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April 18, 2005

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
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RE: **OPUC Docket No. UE 165** - In the Matter of PORTLAND GENERAL ELECTRIC Request for Approval of Schedule 128 to Implement a Hydro Generation Power Cost Adjustment Mechanism.

Enclosed for filing in the above-captioned docket is the Public Utility Commission's testimony in support of the UE 165 stipulation. This document is being filed by electronic mail with the PUC Filing Center.

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PUBLIC UTILITY COMMISSION
OF OREGON

UE 165

STAFF TESTIMONY IN
SUPPORT OF STIPULATION

OF

MAURY GALBRAITH

In the Matter of
PORTLAND GENERAL ELECTRIC
Application for a Hydro Generation Power
Cost Adjustment Mechanism

April 18, 2005

CASE: UE 165
WITNESS: Maury Galbraith

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 300

Testimony in Support of Stipulation

April 18, 2005

Q. PLEASE STATE YOUR NAME AND POSITION.

A. My name is Maury Galbraith. I am employed by the Public Utility Commission of Oregon as a Senior Economist.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. My direct testimony was filed as Staff Exhibit/100. My witness qualifications are shown on Staff Exhibit/101.

I. Introduction and Summary

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony has two purposes: (1) To present staff's reasons for entering into two stipulations with Portland General Electric Company (PGE) which would establish a System Dispatch Power Cost Adjustment Mechanism (SD-PCAM) for 2005-2006; and (2) To address comments made by Industrial Customers of Northwest Utilities (ICNU) in their March 15, 2005 rebuttal testimony.

Q. DID STAFF FILE JOINT TESTIMONY WITH PGE DESCRIBING THE STIPULATIONS AND THE SD-PCAM?

A. Yes. Staff and PGE filed joint testimony in which we explain the provisions of the stipulations. *See* Staff-PGE/100. Further, the stipulations have been filed as joint PGE-Staff Exhibits. *See* Staff-PGE/101 and Staff-PGE/102.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE SD-PCAM RECOMMENDED BY STAFF AND PGE IN THIS CASE?

A. The SD-PCAM would be an automatic adjustment clause under ORS 757.210 and has the following attributes:

1. The SD-PCAM is a temporary mechanism for calendar years 2005 and 2006.

2. The SD-PCAM tracks changes in system resource dispatch due to deviations in hydro conditions, wholesale electricity prices, and natural gas prices. All other variables impacting net variable power cost are held constant. For example, unit outage rates and system loads are held constant.
3. The SD-PCAM values changes in system dispatch using a MONET update methodology. Base Power Costs are defined as the costs included in PGE's final RVM MONET run each year. Updated Power Costs are calculated by making three adjustments to the final MONET run. The adjustments substitute actual values for the forecasted values of hourly hydro generation, hourly electricity prices, and daily natural gas prices. The difference between the Updated Power Costs and Base Power Costs is defined as the System Dispatch Cost Variance (SDCV).
4. The SD-PCAM applies an asymmetric deadband of minus $7.5 million and plus $15.0 million to the SDCV. If the SDCV falls within the deadband, those costs will not be deferred and thus, will not be subject to recovery, or refund, under the SD-PCAM.
5. The SD-PCAM allows PGE to defer 80 percent of the SDCV that falls outside the deadband. For example, with a positive SDCV of $20 million, the deadband would absorb $15 million, and 80 percent of the remaining $5 million (or $4 million) would be deferred for potential recovery in rates. With a negative SDCV of $20 million, the deadband would absorb $7.5 million, and 80 percent of the remaining $12.5 million (or $10 million) would be deferred for potential refund to customers.

6. The SD-PCAM uses an earnings test to constrain amortization of the deferral balance. Amortization of positive balances would be limited to amounts that result in PGE earning no greater than its authorized return on equity (ROE). Amortization of negative balances would be limited to amounts that result in PGE earning no less than its authorized ROE.
7. The SD-PCAM contemplates the Commission setting amortization rates for the 2005 balance prior to setting amortization rates for the 2006 balance.

