

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 170

In the Matter of)
)
PACIFIC POWER & LIGHT (dba PacifiCorp))
)
Request for a General Rate Increase in the)
Company's Oregon Annual Revenues)
(Klamath River Basin Irrigator Rates).)

MEMORANDUM

As the parties are aware, a briefing schedule was previously adopted for this portion of the proceeding. Simultaneous opening briefs must be filed by March 3, 2006, with simultaneous reply briefs due on March 10, 2006. Furthermore, oral argument is scheduled before the Commissioners on March 15, 2006.

To assist the Commission in its review, I ask the parties to organize their briefs by issue identified in the issues list. In addition, when referring to evidence in briefs, parties should include appropriate citations to the transcript, testimony, or exhibit. When stating a legal proposition, parties should cite appropriate authority.

The issues applicable to this portion of the proceeding are as follows:

- 1. What are the appropriate rates PacifiCorp should charge the Klamath Basin irrigators for electric service?**
 - a. Are the current rates under the On-Project and Off-Project Agreements justifiable according to the “just and reasonable” rate standard set forth in ORS Chapters 756 and 757? *See* Order No. 05-1202.
 - b. Should the Klamath Basin irrigation customers be included in the standard class of irrigation customers, or is there substantial and reasonable basis for establishing a separate and distinct class of irrigation customers in the Klamath Basin for purposes of service and rates (*i.e.*, a separate service classification under ORS 757.230)?
 - c. If it is determined that Klamath Basin should not be included in the same class as other Oregon irrigation customers and a different rate than the standard irrigation tariff is justified, what is the appropriate rate?

2. If any rate change affecting these customers is implemented, how and when should these customers be transitioned from the rates established in the historical contracts?

- a. Are the provisions of SB 81 applicable to such a rate change and, if so, how should this legislation be implemented with respect to these customers?
- b. If the provisions of SB 81 are not applicable, do any other rate mitigation policies, rules, or statutes apply and, if so, how should such policies, rules, or statutes be implemented with respect to these customers?

Finally, as the parties who attended the hearing are aware, I have specifically asked the parties to address the possible implications of the Federal Energy Regulatory Commission's (FERC) proposal to decouple the Government dam use charges from PacifiCorp's retail rates and set such charges for Klamath Project No. 2082 at the graduated fixed rates set forth in 18 C.F.R. § 11.3(b). *See* PPL/1908, Richardson/11.

Dated at Salem, Oregon this 22nd of February 2006.

Michael Grant
Chief Administrative Law Judge