





Please Reply To:

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September 11, 2006

Via Electronic Filing

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

RE: PacifiCorp's Notice of Withdrawal of Application
UE 173

Enclosed for filing is PacifiCorp's Notice of Withdrawal of Application in the above referenced docket. A copy was served on all parties to this proceeding as indicated on the attached certificate of service.

Sincerely,

A handwritten signature in cursive script that reads "Natalie L. Hocken / P.H.".

Natalie L. Hocken

Enclosure

cc: Service List for UE 173

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 173

In the Matter of the Application of)	
PACIFICORP for an Order)	PacifiCorp's Notice of Withdrawal of
Approving an Automatic Adjustment)	Application
Clause Related to Net Power Costs)	
)	

PacifiCorp respectfully submits this notice of withdrawal of its application requesting an order approving an automatic adjustment clause related to net power costs pursuant to ORS 757.210(1). PacifiCorp originally filed its application and proposed Schedule 99 on April 15, 2005. On May 2, 2006, PacifiCorp filed a motion to stay the docket for 60 days pending possible resolution of this matter with other parties. On May 3, 2006, PacifiCorp's request was granted and this proceeding was stayed for 60 days.

Although PacifiCorp was not able to resolve this matter with other parties, PacifiCorp's decision to withdraw this pending application is based on additional feedback that was provided throughout this process by the parties, as well as the Commission's recent action in instituting an investigation into performance-based ratemaking mechanisms. At the Commission's public meeting on August 22, 2006, the Commission approved the Staff's request to open an investigation regarding performance-based ratemaking mechanisms which is expected to provide additional guidance for cost recovery of power purchase agreements and/or power cost adjustment mechanisms. Moreover, as part of the recent discussions in Docket No. AR 499 it has been suggested that an adjustment mechanism may be a viable tool to mitigate potential impacts resulting from the "double whammy" effect created by Senate Bill 408.

While substantial work was undertaken in this docket, PacifiCorp anticipates that the Commission's final order implementing permanent rules in Docket No. AR 499 and the outcome of the new performance-based ratemaking investigation will further inform the development of any future power cost adjustment mechanisms and believes that all parties will be better served by its withdrawal of the existing proposal at this time.

Accordingly, PacifiCorp respectfully withdraws its application and proposed Schedule 99 from further consideration by the Commission in this docket.

Date: September 11, 2006

Respectfully submitted,

/s/ Natalie L. Hocken

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CERTIFICATE OF SERVICE

I certify that I have on September 11, 2006 served the foregoing document in Docket No. UE 173 upon all parties of record in this proceeding by mailing a copy with first class postage prepaid and by electronic mail to the following person(s) at his or her last-known address(es) as indicated below and via email to said person(s) email address as indicated below:

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