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August 31, 2007

***VIA ELECTRONIC FILING
AND FIRST CLASS MAIL***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97310-2551

Attn: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: Docket No. UA 110; In the Matter of PROPERTY OWNERS OF TAX LOT 501;
Petition to Review Service Area for Tax Lot 501, Petitions, and PACIFIC
POWER AND LIGHT COMPANY and HOOD RIVER ELECTRIC
COOPERATIVE, INC., Respondents

PacifiCorp (d.b.a. Pacific Power) hereby submits for filing an original and one copy of its
Closing statement in Docket No. UA 110.

Very truly yours,

Michelle Mishoe
Legal Counsel
Pacific Power

Enclosures

Cc: UA 110 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UA 110

In the matter of

PROPERTY OWNERS OF TAX LOT 501;
Petition to review Service Area for Tax Lot 501.

Petitioners,

and

PACIFICORP (dba PACIFIC POWER) and
HOOD RIVER ELECTRIC COOPERATIVE, INC.,

Respondents.

**CLOSING STATEMENT OF
PACIFICORP**

On August 10, 2007, the property owners of Tax Lot 501 (“Petitioners”), Hood River Electric Cooperative (“HREC”) and PacifiCorp, dba Pacific Power (“PacifiCorp” or “Company”), jointly filed a statement agreeing to file closing statements in lieu of briefs. At a hearing on August 23, 2007, Administrative Law Judge Petrillo accepted this proposal. Pursuant to the August 10, 2007 joint statement and the Administrative Law Judge’s August 23, 2007 ruling, PacifiCorp hereby submits this closing statement. In closing, PacifiCorp states:

PROCEDURAL HISTORY

On February 2, 2007, Petitioners petitioned the Public Utility Commission of Oregon (“Commission”) for a review of PacifiCorp’s and HREC’s service territories and a “re-draw[ing]” of the service territory boundaries such that Petitioners could be served by HREC. HREC responded in support of the petition on February 28, 2007. PacifiCorp responded in opposition to the petition on March 1, 2007. A prehearing conference was held on March 21,

2007. On April 13, 2007, the parties met at Tax Lot 501 to conduct a visual inspection of the site. On April 24, 2007, Petitioners submitted correspondence summarizing the visual inspection meeting. On April 30, 2007, PacifiCorp submitted correspondence summarizing the visual inspection meeting. On May 21, 2007, the parties filed a Joint Statement agreeing on the location of Tax Lot 501 and the location of the service territory boundaries. On July 9, 2007, the parties jointly filed a statement agreeing that no hearings were necessary in this docket. On August 10, 2007, the parties jointly filed a statement agreeing to submit closing statements in lieu of briefs. On August 23, 2007, Administrative Law Judge Petrillo accepted the parties' proposal to submit closing statements.

STIPULATED FACTS

In the May 21, 2007 Joint Statement the parties stipulated to the following facts:

1. The Parties agree that PacifiCorp's and HREC's service lines run across a minimal portion of the South and West portions of Tax Lot 501.
2. The Parties agree that Whiskey Creek separates PacifiCorp's service territory from HREC's service territory. PacifiCorp's service territory rests to the North; and HREC's service territory rests to the South.
3. The Parties agree that the proposed building site for Tax Lot 501 is to the North of Whiskey Creek, in PacifiCorp's service territory.

APPLICABLE LAW

The following provisions of the Oregon Revised Statutes are relevant to this proceeding:

758.410 Contracts for allocation of territories and customers between suppliers of utility service and for transfer of facilities.

(1) Any person providing a utility service may contract with any other person providing a similar utility service for the purpose of allocating territories and customers between the parties and designating which territories and customers are to be served by which of said contracting parties; and the territories

and customers so allocated and designated may include all or any portion of the territories and customers which are being served by either or both of the parties at the time the contract is entered into, or which could be economically served by the then existing facilities of either party, or by reasonable and economic extensions thereto.

