

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1147**

|  |   |                        |
|--|---|------------------------|
| In the Matter of                       | ) |                        |
|  | ) |                        |
| PUBLIC UTILITY COMMISSION OF           | ) | REPLY COMMENTS OF THE  |
| OREGON                                 | ) | INDUSTRIAL CUSTOMERS   |
|  | ) | OF NORTHWEST UTILITIES |
| Staff Request to Open an Investigation | ) |                        |
| Related to Deferred Accounting.        | ) |                        |
| _____                                  | ) |                        |

**INTRODUCTION**

The Industrial Customers of Northwest Utilities (“ICNU”) submits these reply comments regarding the Public Utility Commission of Oregon’s (“OPUC” or “Commission”) investigation into deferred accounting policies and urges the Commission to adopt a procedural schedule under which the parties address the substantive issues in this proceeding in written comments. The opening comments in this Docket reveal that, for the most part, there is general consensus among the parties that addressed procedural issues that most of the topics in this investigation can be addressed without a full contested case process. Portland General Electric Company (“PGE”) is the only party that advocates an approach that utilizes full contested case procedures under certain circumstances. PGE’s proposed process is unnecessary for the reasons described below.

**DISCUSSION**

Staff, the Citizens’ Utility Board (“CUB”), ICNU, and PacifiCorp all appear to support addressing the issues in this proceeding without development of an extensive factual

record through contested case procedures.<sup>1/</sup> Staff Comments at 1; PacifiCorp Comments at 12; CUB Comments at 1; ICNU Comments at 1-2. Although Staff and PacifiCorp indicate that it may be necessary to submit limited evidence on specific issues, these parties do not indicate that a full contested case process is necessary to do so. Furthermore, in the instances that Staff and PacifiCorp have indicated that evidence may be appropriate, it appears that alternatives to submission of evidence through contested case procedures may be workable. *See* PacifiCorp Comments at 12. Under these circumstances, the Administrative Law Judge should adopt a procedural schedule that includes the opportunity to address the issues in written comments.

PGE also agrees that most of the issues in this proceeding can be addressed through written comments; however, PGE proposes that a distinction be made in addressing “the ratemaking treatment of power costs.” PGE Comments at 2. PGE’s proposal is generally summarized as follows:

1. The proceedings should be bifurcated to address the “ratemaking treatment of power costs” in another forum;<sup>2/</sup>
2. If the proceedings are bifurcated, the issues in this Docket probably can be addressed in two rounds of comments;
3. If the proceedings are not bifurcated, and power cost issues remain in this Docket, then a full contested case process, including two rounds of testimony, is needed.

PGE Comments at 14.

PGE’s proposal is unnecessarily complicated. The ALJ should not adopt PGE’s proposal to bifurcate the proceedings. First, this Docket is intended to be a general investigation

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<sup>1/</sup> Idaho Power and Northwest Natural did not comment on procedural issues.

<sup>2/</sup> PGE suggests opening a new docket to address power costs or separating these issues into another “phase” of this Docket.

into the Commission's deferred accounting practices and policies. Initiating a separate proceeding regarding the ratemaking treatment of power costs goes far beyond the scope of this Docket. Second, neither the deferred accounting statute nor the Commission rules distinguish between deferred accounting for power costs and deferred accounting for other types of costs. Thus, there is no basis in a general investigation of deferred accounting policies to initiate a separate proceeding to address power cost issues. Finally, PGE implies that it is the power cost issues in this proceeding that require full contested case procedures to address. This is not the case. As ICNU stated in its Opening Comments, this proceeding should involve a generic examination of the Commission's deferred accounting policies and should not endeavor to make fact-specific decisions for particular utilities. ICNU Comments at 2. Moreover, the Commission should not use this investigation to resolve "the ratemaking treatment of power costs," which involves many issues beyond those raised by deferred accounting. PGE Comments at 2.

The Commission and the ALJ should reject PGE's suggestion to establish two separate processes to address deferred accounting for power costs and other types of costs, and adopt a procedural schedule that provides for addressing all issues concurrently. Even PGE acknowledges in its Opening Comments that deferred accounting of costs other than power costs can be addressed through written comments. PGE Comments at 4.

Commission Staff indicates that one area in which some evidence may be necessary is if the Commission decides to define a utility's normal risk range. Staff Comments at 4. As Staff acknowledges, however, determining whether particular costs are within a utility's normal risk range should be decided on a case-by case basis. Id. at 3. ICNU agrees that the Commission should make these determinations on a case-by case basis rather than attempting to

do so in this proceeding. Staff also indicates that factual findings may be necessary if the Commission intends to determine the level of risk associated with recovery of money in a deferred account in connection with determining the appropriate interest rate to apply to such accounts. Id. at 5. The Commission can determine as a matter of policy the appropriate interest rate to apply to deferred accounts without factual findings as to the level of risk associated with recovery of particular deferred accounts. As a result, there is no need for a full contested case process to accept evidence on either of the issues that Staff identifies.

If the ALJ determines that certain evidence or factual findings will help to resolve particular issues in this Docket, ICNU suggests that the ALJ consider alternative procedures for the acceptance of evidence such as those proposed by PacifiCorp<sup>3/</sup> rather than adopting unnecessary contested case procedures.

### CONCLUSION

For the reasons stated in ICNU's Opening Comments, and as indicated in the Opening Comments of CUB, Staff, and PacifiCorp, development of a full evidentiary record through a contested process is unnecessary. Furthermore, as indicated by a number of different Parties, certain issues should be resolved on a case-by-case basis in light of the specific facts surrounding a particular application, rather than attempting to establish a rigid test to apply to all utilities. This Docket involves a general investigation into the Commission's deferred accounting practices and policies. The Parties can address the issues in this Docket adequately through written comments and/or briefs.

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<sup>3/</sup> PacifiCorp suggests rephrasing certain issues so that submission of evidence is unnecessary. PacifiCorp also suggests that the Parties attempt to agree upon a limited stipulated record. PacifiCorp Comments at 5, 12.

Dated this 21st day of October, 2004.

Respectfully submitted,

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