Q. PLEASE SUMMARIZE STAFF'S REASONS FOR SUPPORTING THE SD-PCAM.

A. Staff supports the SD-PCAM for the following reasons:

1. The SD-PCAM strikes a reasonable balance between tracking a narrow subset of NVPC and capturing the broad interactions that occur when PGE adjusts its supply portfolio to changing conditions.
2. The SD-PCAM provides a reasonable sharing of the cost variance associated with deviations in hydro conditions, wholesale electricity prices and natural gas prices.
3. The SD-PCAM earnings test ensures that final rates charged to customers are fair and reasonable.
4. The UE 165 Stipulation secures a commitment from PGE to hire a consultant to study the statistical distribution of power costs. Staff believes this work will inform the development of a fair adjustment mechanism for 2007 and beyond.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

A. First, I elaborate on staff's reasons for supporting the SD-PCAM. I then rebut ICNU's assertions regarding the recommendations made by staff in its direct testimony.

II. Reasons for Supporting the SD- PCAM

A. The Scope of SD-PCAM

Q. DOES THE SD-PCAM TRACK A SUBSET OF NVPC?

A. Yes. The SD-PCAM tracks changes in NVPC associated with deviations in hydro conditions, wholesale electricity prices, and natural gas prices.

Q. WHAT COMPONENTS OF NVPC DOES THE SD-PCAM NOT TRACK?

A. Significant components of NVPC that the SD-PCAM does not track include deviations in system load and thermal generating unit availability.

Q. HOW DOES THE SD-PCAM ISOLATE THE IMPACT OF DEVIATIONS IN HYDRO GENERATION AND MARKET ENERGY PRICES ON NVPC?

A. The SD-PCAM uses a MONET update methodology to isolate these impacts. In PGE's annual RVM process, the Commission authorizes a final MONET run in mid-November. The final MONET run is a projection of the following calendar year's NVPC.[1] By necessity, this *ex ante* projection incorporates assumed values for hydroelectric generation, wholesale electricity and natural gas market prices, planned and forced thermal unit outages, and system loads. In the Stipulation terminology, this final MONET projection is called the Base Power Costs.

[1] It is important to recognize the distinction between a projection and a forecast (*See* Caswell, H., Matrix Population Models, Sinauer, Sunderland, MA, 1989, pp. 19-20). A forecast is an attempt to predict what *will* happen. A projection is an attempt to describe what *would* happen, given certain conditions or events. The final MONET run is a projection of PGE's test period NVPC, given normal hydro conditions, weather normalized loads, and average forced outage rates.

Another type of projection is an *ex post* projection. An *ex post* projection is often performed to test the accuracy of a simulation model. For example, at the end of the following calendar year, the final MONET run could be updated with actual values of hydroelectric generation, wholesale electricity and natural gas market prices, planned and forced thermal unit outages, and system loads. To gauge the accuracy of the MONET model, one could compare the *ex post* projection of NVPC to actual NVPC.

Ex post projection is not only useful for testing the accuracy of simulation models, but can also be used for impact and policy analysis. By changing the values of selected variables, one can examine what the projection would have been had there been better knowledge of the time path of key variables. For example, one could examine what the projection of NVPC would have been with perfect knowledge of hydro generation.

The SD-PCAM uses an *ex post* MONET projection to determine what projected NVPC would have been, had PGE and the other RVM parties had, all other things held constant, perfect knowledge of hydro conditions and market energy prices. In the Stipulation terminology, this *ex post* MONET projection is called the Updated Power Costs.

The SDCV is calculated by comparing the *ex post* projection of NVPC (i.e., the Updated Power Costs) to the *ex ante* projection of NVPC (i.e., the Base Power Costs) from each year's RVM proceeding.

Q. WHY DOES THE MONET UPDATE INCLUDE ACTUAL HYDRO GENERATION?

A. Actual hydro generation is used to simulate what the system dispatch would have been, had we had perfect knowledge of hydro conditions. With low hydro

conditions, reduced hydro generation is likely replaced by a combination of increased thermal dispatch and increased market purchases. With high hydro conditions, increased hydro generation likely results in a combination of decreased thermal dispatch and increased market sales.

The substitution of actual hourly hydro generation is made to reflect any shift in PGE's energy supply curve. Lower than expected hydro conditions reduce supply. Higher than expected hydro conditions increase supply.

