorp's original filing functionalized this account using PTD. BPA believes this account should be functionalized using the Labor ratio. In response to Data Request 33, PacifiCorp now supports functionalization by the Labor ratio.

Response

BPA and the Company agree on the Labor functionalization.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 11
Schedule 1
Account 303 – 3032560

Issue

Functionalization of the Account

POWER TAX

Should the functionalization of a software system follow the functionalizations of the operation it supports?

Should software used develops detailed estimates and forecasts of current and deferred taxes for Federal, State tax and regulatory filings should not be exchangeable

Discussion

In response to Data Request 33, PAC stated that asset 3032560 is the Powertax software which develops detailed estimates and forecasts of current and deferred taxes for Federal, State tax and regulatory filings. It supports all areas of the Company and is functionalized PTD.

Under the 2008 ASCM Regulatory costs and current and deferred taxes for Federal, State tax are not exchangeable.

The software used develops detailed estimates and forecasts of current and deferred taxes for Federal, State tax and regulatory filings should therefore not be exchangeable.

Response

BPA's statement, "Under the 2008 ASCM Regulatory costs and current and deferred taxes for Federal, State tax are not exchangeable" is incorrect. While deferred taxes are not exchangeable costs, current Federal Income Tax is exchangeable. (2008 ASCM Final Record of Decision Page 122, "The ASCM will include marginal income taxes in ASC.")

Combining the fact that current Federal Income Tax is exchangeable with BPA's proposal that the functionalization of a software system should follow the functionalization of the operation it supports, it follows that since marginal income taxes act to gross up the return on plant, it is appropriate that Powertax be functionalized to PTD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 12
Schedule 1
Account 303 – 3032580

Issue

Functionalization of the Account

SB 1149 - Accommodate CSS and MDM to SB11

Should software used to allow the Company's customers in Oregon to receive energy service from an energy supplier as required by SB 1149 be functionalized to PROD?

Discussion

In response to Data Request 33, PAC stated that asset 3032580 is the software modification which allowed the Company's customers in Oregon to receive energy service from an energy supplier as required by SB 1149. The customer continues to receive delivery service from the Company and thus this asset is functionalized to PROD.

It is not clear how this software relates to PACs cost of production.

Response

SB 1149 was the legislation which allowed the Company's customers to choose an energy service provider. Under Direct Access, if a customer leaves PacifiCorp to receive service from an Energy Service Provider, or returns to PacifiCorp from an Energy Service Provider, the Company will have to buy or sell on the market in order to balance its portfolio. The costs of purchasing and selling wholesale energy are functionalized to PROD, and BPA has proposed that software which supports these areas should have the same functionalization. This software modification will allow the Company to bill the customer no matter his choice of energy service provider. Accordingly, this asset should be functionalized to PROD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 13
Schedule 1
Asset 3032590

Issue

SCHOOL - Substation/Circuit History of O

What is the correct functionalization of SCHOOL - Substation/Circuit History of O?

Discussion

Functionalization of the Account

In response to Data Request 33, PAC stated that asset 3032590 is a software system which provides load information for substations and circuits. The PacifiCorp now supports a functionalization of TD rather than PTD as more appropriate for this asset.

Response

The correct functionalization of this account is TD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 14
Schedule 1
Account 303 - 3032720

Issue

MAPPING AND CONNECTIVITY ENABLER SOFTWARE

What is the correct functionalization of MAPPING AND CONNECTIVITY ENABLER SOFTWARE?

Discussion

Functionalization of the Account

In response to Data Request 33, PAC stated that asset 3032720 should more appropriately be functionalized to DIST rather than PTD. PacifiCorp's original filing functionalized this account using PTD. PacifiCorp now supports functionalization to DIST.

Response

The correct functionalization of this account is DIST.

**BPA Issues and Clarification List for FY 2009 ASC Filing:
PacifiCorp**

Issue 15
Schedule 1
Asset 3032810

Issue

COMPUTER BASED TRAINING (CBT)

What is the correct functionalization of COMPUTER BASED TRAINING (CBT)?

Discussion

In response to Data Request 33, PAC stated that asset 3032810 is a computer based training system at the Company's production plants. The Company now supports a functionalization of PROD rather than PTD as more appropriate for this asset.

Response

The correct functionalization of this account is PROD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 16
Schedule 1
Asset 303 - 3033020

Issue

Functionalization of the Account

RCDA REGULATION DISCOVERY TOOL

Should the functionalization of a software system follow the functionalizations of the operation it supports?

