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November 10, 2005

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: In the Matter of the Adoption of Temporary Rules Implementing SB 408 Relating to Matching Utility Taxes Paid with Taxes Collected

Docket No. AR 498

In the Matter of the Adoption of Permanent Rules Implementing SB 408 Relating to Matching Utility Taxes Paid with Taxes Collected

Docket No. AR 499

Dear Filing Center:

Enclosed please find an original and two (2) copies of the Proposed Budget of the Industrial Customers of Northwest Utilities in the above-captioned Docket.

Please return one file-stamped copy of the document in the self-addressed, stamped envelope provided. Thank you for your assistance.

Sincerely yours,

/s/ Christian Griffen

Christian W. Griffen

Enclosures

cc: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 498/AR 499

<p>_____) In the Matter of the Adoption of Temporary) Rules to Implement SB 408 Relating to) Annual Tax Reports and Automatic) Adjustment Clauses Relating to Public Utility) Taxes.) _____) _____) In the Matter of the Adoption of Permanent) Rules Implementing SB 408 Relating to) Utility Taxes.) _____) _____)</p>	<p>PROPOSED BUDGET OF THE INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES</p>
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Pursuant to Section 6.3 of the Intervenor Funding Agreement (“IFA”) approved by the Oregon Public Utility Commission (Commission) by Order No. 03-388 (July 2, 2003) and Order No. 05-1149 issued in these proceedings (Nov. 4, 2005), the Industrial Customers of Northwest Utilities (“ICNU”) files this Proposed Budget in AR 498 and AR 499 for an Issue Fund Grant in the amount of \$36,050. ICNU proposes that this grant be split evenly between the PacifiCorp Issue Fund Account and the Portland General Electric Company (“PGE”) Issue Fund Account. Due to the low amount that remains in PacifiCorp’s Issue Fund Account, ICNU will bear the PacifiCorp half of the amount of this Proposed Budget and will only seek to recover the half of the budget that is allocated to PGE’s account (\$18,025).

ICNU respectfully requests that the Commission act on this Proposed Budget within 14 days of receipt, as provided by Section 6.4 of the IFA. The following information is provided in accordance with Section 6.3 of the IFA:

PAGE 1 – PROPOSED BUDGET FOR ISSUE FUND GRANT

(1) Statement of the work to be performed by ICNU for which ICNU is seeking the Issue Fund Grant:

ICNU has retained Davison Van Cleve, P.C. to represent ICNU in AR 498 and AR 499. AR 498 is an investigation opened to develop temporary rules to implement Senate Bill (“SB”) 408. The Commission issued Order No. 05-991 in AR 498 on September 15, 2005, adopting temporary rules to implement SB 408. PacifiCorp filed a petition to repeal or amend the temporary rules on October 14, 2005. PacifiCorp’s petition is pending before the Commission, and it is uncertain whether there will be additional proceedings in AR 498.

The Commission opened AR 499 to develop and adopt permanent rules for the implementation of SB 408. Proceedings in AR 499 are ongoing.

The IFA defines an Eligible Proceeding as “any commission proceeding that directly affects one or more of the Participating Public Utilities.” IFA, Section 1(c). AR 498 and AR 499 directly affect both PGE and PacifiCorp, which are Participating Public Utilities under Section 1(k) of the IFA. Therefore, an Issue Fund Grant may be made for these proceedings under Section 6.1 the IFA. ICNU has participated in AR 498 and intends to attend all workshops, public meetings, and hearings in AR 499. In addition, ICNU has submitted and intends to submit further written and oral comments on legal and substantive questions. The purpose of ICNU’s participation is to ensure that the Commission adopts rules that are consistent with the legislature’s intent in passing SB 408.

(2) Description of the areas to be investigated by ICNU:

ICNU intends to investigate the appropriate rules that will implement SB 408 in a manner that is consistent with the legislature’s intent in enacting SB 408. ICNU is participating

in AR 499 to assist the Commission in its investigation of permanent rules implementing SB 408.

In AR 498, PacifiCorp has requested repeal of the Commission's temporary rules implementing SB 408. ICNU has participated in AR 498 and submitted comments in opposition to PacifiCorp's petition to repeal the temporary rules.

(3) Description of the particular customer class or classes that will benefit from the intervenor's participation:

ICNU's participation will directly benefit industrial and all other large non-residential customers who purchase service from PacifiCorp and PGE in Oregon.

(4) Identification of the specific Fund account from which ICNU is seeking the Issue Fund Grant:

ICNU is seeking an Issue Fund Grant in the amount of \$36,050. Pursuant to Section 7.7(a) of the IFA, ICNU proposes that the grant amount be allocated equally between ICNU funds to cover the portion related to PacifiCorp and the PGE Issue Fund Account, which was established under IFA Section 4.2.3. As stated earlier, since the PacifiCorp account is nearly depleted, ICNU will seek recovery of only that half of its proposed budget that is allocated to PGE's account (\$18,025). ICNU will bear the remaining expense.

