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June 1, 2015

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
Salem OR 97302

Re: PACIFICORP dba PACIFIC POWER
Application for Approval of Deer Creek Mine Transaction
Docket No. UM 1712

Dear Filing Center:

Enclosed for filing in the above-captioned proceeding, please find the Industrial Customers of Northwest Utilities' Response to PacifiCorp's Motion for Clarification.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1712

In the Matter of)
)
PACIFICORP d/b/a PACIFIC POWER) ICNU RESPONSE TO PACIFICORP’S
) MOTION FOR CLARIFICATION
Application for Approval of Deer Creek Mine)
Transaction.)
_____)

Pursuant to OAR 860-001-0420, the Industrial Customers of Northwest Utilities (“ICNU”) responds to PacifiCorp’s (or, the “Company”) Motion for Clarification filed May 29, 2015 (“Motion”). ICNU disagrees with the Company’s reading of Order No. 15-161, and the need for any clarification, because the text of the order states plainly a definitive and uncontroverted beginning date of June 1, 2015, for the establishment of “a deferred account to track the closure costs” at issue.^{1/} Unambiguously, the Commission did not authorize PacifiCorp to track any Deer Creek Mine closure costs incurred prior to June 1, 2015.

ICNU also disagrees that the Company’s “reading of the order is consistent with ORS 757.259(4) and the remainder of the order.”^{2/} For several reasons, a June 1, 2015 beginning date for the tracking of mine closure costs is more consistent with both the statute and order than a December 2014 beginning date. First, whereas a December 2014 date is used for no other purpose in the order, a June 1, 2015 date is explicitly used for multiple other purposes by the Commission. Specifically, the June 1, 2015 date is also employed as the beginning date for the

^{1/} Order No. 15-161 at 6-7.
^{2/} Motion at 1.

creation of an undepreciated investment asset, for amortization interest accrual, and as the beginning date for deferral of the retiree medical obligation settlement loss.^{3/} This last fact alone—the establishment of an explicit, June 1, 2015 date for the establishment of deferred accounting on other costs—renders the June 1, 2015 beginning date for the tracking of mine closure costs highly consistent with and reasonable in relation to the rest of the Commission’s order.

Moreover, ORS 757.259(4) provides: “A deferral may be authorized for a period not to exceed 12 months beginning on *or after* the date of application.”^{4/} There is nothing unreasonable or inconsistent about the Commission choosing a beginning date for the tracking of costs in a deferred account to start “after” the Company’s application filing date, given that the legislature expressly contemplated for and provided the Commission with just such an option.

Finally, considering also that the Commission deferred resolution on multiple issues in PacifiCorp’s application until the Company’s next general rate case, *including the consideration of mine closure costs*,^{5/} a June 1, 2015 beginning date is more appropriate than a December 2014 date. This is because, as just noted, ORS 757.259(4) authorizes deferral “for a period not to exceed 12 months.” Thus, a deferral period running through June 2016, based upon a beginning date of June 1, 2015, is far more likely to coincide with the conclusion of the Company’s next general rate case (when mine closure costs being deferred will ultimately be

^{3/} E.g., Order No. 15-161 at 1, 8, 10, 12.

^{4/} Emphasis added.

^{5/} E.g., Order No. 15-161 at 1, 6, 7, 10, 12.

considered), rather than a period beginning in December 2014, and running only until December 2015, which will almost certainly pass before the end of PacifiCorp's next general rate case.

Dated this 1st day of June, 2015.

Respectfully submitted,

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/s/ Jesse E. Cowell

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