758.430 Amendment of contract; approval of commission. Any contract that has been approved as provided in ORS 758.400 to 758.475 may be subsequently amended by the parties thereto, but any such amendatory agreement shall be filed with the Public Utility Commission and shall thereafter be approved or disapproved by the commission in the manner provided in ORS 758.420 and 758.425. However, no hearing is required if all affected customers approve the amendatory agreement. An amendatory agreement may be enforced in the manner provided in ORS 758.465.

ARGUMENT

Oregon law provides two avenues for allocating service territory among similar utilities. ORS 758.400 through 758.475 contains the rules of the road for such service territory allocations. The first avenue allows utilities whose service territories may overlap to reach an agreement on how to draw boundaries between service territories. ORS 758.410. Once agreement is reached, the utilities must then request the Commission's approval of the agreement. ORS 758.420. Any Commission approved contract may be subsequently amended by the parties to the agreement, which the Commission must approve or disapprove. ORS 758.430. The second avenue for service territory allocation allows a utility to submit an application, for Commission approval, for exclusive service territory in instances where the utility is already the exclusive service provider and the area is otherwise unallocated. ORS 758.435. This second avenue is not relevant to this proceeding.

A. The proposed building site for Tax Lot 501 rests squarely within PacifiCorp's allocated service territory, making PacifiCorp the rightful service provider.

On January 12, 1967, the Commission granted approval of the contract filed pursuant to ORS 758.410 by PacifiCorp and HREC allocating electric utility service territories and

customers between PacifiCorp and HREC. Docket No. UF 2606, Order No. 43350. This service territory contract established a clear service boundary between PacifiCorp and HREC, and exclusive territories for each to provide electric utility service.

For purposes of this docket, Whiskey Creek serves as an important service territory boundary. PacifiCorp's service territory rests to the north of Whiskey Creek; HREC's service territory rests to the south of Whiskey Creek. Tax Lot 501's owners intend to use property to the north of Whiskey Creek, well within PacifiCorp's allocated territory, as a building site. Because this property is clearly within PacifiCorp's territory, PacifiCorp is the rightful electric utility service provider. Additionally, PacifiCorp stands ready to serve Tax Lot 501 from PacifiCorp facilities on the outer-west portion of Tax Lot 501 by following its Line Extension policies. Therefore PacifiCorp is also capable of providing safe and adequate service to Tax Lot 501.

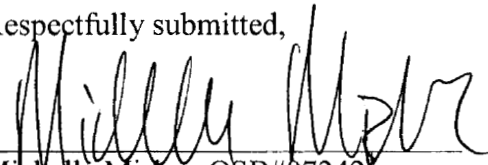
B. Petitioners failed to state a claim for which relief may be granted, therefore the petition should be denied.

Petitioners seek a "redrawing" of the service territory between PacifiCorp and HREC by the Commission. Nowhere in the statutory provisions for service territory allocation is this type of service territory allocation contemplated, nor do Petitioners cite to such in the petition. The statute seems to provide only one method of altering service territories allocated by contract once approved by the Commission. ORS 758.430 allows for parties to an existing service territory allocation contract to *agree* to amend the contract. (Emphasis added). Such agreement must be submitted to the Commission for approval or disapproval. ORS 758.430 does not apply to Petitioners since they are not a party to the service territory allocation contract between PacifiCorp and HREC. Further, ORS 758.430 does not apply here because PacifiCorp disagrees with the proposed reallocation.

CONCLUSION

Based on the foregoing, PacifiCorp respectfully requests that the Commission deny the Petition.

Dated this 31st day of August 2007.

Respectfully submitted,
By 
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UA 110

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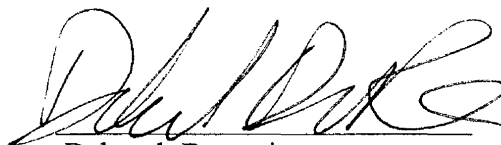
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I certify that I have cause to be served the foregoing **CLOSING STATEMENT OF PACIFICORP** in OPUC Docket No. UA 110 by electronic mail and first class mail to the parties on the attached service list.

DATED this 31st day of August, 2007.



Deborah Depetris