What is the correct functionalization of a computer system that is used in conjunction with the regulatory O&M expenses?

Should it be functionalized to Distribution so as to conform to the O&M Accounts?

Discussion

In response to Data Request 33, PAC stated that asset 3033020 is the Regulation Discovery software which supports the discovery process in all Federal and State regulatory proceedings. PAC claimed that it is appropriately functionalized using PTD because regulation embraces all assets of the Company.

Under the 2008 ASCM, Regulatory costs not exchangeable. The software used to support the discovery process in all Federal and State regulatory proceedings should therefore not be exchangeable.

Response

BPA's statement "Under the 2008 ASCM, Regulatory costs not exchangeable" is incorrect. One specific expense – Regulatory Commission Expenses (Account 928) -- is not exchangeable, but expenses associated with discovery are booked to Account 920, not to Account 928. Account 920 is functionalized to labor, and therefore the software supporting the expenses in this account should be similarly functionalized to labor.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 17
Schedule 1
Asset 303 - 3033110

Issue

Functionalization of the Account

CTHAS-C&T Hedge Actg/Actg Standards Inte

Should the functionalization of a software system follow the functionalizations of the operation it supports?

Should the software interface be functionalized to Distribution so as to conform to the functionalization of Derivatives?

Discussion

In response to Data Request 33, PAC stated that asset 3033110 is the software interface between Commercial and Trading Hedging Accounting System and the Commercial and Trading Accounting Standards Data Base and is thus functionalized to PROD.

Under the 2008 ASCM Derivatives are functionalized to Distribution.

The cost of software used to support hedging activity should therefore be functionalized to Distribution.

Response

The functionalization of a software system should follow the functionalization of the operation it supports and this system should be functionalized to Distribution.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 18
Schedule 1
Asset 303 - 3034900

Issue

Functionalization of the Account

MISC – Miscellaneous

What is the correct functionalization of the MISC – Miscellaneous?

Discussion

In response to Data Request 33, PAC stated that asset 3034900 include miscellaneous small software packages - not specifically identified in SAP. Those assigned to a specific state are functionalized DIST, those allocated system wide are functionalized PTD although functionalization of Labor may also be appropriate.

The explanation of the items was not sufficiently clear to allow an understanding of the software's purposes and therefore the applicability of the functionalization.

Response

Asset 3034900 includes miscellaneous small software packages with a value of less than \$1 million. The asset is either directly assigned to a state (functionalized distribution) or allocated between the states on a SE, SG or SO system allocator (functionalized PTD). Attachment Issue 18 lists all additions to this asset in 2006 by Cost Center. The attachment demonstrates that the software packages were spread throughout the Company, both at the two office complexes, the Company's operation center and steam production plants. The software is used throughout the Company and supports all functions, a functionalization of PTD is appropriate.

Report date:
Created on:

12/31/2007
2/6/2009

Asset Balances - 01 Book Deprec.