Q. WHY DOES THE MONET UPDATE INCLUDE ACTUAL WHOLESALE ELECTRICITY AND NATURAL GAS MARKET PRICES?

A. Actual wholesale electricity and natural gas market prices are used to simulate what the projected dispatch of Beaver, Coyote Springs, as well as PGE's capacity tolling agreements, would have been, had we had perfect knowledge of market energy prices. Importantly, this methodology holds thermal unit outages constant at the levels used to set PGE's base energy rates.

The substitution of actual market prices for electricity and natural gas is made to reflect the actual prices that affected the dispatch of PGE's thermal units. All other variables are held constant at expected or normalized levels (e.g., planned outages, forced outages, etc.). Lower than expected spark-spreads may reduce thermal unit supply. Higher than expected spark-spreads may increase thermal unit supply.

Q. CAN THE MONET UPDATE METHODOLOGY RESULT IS A COST VARIANCE EVEN IF ACTUAL HYDRO CONDITIONS TURN OUT TO BE NORMAL?

A. Yes. Even if normal hydro conditions were to actually occur, the MONET update methodology could still produce a positive, or negative, SDCV due to changes in market energy prices.

Q. WHY DOES STAFF SUPPORT THIS PARTICULAR SET OF MONET UPDATES?

A. This combination of adjustments isolates the financial impact of deviations in PGE's hydro generation from other impacts such as load deviations or plant outages, while explicitly recognizing that the cost of replacing lost hydro is tied to the economic dispatch of PGE's Beaver and Coyote Springs units and capacity tolling agreements. This combination of adjustments strikes a reasonable balance between a mechanism that tracks a narrow subset of NVPC and a mechanism that accurately reflects the complex interactions that occur when PGE adjusts its supply portfolio to changing conditions.

Q. IN DIRECT TESTIMONY IN THIS DOCKET, DID STAFF EMPHASIZE THE IMPORTANCE OF DESIGNING A PCA MECHANISM TO CAPTURE THE ECONOMIC DISPATCH OF PGE'S NATURAL GAS-FIRED ASSETS?

A. Yes. I indicated that PGE is likely to adjust its supply portfolio to changing hydro conditions in a broad and interrelated manner. Reduced hydro generation is likely to be replaced with a combination of increased thermal dispatch and increased (decreased) market purchases (sales). As I indicated in my direct testimony, it is important to capture these complex adjustments to PGE's supply portfolio when setting supplemental adjustment rates. *See* Staff Exhibit/ 100, Galbraith/16 (Lines 7-20). One way to do this is to use an adjustment mechanism that tracks all of the components of NVPC.

Q. IS AN ADJUSTMENT MECHANISM THAT BROADLY TRACKS DEVIATIONS IN NVPC IN-LINE WITH THE STATED PREFERENCES OF THE PARTIES IN THIS PROCEEDING?

A. No. PGE's original HGA mechanism was designed to be a hydro-only adjustment mechanism. The Citizens' Utility Board (CUB), citing the risk mitigation provided by PGE's annual RVM process, has stated a preference for a narrow PCA. *See* CUB/100 Jenks-Brown/21. ICNU has stated that an "extreme event" hydro-only adjustment mechanism is preferable to comprehensive "all encompassing" mechanism. *See* ICNU/200 Falkenberg/3.

Q. IN DOCKET UM 1071, DID STAFF INDICATED A WILLINGNESS TO INCORPORATE MONET MODELING WITHIN A PCA MECHANISM TO TRACK A NARROW SUBSET OF NVPC?

A. Yes. Staff outlined a hydro-only adjustment mechanism that incorporated a MONET backcast methodology (*See* Commission Order 04-108 pp. 5-6).

Q. IS STAFF'S SUPPORT OF THE SD-PCAM, WHICH TRACKS A NARROW SUBSET OF NVPC, CONSISTENT WITH ITS PREVIOUS PCA POSITIONS?

A. Yes. Given the relatively high level of wholesale electricity and natural gas prices, the economic impact of varying hydro conditions on PGE can be significant. It is reasonable to mitigate this risk, if it is accomplished in a manner that is fair to customers and the company. The SD-PCAM strikes a reasonable balance between a mechanism that tracks a narrow subset of NVPC and a mechanism that tracks the broad and complex interactions that occur when PGE adjusts its supply portfolio to changing conditions.