(5) Budget showing estimated attorney and consultant fees and expert witness fees:

Attached as Exhibit A is ICNU's proposed budget in AR 498/AR 499. ICNU and the Northwest Industrial Gas Users ("NWIGU") have agreed to share an expert witness in this proceeding. The budgeted amount for the witness is \$10,000, which will be split equally between ICNU and NWIGU. The \$5,000 listed in Exhibit A represent ICNU's half of the total budgeted expert witness fee.

(6) Response to Questions in Order No. 05-1194

1. With respect to the question posed in the order regarding the designation of money from the funds in this proceeding, ICNU suggests that the Commission allocate the amount of ICNU's proposed budget equally between the PGE and PacifiCorp Issue Fund Accounts. As described above, however, ICNU will seek to recover only the half of the total amount that has been allocated to the PGE Issue Fund Account. Section 7.7(a) of the IFA allows the Commission to consider all factors that the Commission deems relevant to the particular matter. Both the lack of funds in the PacifiCorp Issue Fund Account and ICNU's willingness to bear the amount of its proposed budget that could be allocated to the PacifiCorp Issue Fund are relevant factors that the Commission should consider in determining the appropriate allocation.

2. With respect to the recovery of the amounts from the appropriate customer class, ICNU is representing the industrial customers of PacifiCorp and PGE in this proceeding. ICNU recommends that the Commission order recovery of the amount that ICNU is eventually authorized to recover from the industrial customer class for PGE.

3. With respect to the extent to which ICNU and NWIGU are combining resources, ICNU and NWIGU have agreed to split the costs of an expert witness in this matter. Furthermore, ICNU has undertaken extensive research into the legislative history of SB 408 and provided the results to NWIGU. ICNU and NWIGU will attempt to coordinate further combination of resources in the future.

(7) Basis for Request

ICNU respectfully requests that the Commission grant its full request for this Issue Fund Grant based on the following considerations:

1. AR 498 and AR 499 involve considerations of the appropriate implementation of SB 408, which provides for the adjustment of utility rates in certain circumstances. As a result, these proceedings have a direct impact on all customers of PGE and PacifiCorp in Oregon.

2. AR 498 and AR 499 involve very significant policy issues, and the Commission should solicit as much input as possible from customers. The rules that the Commission adopts could have a significant impact on customer rates.

3. ICNU has been precertified under Section 5.1 of the IFA and OAR 860-017-0050(3) as eligible to receive an Issue Fund Grant, by Order No. 03-502, which was entered on August 1, 2003.

4. According to the Commission's latest numbers, the PGE Issue fund Account has \$143,522 available for Issue Fund Grants, whereas the PacifiCorp Issue Fund Account for 2005 is exhausted. ICNU is willing to bear the half of its proposed budget that is allocated to PacifiCorp, and would only request payment for the half that is allocated to PGE's account (\$18,025).

Therefore, ICNU respectfully requests that the Commission issue an order granting an issue fund grant in the amount specified above. Beyond the filing of comments on legal questions, the Commission has not determined the process for AR 499. In preparing the attached budget, ICNU assumed that there would be several rounds of formal comments, as well

as workshops and oral presentations at a public meeting. In the event that the docket involves a substantially different process, ICNU will prepare an amended budget.

Dated this 10th day of November, 2005.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Melinda J. Davison

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Of Attorneys for the Industrial Customers
of Northwest Utilities

AR 498/AR 499

Exhibit AICNU Proposed Budget for Issue Fund Grant

<u>Task</u>	<u>Assigned Personnel</u>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Prepare for and Participate in Workshops and Public Meetings	Sr. Attorney	25	195.00	4,875.00
	Assoc. Attorney	16	145.00	2,320.00
Prepare Response to Application for Repeal of Temporary Rules in AR 498	Sr. Attorney	5	195.00	975.00
	Assoc. Attorney	5	145.00	725.00
Prepare Multiple Rounds of Comments	Sr. Attorney	24	195.00	4,680.00
	Assoc. Attorney	40	145.00	5,800.00
Legal Research	Assoc. Attorney	40	145.00	5,800.00
Prepare for and Attend Public Hearing	Sr. Attorney	20	195.00	3,900.00
	Assoc. Attorney	10	145.00	1,450.00
Expert Witness Fees (shared with NWIGU)*		25	200.00	5,000.00
Sub-Total				35,525.00
Travel Expenses (Mileage)				200.00
Consultant Travel Expenses				0.00
Printing and Reproduction				175.00
Postage				150.00
Grand Total				36,050.00

* 25 hours equates ICNU's share of the expected total of 50 hours.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a copy of the foregoing Proposed Budget of the Industrial Customers of Northwest Utilities upon the parties on the official service lists for AR 498 and AR 499 by causing the same to be electronically served to those parties with an email address, as well as mailed, postage-prepaid, through the U.S. Mail.

Dated at Portland, Oregon, this 10th day of November, 2005.

/s/ Christian Griffen
Christian W. Griffen

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