CompanyCode
1000

Assetclass
30307

Allocation Factor	Asset	Cap.date	Location	Asset description	Acquis.val.
SG	201535	10/19/2006	000250 CARBON PLANT COMMON FACILITIES AND SUBST	CY2006 CARBON MINOR SOFTWARE (CC 10304)	3,204.01
SG	201565	12/22/2006	000260 GADSBY PLANT COMMON FACILITIES AND SUBST	CY2006 GADSBY MISC SOFTWARE (CC 10567)	3,038.11
SG	201524	7/12/2006	000270 NAUGHTON PLANT COMMON FACILITIES AND SUB	CY2006 NAUGHTON MISCELLANEOUS SOFTWARE	3,079.88
SG	201489	4/26/2006	000300 HUNTER PLANT COMMON FACILITIES	2006 HUNTER MISCELLANEOUS SOFTWARE	1,750.04
	201632	4/8/2006	000380 BLUNDELL GEOTHERMAL PLANT COMMON & SUBST	2007 BLUNDELL MISC SOFTWARE (CC 10612)	1,025.25
SO	201482	10/30/2006	001034 NORTH TEMPLE BUILDING & SOCC OFFICE	2007 NTO GENERATION SUPPORT SOFTWARE (CC 11739)	2,137.47
SO	201505	6/5/2006	001034 NORTH TEMPLE BUILDING & SOCC OFFICE	CY2006 NTO MISCELLANEOUS SOFTWARE (C/C 13164)	89,586.59
SO	201534	8/16/2006	001034 NORTH TEMPLE BUILDING & SOCC OFFICE	CY2006 NTO MISCELLANEOUS SOFTWARE (C/C 13031)	42,331.55
SO	201562	11/30/2006	001034 NORTH TEMPLE BUILDING & SOCC OFFICE	2007 NTO MISCELLANEOUS SOFTWARE (C/C 13122)	39,025.22
SO	201657	11/27/2006	001034 NORTH TEMPLE BUILDING & SOCC OFFICE	2007 NTO MISCELLANEOUS SOFTWARE (C/C 13292)	10,283.96
SO	201567	12/22/2006	001278 UTAH TRANSPORTATION BUILDING	2007 UTB MISCELLANEOUS SOFTWARE (C/C 12635)	2,005.57
SE	201552	10/23/2006	009031 MINING DIVISION - HUNTINGTON OFFICE	2007 ENERGY WEST COMPUTER SOFTWARE (C/C 12357)	4,392.24
	201426	10/26/2006	010048 LAYTON OFFICE AND SERVICE CENTER	2006 LAYTON MISCELLANEOUS SOFTWARE (C/C 10994)	83.68
	201568	12/22/2006	013111 SOUTH GATE DIST/PRESTON OFFICE & SERVICE	2007 PRESTON MISCELLANEOUS SOFTWARE (C/C 12635)	2,005.57
	201555	11/8/2006	014118 PARK CITY SERVICE CENTER (PIPER BUILDING	2007 PARK CITY MISC SOFTWARE (C/C 10990)	3,971.45
SG	201483	4/20/2006	018000 JC BOYLE HYDRO PLANT	2007 JC BOYLE MINOR SOFTWARE (CC 10717)	30,123.19
SG	201531	10/7/2006	048000 NORTH UMPQUA HYDRO-GENL	CY2006 NORTH UMPQUA MINOR SOFTWARE (CC 10687)	2,985.03
SO	201484	4/25/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13031)	120,689.70
SO	201486	4/26/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 10210)	14,993.30
SO	201492	5/10/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 13032)	515,933.90
SO	201495	5/30/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 MISCELLANEOUS SOFTWARE (C/C 13032)	184,306.32
SO	201496	5/31/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 MISCELLANEOUS SOFTWARE (C/C 13200)	50,546.87
SO	201498	5/31/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 11834)	168,321.87
SO	201499	5/31/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 11932)	75,833.31
SO	201506	6/19/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MINOR SOFTWARE (C/C 13224)	902,025.21
SO	201517	6/27/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13201)	4,741.60
SO	201519	6/28/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 10853)	77,086.15

Report date:
Created on:

12/31/2007
2/6/2009

Asset Balances - 01 Book Deprec.

CompanyCode
1000

Assetclass
30307

Allocation

Factor	Asset	Cap.date	Location	Asset description	Acquis.val.
SO	201525	7/12/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 12320)	77,493.75
SO	201528	7/24/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 12022)	14,693.08
SO	201530	7/31/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13031)	1,730,849.57
SO	201533	8/16/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13617)	46,796.90
SO	201536	8/21/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13030)	37,585.26
SO	201537	8/23/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13223)	49,806.83
SO	201541	9/14/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 10778)	3,502.33
SO	201543	9/20/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	CY2006 LCT MISCELLANEOUS SOFTWARE (C/C 13324)	36,453.72
SO	201546	9/25/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 MISCELLANEOUS SOFTWARE (C/C 13274)	16,492.84
SO	201547	9/25/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 MISCELLANEOUS SOFTWARE (C/C 11837)	105,869.72
SO	201549	9/30/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 13234)	160,710.32
SO	201550	10/17/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MINOR SOFTWARE (C/C 13029)	219,830.45
SO	201551	10/17/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 13163)	51,217.17
SO	201573	12/28/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 13164)	44,743.18
SO	201575	12/29/2006	122092 LLOYD TOWER - OFFICE STRUCTURE	2007 LCT MISCELLANEOUS SOFTWARE (C/C 12302)	97,084.47
SO	201656	11/27/2006	122099 S.P.C.C. BUILDING	2007 PCC MISCELLANEOUS SOFTWARE (C/C 13292)	108,436.94
	201600	11/30/2006	122108 1033 COOLEY BUILDING	2008 1033 MISCELLANEOUS SOFTWARE (C/C 12609)	82,149.74
SO	201566	12/22/2006	122300 PORTLAND METRO OP CENT	2007 PMOC MISCELLANEOUS SOFTWARE (C/C 12635)	2,005.57
SG	201493	5/24/2006	514000 DAVE JOHNSTON STEAM PLANT	CY2006 DAVE JOHNSTON MINOR SOFTWARE (CC 10367)	10,590.61
SG	201564	11/30/2006	519000 WYODAK PLANT	2007 WYODAK MISCELLANEOUS SOFTWARE (C/C 10552)	1,761.46