B. The SD-PCAM Deadband

Q. DOES THE SD-PCAM HAVE AN ASYMMETRIC DEADBAND?

A. Yes. The SD-PCAM has a deadband set at minus $7.5 million and plus $15 million.

Q. IN DIRECT TESTIMONY IN THIS DOCKET, DID STAFF EMPHASIZE THE IMPORTANCE OF DESIGNING A PCA DEADBAND TO REFLECT ANY ASYMMETRIES IN THE STATISTICAL DISTRIBUTION OF NVPC?

A. Yes. I indicated that any PCA mechanism should satisfy a neutral cost recovery criterion. *See* Staff/100 Galbraith/12. I indicated that a symmetrically designed adjustment mechanism that tracks the asymmetric financial impacts of hydro variability can be expected to produce a deferral balance that favors the utility. In addition, Staff recommended that PGE switch to Expected Value Power Cost modeling in its next general rate case, in part, to establish the statistical distribution of NVPC and inform the design of a fair deadband. Staff/100 Galbraith/15.

Q. IS AN ADJUSTMENT MECHANISM WITH AN ASYMMETRIC DEADBAND IN-LINE WITH THE STATED PREFERENCES OF THE PARTIES IN THIS PROCEEDING?

A. Yes. CUB has stated a preference for an adjustment mechanism with an asymmetric deadband. *See* CUB/100 Jenks-Brown/20. ICNU has indicated that revenue neutrality is an important design criterion and stated a preference for a revenue-neutral hydro hedge. ICNU/100 Falkenberg/30.

Q. IN DIRECT TESTIMONY STAFF PROPOSED AN INTERIM PCA WITH A DEADBAND SET AT PLUS AND MINUS 250 BASIS POINT OF RETURN ON EQUITY (APPROXIMATELY $40 MILLION), WHY DOES STAFF NOW SUPPORT THE SD-PCAM WITH A DEADBAND SET AT MINUS $7.5 MILLION AND PLUS $15 MILLION?

A. In direct testimony staff proposed an interim PCA mechanism that tracked all of the components of NVPC. *See* Staff Exhibit/100, Galbraith/26. As I indicated in my direct testimony, the Commission established the same deadband in Dockets UM 995, UM 1008/1009, and UM 1007. Each of these Commission-approved mechanisms also tracked all of the components of NVPC. In contrast, the SD-PCAM tracks changes in NVPC associated only with deviations in hydro conditions, wholesale electricity prices, and natural gas prices. Staff believes the narrower asymmetric deadband of the SD-PCAM is justified because: (1) the SD-PCAM tracks a narrower set of costs; and (2) the financial impact of hydro variability is likely to be asymmetric. The SD-PCAM provides a reasonable sharing of the cost variance associated with deviations in hydro conditions, wholesale electricity prices and natural gas prices.

C. The SD-PCAM Earnings Test

Q. IS USING AN EARNINGS TEST TO LIMIT THE RECOVERY OF ANY DEFERRED AMOUNTS IN-LINE WITH THE STATED PREFERENCES OF THE PARTIES IN THIS PROCEEDING?

A. Yes. CUB has emphasized the important protection provided by an earnings test. *See* CUB/100 Jenks-Brown/22. Similarly, ICNU has stated the importance of protecting ratepayers from "unbounded risk." *See* ICNU/100 Falkenberg/32.

Q. WHY DOES STAFF SUPPORT THE USE OF AN EARNINGS TEST TO LIMIT THE RECOVERY OF ANY DEFERRED AMOUNTS?

A. An earnings test ensures that any surcharge does not allow PGE to earn more than its authorized return. The earnings test ensures that final rates charged to customers are fair and reasonable.

D. Other Key Considerations

Q. IS THE SD-PCAM A TEMPORARY MECHANISM FOR CALENDAR YEARS 2005 AND 2006?

A. Yes. Staff believes that improved power cost modeling can lead to a more informed PCA mechanism. Therefore, it is important that the SD-PCAM be a temporary mechanism.

