

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1712

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Approval of Deer Creek
Mine Transaction.

PREHEARING CONFERENCE
MEMORANDUM

On January 22, 2015, the Public Utility Commission of Oregon held a prehearing conference in this docket. Representatives appeared on behalf of PacifiCorp, dba Pacific Power; the Citizens' Utility Board of Oregon; the Sierra Club, the Industrial Customers of Northwest Utilities; and Commission Staff.

The parties agreed that a technical workshop with the Commissioners would be held at the Commission's offices in Salem, on Monday, February 23, 2015 beginning at 9:30 a.m. (pacific). I advised the parties that they should be prepared to address the following issues at the workshop:

1. Allocation of transaction costs among various states; how Oregon's share was calculated with respect to each aspect of the transaction.
2. What options did PacifiCorp have with respect to Deer Creek, i.e., sale, continued operation until 2019, and the current transaction. What was the history of exploring each option and how was a decision to enter into this transaction reached?
3. How did PacifiCorp balance the decision to enter into this transaction against the benefits of continued operation?
 - a. Analysis of getting out of the pension plan sooner rather than later;
 - b. Comparative analysis of health plan outlays (settlement vs. longer-run outlay; net present value of cash flows done one way as opposed to another);
 - c. Reduced operating costs with the of preparation plant;
 - d. Comparison of coal supply costs under the two options;
 - e. Costs associated with accelerated depreciation of assets; reclamation and decommissioning costs; early recovery of pension expense; and other regulatory costs;
 - f. All other issues with financial implications such as a new labor agreement; and
 - g. Any other issues, "known unknowns," that may not be readily apparent to the Commissioners and of which parties may be aware.

In light of the date of the technical workshop, it was discussed at the conference that the parties may request modification to the remainder of the procedural schedule to accommodate changes to testimony in response to issues addressed at the workshop.

Dated this 22nd day of January, 2015, at Salem, Oregon.

A handwritten signature in cursive script, appearing to read "Allan J. Arlow", written over a horizontal dotted line.

Allan J. Arlow
Administrative Law Judge