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 19
Schedule 1
Account 303

Issue

Generic Direct Analysis Issue

Should BPA adopt common functionalization for similar types of software assets?

Discussion

Inconsistency between how the IOUs functionalize certain types of software, i.e. metering, customer information systems, work management, etc.

The issue is whether BPA should maintain consistency in the functionalization of these common types of programs amongst utilities when calculating ASC.

Response

BPA should maintain consistency in the functionalization of these common types of programs amongst utilities when calculating ASC.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 20
Schedule 1
Account 182.3 and Account 254

Issue

Generic Direct Analysis Issue

Should BPA adopt common functionalization for similar types of regulatory assets and liabilities?

Discussion

Inconsistency in the way the IOUs functionalize Deferred Pension, Pay and other labor related Assets and Liabilities.

PGE and Avista and NW use the Labor Ratio. IPC uses PTD. PSE and PAC functionalize these assets to Distribution.

The issue is whether BPA should maintain consistency in the functionalization of deferred pension, pay and other labor related assets and liabilities amongst utilities when calculating ASC.

Response

BPA should maintain consistency in the functionalization of deferred pension, pay and other labor related assets and liabilities amongst utilities when calculating ASC.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 21
Schedules 1 & 3
Accounts 182.3, 186, 253, and 254

Issue

Generic Direct Analysis Issue

Should BPA require that asset accounts that have a corresponding liability account have a common functionalization? For example, should pension costs in Accounts 182.3 and 254 have the same functionalization?

Discussion

Direct analysis is required in the functionalization of Other Regulatory Assets (Account 182.3), Miscellaneous Deferred Debits (Account 186), Other Deferred Credits (Account 253), and Other Regulatory Liabilities (Account 254).

Direct analysis should include maintaining a consistency in functionalization where there is an asset in either Account 182.3 or 186 and offsetting liabilities in either Account 253 or 254.

Direct analysis also requires showing how the assets and liabilities flow through the Income Statement

Response

BPA should require that accounts that have a corresponding asset and liability account have the same functionalization.

PacifiCorp method of assigning all assets and liabilities not in regulatory results to DIST ensures that no further analysis needs to be done regarding the Income Statement. All changes to these accounts effect only the Balance Sheet not the Income Statement.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 22

Schedules 1 & 3

Accounts 182.3, 186, 253, and 254

Issue

Other Regulatory Assets (Account 182.3), Miscellaneous Deferred Debits (Account 186), Other Deferred Credits (Account 253), and Other Regulatory Liabilities (Account 254)

Should PacifiCorp functionalize the actual Other Regulatory Assets (Account 182.3), Miscellaneous Deferred Debits (Account 186), Other Deferred Credits (Account 253), and Other Regulatory Liabilities (Account 254) shown in the FERC Form 1 on a line by line detail?

Discussion

Direct is the default functionalization of Other Regulatory Assets (Account 182.3), Miscellaneous Deferred Debits (Account 186), Other Deferred Credits (Account 253), and Other Regulatory Liabilities (Account 254).

PacifiCorp uses its latest results of operations to allocate and then functionalize the assets and liabilities (Accounts 182.3, 186, 253, and 254). This is then used to allocate and functionalize the total assets and liabilities (Accounts 182.3, 186, 253, and 254) as reported in the 2006 FERC Form 1.

PacifiCorp does not allocate and functionalize (Accounts 182.3, 186, 253, and 254), shown in the FERC Form on a line-by-line basis.

Direct analysis should be performed on the assets and liabilities shown in the utilities FERC Form 1 data. The direct analysis should not exclude any of the sub accounts from the FERC Form 1. All sub accounts, regardless of whether they are in the utility's rate base, should be included.