Q. DOES THE UE 165 STIPULATION SECURE A COMMITMENT FROM PGE TO HIRE A CONSULTANT TO STUDY THE STATISTICAL DISTRIBUTION OF NET VARIABLE POWER COSTS?

A. Yes. As I indicated in direct testimony, Staff recommends the use of Expected Value Power Cost modeling for two reasons: (1) to provide a more realistic simulation of PGE's system operations, and (2) to provide a statistical distribution of NVPC that can be used to design a PCA mechanism that satisfies the reasonable risk reduction and revenue neutral criteria. Staff/100 Galbraith/15. This study will provide valuable information regarding the distribution of PGE's NVPC and could inform the development of an on-going adjustment mechanism for calendar year 2007 and beyond.

Q. DOES THE SD-PCAM ESTABLISH ANY PRECEDENT FOR PACIFICORP'S AND IDAHO POWER'S 2005 HYDRO DEFERRAL APPLICATIONS (DOCKETS UM 1193 AND UM 1198, RESPECTIVELY)?

A. No. Paragraph 7 of the Stipulation indicates that the Stipulation is not admissible as evidence in any other proceeding. Nevertheless, Staff notes that neither PacifiCorp nor Idaho Power had a 2005 RVM that established a Commission-approved final production cost model projection of NVPC for 2005. Therefore, the

SD-PCAM approach proposed in this docket is inapplicable in the PacifiCorp and Idaho Power dockets.

II. Staff's Reply to ICNU's Rebuttal Testimony

Q. WHAT ARE THE SPECIFIC ARGUMENTS MADE BY ICNU THAT YOU REBUT IN THIS TESTIMONY?

A. In its March 15, 2005 rebuttal testimony, ICNU asserts that the staff recommendations are flawed because staff prematurely broadened the scope of Docket UE 165 and retroactively modified the scope of Docket UM 1187. I will rebut each of these assertions.

A. The Scope of Docket UE 165

Q. PLEASE RECAP ICNU'S BROADENED-SCOPE ARGUMENT.

A. ICNU stated,

> "…neither PGE, nor CUB, nor ICNU has presented testimony recommending a comprehensive PCA in this case. Thus, Staff is out of step with the rest of the participants in this docket… the HGA was a proposal with a much more limited scope, and this docket was established to investigate that proposal, not to deal with the issue of a full PCA." ICNU/200, Falkenberg/4, Lines 11-13, 24-26.

Q. HOW SHOULD THE SCOPE OF DOCKET UE 165 BE DELINEATED?

A. PGE filed the HGA mechanism as an automatic adjustment clause under ORS 757.210. The scope of this proceeding should largely be determined by that statute. Staff's direct testimony clearly falls within parameters of what is allowed under ORS 757.210.

Q. WHY DID STAFF RECOMMEND A NVPC PCA INSTEAD OF A HYDRO-ONLY ADJUSTMENT MECHANISM?

A. Staff indicated that it is important to capture the complex interaction of the resources in PGE's supply portfolio when setting supplemental adjustment rates. Staff stated:

> "Ignoring thermal plant optionality in the design of a hydro-only adjustment mechanism produces an economic windfall to the utility. The best way to address this issue is to use a PCA that tracks all the components of NVPC." Staff Exhibit 100, Galbraith/16.

Notice that we did not indicate that a comprehensive PCA was the only way to address the complex interaction of resources. The SD-PCAM addresses this issue by using a MONET update methodology.

Q. IS A COMPREHENSIVE NVPC PCA JUSTIFIED ON THE BASIS OF THE RECORD IN THIS PROCEEDING?

A. Yes. As I indicated in my direct testimony, Staff agrees with PGE witness Lobdell's conclusion that the wholesale power market is higher priced and more volatile than in the past. *See* Staff/100 Galbraith/7 and PGE/200 Lobdell/16-21. Given the relatively high level of wholesale electricity and natural gas prices, the economic impact of varying hydro conditions on PGE can be significant. A PCA mechanism that is fair to both customers and the company is warranted.

