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December 15, 2009

Via Electronic and US Mail

Public Utility Commission
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: Investigation to determine if PACIFIC POWER's rate revision has been
consistent with the methodologies and calculations required by Order No.
05-584
Docket No. UM 1442

Dear Filing Center:

Enclosed please find an original of the Opening Brief on behalf of the Industrial
Customers of Northwest Utilities in the above-referenced docket.

Thank you for your assistance.

Sincerely yours,

/s/ Brendan E. Levenick
Brendan E. Levenick

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Opening Brief of the Industrial Customers of Northwest Utilities upon the parties on the service list, shown below, by causing the same to be sent by electronic mail to all parties, as well as, deposited in the U.S. Mail, postage-prepaid, to parties which have not waived paper service.

Dated at Portland, Oregon, this 15th day of December, 2009.

/s/ Brendan E. Levenick
Brendan E. Levenick

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(W) = Waive Paper Service

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1442

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION OF)	OPENING BRIEF OF THE
OREGON)	INDUSTRIAL CUSTOMERS OF
)	NORTHWEST UTILITIES
)	
Investigation to determine if PACIFIC)	
POWER's rate revision has been consistent with)	
the methodologies and calculations required by)	
Order No. 05-584)	

Pursuant to Administrative Law Judge Grant’s Prehearing Conference Order, the Industrial Customers of Northwest Utilities (“ICNU”) submits the following Brief regarding PacifiCorp’s revised avoided cost rates. ICNU is not responding to many of the issues raised in the testimony of Staff and PacifiCorp because of the limited scope of this proceeding.

Oregon law requires that the Oregon Public Utility Commission (“OPUC” or the “Commission”) approve new avoided cost rate schedules that equal “the utility’s forecasted incremental cost of electric resources over at least the next 20 years.” ORS § 758.525. These avoided costs must be based on “the incremental cost” of electricity “that the utility would generate itself or purchase from another source but for the purchase from a qualifying facility.” ORS § 758.505(1).

The Commission adopted a narrow scope for this proceeding, and excluded from consideration issues related to whether PacifiCorp’s avoided cost rates reflect the Company’s actual avoided costs. Re Pacific Power, Docket No. UM 1442, Order No. 09-427 at 3-5 (Oct. 28, 2009). Instead, the Commission limited this

proceeding to investigate the very narrow question of whether PacifiCorp's revised rates are consistent with the Commission's previously approved methodology, regardless of whether that methodology produces accurate avoided costs. Id.

Due to the narrow scope of the proceeding, ICNU did not evaluate whether PacifiCorp's filing is consistent with the Commission's approved avoided cost methodology. ICNU/100, Falkenberg/1-3. Despite this limited scope, the record demonstrates that the Commission's "current methodology does not result in PacifiCorp's avoided cost rates reflecting the Company's actual incremental costs that, but for the purchase of power from qualifying facilities, PacifiCorp would generate or purchase from another source." Id. at Falkenberg/2. Thus, PacifiCorp's filed avoided costs rates in this proceeding are inconsistent with the statutory requirement that the Company's rates equal its actual avoided costs.

ICNU remains concerned that PacifiCorp continues to acquire new capacity and energy resources, but bases its short-term avoided costs on costs less the full per unit cost of these new resources, and ICNU encourages the Commission to rectify the discrepancy between PacifiCorp's filed avoided costs and its actual avoided costs.

Dated this 15th day of December, 2009.

Respectfully submitted,

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Of Attorneys for the Industrial Customers of
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