Response

PacifiCorp **does** functionalize (Accounts 182.3, 186, 253, and 254), shown in the FERC Form on a line-by-line basis. All line items not included in the latest results of operations are functionalized to Distribution/Other. They are then allocated to the Pacific Northwest based upon the relevant allocation factors.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 23
Schedules 1
Accounts 182.3

Issue

Other Regulatory Assets

Should assets that are not allocated to the NW region in detail be allocated to Oregon in the summation calculation?

Discussion

Account 1823040 is functionalized to Production. Line 825, Regulatory Assets Tab.

There seems to be an inconsistency between how this account is functionalized in the results of operation and how the costs are allocated to the Pacific Northwest for ASC purposes.

This account (line 171) is the compilation of Utility Regulation Transition costs.

PacifiCorp allocates all of the Transition Assets to “Other;” however in Line 825 the compilation is allocated to Oregon.

Response

BPA erroneously describes the account at issue and misunderstands the result of operations report. In the result of operations report, costs are allocated to the State, FERC or Other jurisdictions. If costs are allocated to a State, then such costs are included in the calculation of the revenue requirement for that State. State-specific costs may also be recovered from a State through a supplemental schedule. In that case, those costs will be allocated to Other in the result of operations report to insure that PacifiCorp does not recover the costs twice from Oregon ratepayers.

The account at issue, (line 171), is a compilation of Utility Regulation Transition costs only in the state of Oregon. (The first account is called “Oregon Direct Access”. The majority of the other accounts either reference SB 1149, an Oregon law or specific Oregon Rate Schedules). The assets are assigned to “Other” because they are directly recovered from Oregon ratepayers through supplemental Rate Schedules 291, 292, 293 and 296, not through the base revenue requirement calculation. These are Oregon-specific costs and should be included in the ASC calculation.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 24
Schedules 1
Accounts 182.3

Issue

Other Regulatory Assets

Should assets that are not allocated to the NW region in the detail be allocated to Oregon in the summation calculation?

Discussion

Sub account 187003 is functionalized to Production. Line 833, Regulatory Assets Tab.

There seems to be an inconsistency between how this account is functionalized in the results of operation and how the costs are allocated to the Pacific Northwest for ASC purposes.

This account is for Oregon Utility Regulation Transition Costs.

In line 782 PacifiCorp Allocates this account to “Other”, however in Line 833 this is allocated to Oregon.

Response

BPA erroneously describes the account at issue and misunderstands the result of operations report. In the result of operations report, costs are allocated to the State, FERC or Other jurisdictions. If costs are allocated to a State, then such costs are included in the calculation of the revenue requirement for that State. State-specific costs may also be recovered from a State through a supplemental schedule. In that case, those costs will be allocated to Other in the result of operations report to insure that PacifiCorp does not recover the costs twice from Oregon ratepayers.

Account 187003 (line 782) is a specific Direct Access cost in the state of Oregon. The asset is assigned to “Other” because it is directly recovered from Oregon ratepayers through supplemental Rate Schedules 291, 292, and 293, not through the base revenue requirement calculation. It is an Oregon-specific cost, and should be included in the ASC calculation.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 25
Schedules 1
Accounts 182.3

Issue

Other Regulatory Assets

Should assets that are not allocated to the NW region in detail be allocated to Oregon in the summation calculation?

Discussion

Sub account 187081 is functionalized to Transmission. Line 839, Regulatory Assets Tab.

There seems to be an inconsistency between how this account is functionalized in the results of operation and how the costs are allocated to the Pacific Northwest for ASC purposes.

This account is for RTO Grid West N/R – OR.

In line 788 PacifiCorp Allocates this account to “Other”; however in Line 833 this is allocated to Oregon.

Response

BPA misunderstands the result of operations report. In the result of operations report, costs are allocated to the State, FERC or Other jurisdictions. If costs are allocated to a State, then such costs are included in the calculation of the revenue requirement for that State. State-specific costs may also be recovered from a State through a supplemental schedule. In that case, those costs will be allocated to Other in the result of operations report to insure that PacifiCorp does not recover the costs twice from Oregon ratepayers.

Account 187081 (line 788) RTO Grid West N/R – Oregon represents Oregon’s share of funds loaned to Grid West. Deferred accounting for these funds was approved by the OPUC on August 22, 2006 in Docket UM 1256 (Order 06-483). The Company has not yet requested amortization either through base rates or a supplemental schedule. These are costs incurred by the Company’s Oregon ratepayers and should be included in the ASC calculation.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 26
Schedules 1
Accounts 182.3

Issue

Other Regulatory Assets - Functionalization

Does the direct analysis justify the functionalization of the account to PROD?