Q. HAS STAFF PREMATURELY BROADENED THE SCOPE OF UE 165?

A. No.

B. The Scope of Docket UM 1187

Q. PLEASE RECAP ICNU'S RETROACTIVE MODIFICATION OF SCOPE ARGUMENT.

A. ICNU stated,

"I believe that Mr. Galbraith is recommending that the Commission engage in retroactive ratemaking, which is ill-advised from a regulatory policy standpoint… In effect, Mr. Galbraith argues that an application for deferral of one type of cost is sufficient to allow deferral of a whole range of loosely-defined "related" costs… If the Commission adopts the Staff proposal, it will "let the genie of retroactive ratemaking out of the bottle of deferred accounting" and greatly complicate the regulatory treatment of deferred costs in future cases." ICNU Exhibit/200, Falkenberg/10-11.

Q. HOW SHOULD THE SCOPE OF DOCKET UM 1187 BE DELINEATED?

A. The delineation of the scope of Docket UM 1187 should largely be determined by the underlying cause of the deferral application -- the economic impact of variation in hydro generation. On December 30, 2004, PGE filed a deferral application pursuant to ORS 757.259(2)(e) and OAR 860-027-0300(3). PGE requested deferral of the costs and benefits due to variation in PGE's owned and contracted hydro generation resources. PGE stated that the deferral would appropriately match the costs borne by and benefits received by customers. PGE asserted that variation in hydro generation from the level assumed in rates, and the consequent economic impact, was the source of a potential mismatch between customer costs and benefits. In its January 21, 2005, supplemental application PGE identified a region-wide multiyear drought, and the high variable power cost of replacement resources, as a reason for the deferral.

Q. WHY DID STAFF RECOMMEND A COMPREHENSIVE NVPC MECHANISM INSTEAD OF A HYDRO-ONLY MECHANISM FOR RESOLUTION OF UM 1187?

A. The impact of hydro variation on PGE system operations, and therefore on the match between customer costs and benefits, is much more complex, and therefore broader, than simply tracking the megawatt-hour variation in hydroelectric generation. Region-wide drought can affect the wholesale market price of electricity; and in-turn, PGE's dispatch of the Beaver and Coyote Springs

natural gas-fired plants. Staff originally recommended a comprehensive NVPC mechanism as a resolution to UM 1187 as a way to capture thermal plant optionality and the complex interaction of the resources in PGE's supply portfolio when deferring the costs associated with the low hydro conditions of 2005.

Q. IS IT ACCURATE TO SUGGEST THAT NVPC ARE A LOOSELY DEFINED SET OF RELATED COSTS?

A. No. It is more accurate to say that NVPC are a well defined set of interrelated costs. PGE has provided staff with monthly reports of NVPC by specific ledger account since March of 2001. PGE has filed an RVM case to update NVPC each year since 2002 (Docket UE 139, UE 149, and UE 161). PGE filed testimony supporting the prudence of its NVPC in UM 1039. PGE, Staff, and other intervenors are very familiar with the category of NVPC.

Q. DOES THE COMMISSION HAVE THE ABILITY TO CONDITION THE GRANT OF A DEFERRAL APPLICATION SO AS TO MORE ACCURATELY CAPTURE THE COSTS AND BENEFITS OF THE UNDERLYING EVENT?

A. Yes. As I indicated in my direct testimony, Staff believes the Commission has the discretion to authorize PGE to defer costs related to variation in its hydro generation in a manner that will most accurately capture the costs and benefits associated with that variation. The Commission is not obligated to accept PGE's proposed method for capturing those costs, which is the Hydro Adjustment Tariff originally proposed by PGE. Rather, it has the discretion to select an alternate method for determining the costs and benefits associated with hydro generation variation.

Q. DID STAFF RECOMMEND THAT THE COMMISSION ENGAGE IN RETROACTIVE RATEMAKING IN DOCKET UM 1187?

A. No. Staff indicated that the UM 1187 application provides the Commission options with respect to the date at which benefits and costs associated with PGE's proposed HGA mechanism are eligible for deferral. *See* Staff Exhibit 100, Galbraith/27. The risk of the retroactive ratemaking genie escaping from the deferred accounting bottle has been greatly exaggerated.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

UE 165
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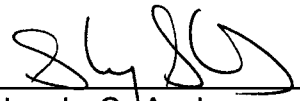
CERTIFICATE OF SERVICE

U E 165

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 18th day of April, 2005.



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