What is the correct functionalization of Oregon's Electric Restructuring Law?

Discussion

Account 1823040 is functionalized to Production. Line 825, Regulatory Assets Tab. This account encompasses costs related to Oregon's Electric Restructuring Law.

The explanation of the items was not sufficiently clear to allow an understanding of the software's purposes and therefore the applicability of the functionalization.

It is not clear how costs related to Oregon's Electric Restructuring Law relate to production or transmission.

Response

Please see the Company's response to Issue 12. Oregon's Electric Restructuring Law allowed a customer the choice of electricity producer. This asset represents the cost of allowing a customer his choice of electricity producer and is thus functionalized to production.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 27
Schedules 1
Accounts 182.3

Issue

Other Regulatory Assets - Functionalization

What is the correct functionalization of Franchise Taxes?

Discussion

Account 1823920 is functionalized to Production. Line 827, Regulatory Assets Tab.
This account is a compilation of costs related to Idaho DSM activities. Lines 580 – 727.

PacifiCorp includes “Franchise Taxes” in lines, 616, 617 and 619.

Under the 2008 ASCM, Franchise Taxes are not exchangeable.

Response

The functionalization of a software system should follow the functionalization of the operation it supports and the Franchise Tax System should be functionalized to Distribution.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 28
Schedules 1
Account 253

Issue

Other Deferred Credits

What is the correct functionalization of these accounts?

Discussion

It is unclear how the following accounts are related to production, transmission or distribution.

'UNEARNED JOINT USE POLE CONTACT REVENUE
'AMERICAN ELECTRIC POWER CRP
'REDDING CONTRACT
'FOOTCREEK CONTRACT
'SOFTWARE LICENSE PAYMENTS – MICROSOFT
'DEF REV-DUKE/HERMISTON GAS SALE NOVATION

The explanation of the items was not sufficiently clear to allow an understanding of their purpose and therefore the applicability of the functionalization.

Response

As described in the Company's response to BPA Data Request 37.

289005 UNEARNED JOINT USE POLE CONTACT REVENUE - This is the portion of Pole Contact Rental that has been billed but not yet earned. A portion is recognized to the revenue account 301864 (Revenue - Joint use of Poles) monthly. There are four cycles of contact rental billings during the year. At the beginning of each quarter, a file is received detailing the amount of Joint Use contact rental billings that will be billed for the future year. The annual Contact Rental billing is deferred unearned revenue that is booked (credited) to account 289005 Unearned Joint Use Pole Contact Revenue with the offsetting entry being booked to (debited) account 301864 Revenue - Joint use of Poles. Each month, a portion of this is then amortized. UNEARNED JOINT USE POLE CONTACT REVENUE does not include any costs associated with transmission towers and should be functionalized to DIST. The cost allocator is shown in cells D145 – D151. These cells are state specific and inappropriate allocation method for transmission costs which would be allocated SE or SG.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

289316 AMERICAN ELECTRIC POWER CRP – A prepayment from American Electric Power now fully amortized. It should be functionalized to PROD.

289909 REDDING CONTRACT – A \$43 million upfront payment from Redding is amortized in two pieces. \$32,000,000 is the energy portion (firm capacity prepayment) over 5 years through Nov. 30, 2000 and \$11,000,000 is transmission portion (advance wheeling reimbursement) over 20 years through Nov. 30, 2015. It should be functionalized to PROD.

289915 FOOTCREEK CONTRACT - PPL paid the full cost of the Transmission and Substation plant for Foote Creek I. Initially this cost was to be shared with EWEB but later it was decided that PPL would own this portion of the facility. EWEB made a one time payment to cover use of facility charges over the life of the Foote Creek I agreement. This payment is now being applied to the use of facility charges at Foote Creek 2, 3 and 4. It should be functionalized to TRAN.

289530 SOFTWARE LICENSE PAYMENTS – MICROSOFT This account was used to defer software licenses asset. It should be functionalized PTD.

289025 DEF REV-DUKE/HERMISTON GAS SALE NOVATION - Payment is for the assignment of the gas purchase agreement for Hermiston. The amount in this account is the amount received less monthly amortization. It should be functionalized to PROD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 29
Schedules 1
Account 253

Issue

Other Deferred Credits

Is any of the “UNEARNED JOINT USE POLE CONTACT REVENUE” associated with transmission towers?

Discussion

It is unclear how this account is related to production, transmission or distribution.

PAC functionalizes “UNEARNED JOINT USE POLE CONTACT REVENUE” to distribution.

Response

As described in the Company’s response to BPA Issue 28.

289005 UNEARNED JOINT USE POLE CONTACT REVENUE - This is the portion of Pole Contact Rental that has been billed but not yet earned. A portion is recognized to the revenue account 301864 (Revenue - Joint use of Poles) monthly. There are four cycles of contact rental billings during the year. At the beginning of each quarter, a file is received detailing the amount of Joint Use contact rental billings that will be billed for the future year. The annual Contact Rental billing is deferred unearned revenue that is booked (credited) to account 289005 Unearned Joint Use Pole Contact Revenue with the offsetting entry being booked to (debited) account 301864 Revenue - Joint use of Poles. Each month, a portion of this is then amortized. UNEARNED JOINT USE POLE CONTACT REVENUE does not include any costs associated with transmission towers and should be functionalized to DIST. The cost allocator is shown in cells D145 – D151. These cells are state specific and inappropriate allocation method for transmission costs which would be allocated SE or SG.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 30
Schedule 1
Account 253

Issue

Other Deferred Credits

What is the purpose of the \$1000 and should it be removed?

Discussion

There is a hardwired “-1,000” in cells L148 & M148 (Oregon, Washington and Idaho rate base.

There seems to be no purpose for the \$1000

Response

As described in the Company’s response to BPA Data Request 37.

“The hardwired “-1,000” in cells L148 & M148 in spreadsheets Oregon Rate Base, Washington Rate Base and Idaho Rate Base is an error.”

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 31
Schedule 3B - Other Items
Account 421

Issue

Miscellaneous Non-operating Income

What is the correct functionalization of these accounts?

Discussion

It is unclear how the following accounts are related to production, transmission or distribution.

Other Misc Sales & Services Revenue
Gain on Sale of Investments
ARO - Misc Non-Oper Inc/Exp

The explanation of the items was not sufficiently clear to allow an understanding of their purpose and therefore the applicability of the functionalization.

Response

As described in the Company's response to BPA Data Request 39.

Other Misc Sales & Services Revenue is the "profit on the sale of timber" from land included in Account 121 – Non Utility Property. Account 121 is not utilized in the Average System Cost Methodology, so any expense related to this balance sheet approach must be functionalized to distribution. (Electric Plant Instruction 7C requires that the profit on the sale of timber from Land included in Plant in Service or Plant Held for Future Use be booked to the appropriate utility operating account.)

Gain on Sale of Investments income results from the sale of investments in Account 124 – Other Investments. This account is functionalized to distribution, thus any gain on the sale of the investments must also be functionalized to distribution,

ARO - Misc Non-Oper Inc/Exp is the accretion and depreciation expense for asset retirements costs included in Account 230 – Asset Retirement Obligations – related to non-utility plant. Account 230 is not utilized in the Average System Cost Methodology, so any expense related to this balance sheet approach must be functionalized to distribution.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 32

Schedule 3B - Other Items

Account 456

Issue

Other Electric Revenues

What is the correct functionalization of these accounts?

Discussion

It is unclear how the following accounts are related to production, transmission or distribution:

OTH EL/EXCL WHEEL
USE OF FACIL REV
MISC OTHER REV

The explanation of the items was not sufficiently clear to allow an understanding of their purpose and therefore the applicability of the functionalization

Response

As described in the Company's response to BPA Data Request 40.

OTH EL/EXCL WHEEL account is "Other electric revenue excluding wheeling revenue." MISC OTHER REV account is miscellaneous other revenue. They consist of electric "revenues derived from electric operations not included in any of the foregoing accounts" (Accounts 450, 451, 453 – 455). They also exclude "revenues from transmission of electricity of others over transmission facilities of the utility." These two accounts are directly assigned to each state and thus must be functionalized to distribution. (See Response to BPA Data Request 3)

The Company continues to recommend that the USE OF FACIL REV (Other Companies Use of the Company's Transmission and Distribution) account be functionalized to TD.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 33

Schedule 3, Schedule 3B, 3-yr pp & OSS
Account 555 & 447

Issue

Generic Issue - Purchased Power Expense, Sales for Resale, and Price Spread

How should book-outs and trading adjustments be treated for calculations of purchased power expense and sales for resale revenue and the price spread calculation?

Should the treatment be consistent across utilities

Discussion

PacifiCorp is reducing the amount of its purchased power expense and sales for resale revenue by book-outs and trading adjustments. It appears that the other utilities do not.

The inclusion or exclusion of book-outs and trading adjustments in purchased power and sales for resale numbers affects the price spread calculation. BPA is considering whether it is appropriate to remove these adjustments when performing the price spread calculation and the ASCs.

Response

It is inappropriate to remove these adjustments when performing the price spread calculation and the ASCs for the following reasons.

- First, BPA's proposed removal of these adjustments directly violates the ASCM ROD, which states on page 58 "The ASCM will not normalize short-term purchases and sales for resale." Removal of the adjustments is normalization and is not permitted under the ASCM ROD.
- Second, PacifiCorp's ASC calculation has been explicit in its treatment of book-outs and trading adjustments. These activities occur at all utilities, although other utility ASC calculations may not explicitly identify them. Normalizing these only for PacifiCorp is both unfair and incorrect.
- Third, out of period corrections occur in all expense and rate base categories. BPA suggests without explanation that it is appropriate to normalize them for these two accounts, but not for any other accounts. Doing so would directly violate the intent of the ASCM ROD to use FERC Form 1 data and not the jurisdictional approach. Out of period corrections for all categories occur using

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

the jurisdictional approach. Allowing BPA to apply a jurisdictional approach only to two accounts is inconsistent with the ASCM.

- Finally, parties did suggest updating short-term sales and purchases during the pendency of the case, and BPA rejected such an approach citing “unnecessary and burdensome complexity”. (ASCM ROD Page 32) The two normalization techniques now being suggested by BPA are much more complex than the update previously suggested by parties and rejected by BPA.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 34

ASC Forecast Model

Issue

Generic Issue - New Plant Additions – Natural Gas Prices

Should BPA adopt a common natural gas price forecast in the ASC Forecast Model for all *new* natural gas-fired plant additions?

Discussion

Forecasted natural gas prices vary significantly between utilities forecasting natural gas burning new additions. None of the utilities submitted documentation on long term firm natural gas supply contracts, so it is assumed that the differences are a result of different natural gas price forecasting techniques.

Response

The basis of the ASCM is the use of utility specific FERC Form 1 historic data. Use of utility specific forecast data is consistent with this approach.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 35

ASC Forecast Model

Issue

Generic Issue - New Plant Additions - Capacity Factor

Should BPA use common representative capacity factors in the ASC Forecast model for estimating the operating costs and expected energy output for plant additions of similar type?

Discussion

Projected capacity factors vary significantly between utilities for similar types of new resources

Response

The basis of the ASCM is the use of utility specific FERC Form 1 historic data. Use of utility specific forecast data is consistent with this approach.

BPA Issues and Clarification List for FY 2009 ASC Filing: PacifiCorp

Issue 36 **Schedule 1, Income Statement** **Various Accounts**

Issue

Generic Issue – Inclusion - Other Regulatory Assets and Liabilities

What should be the functionalization of Other Regulatory Assets and Liabilities that are not included in rate base by the regulatory authority?

What should be the functionalization of the corresponding income statement accounts for the Regulatory Assets and Liabilities that are not included in rate base by the regulatory authority?

Discussion

There is inconsistency between utilities in the functionalization of Regulatory Assets and Liabilities when not included in rate base.

For example, PAC functionalized all Other Regulatory Assets and Liabilities that are not in its retail rate base to distribution. Idaho functionalized several items in these same accounts, also not included in its retail rate base, to PTD.

Many of these accounts are included in working capital for ratemaking purposes.

There is concern that the treatment of the income statement accounts for Other Regulatory Assets and Liabilities are not consistent with the asset and liability treatment for ASC purposes.

Response

There should be consistency between utilities in the functionalization of Regulatory Assets and Liabilities when not included in rate base.

PacifiCorp has two mining AROs in Regulatory Liability Accounts (Account 253 and 254) not included in Rate Base but included in the Cash Working Capital Calculation. Their inclusion decreases the Company's Cash Working Capital.

Regulatory Assets and Liabilities not included in Rate Base have no effect on the Company's income statement. All entries affect only the balance sheet.