



# Oregon

Theodore R. Kulongoski, Governor



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Administrative Hearings Division  
Oregon Public utility Commission  
Docket UM-926  
PO Box 2148  
Salem, OR 97308-2148

(Regarding the Purchase of Subscription Power from the Bonneville Power Administration)

The Oregon Department of Energy (ODOE) encourages the Public Utility Commission to extend the time in this proceeding to receive further comment and to delay action on terminating the deferral of the Reduction in Risk Discount payments (RRD) in the PacifiCorp Financial Settlement Agreement with the Bonneville Power Administration (BPA).

Last week PacifiCorp and BPA announced proposed changes to the Financial Settlement Agreement which would result in foregoing in significant part and deferring in part the payments due from BPA under the Financial Settlement Agreement. In exchange, BPA would provide other benefits to PacifiCorp (and to Puget Sound Energy which has a similar agreement.) These benefits are primarily in the form of a higher level of certainty in the financial benefits to be provided to PacifiCorp's residential and small farm customers in the 2007-2011 period. These proposed changes appear to be a positive development, which could result in benefits to PacifiCorp and to ratepayers of all the other Oregon utilities which purchase power from BPA.

Prior to the announced settlement, the Commission staff took the position that the Commission should order PacifiCorp to request payment of the settlement benefits, in order to realize promised benefits for PacifiCorp's residential and small farm customers. While ODOE supports the ability of residential and small farm customers of investor-owned utilities to receive the economic benefits from BPA provided under the Northwest Power Act, activating the terms of the existing PacifiCorp Financial Settlement Agreement with BPA may result in unanticipated adverse impacts on other Oregon ratepayers, whose utilities purchase power from BPA. These Oregon ratepayers include other investor-owned utility customers, as well as customers of publicly-owned and consumer-owned utilities.

PacifiCorp has filed an application today with the Commission for approval of the revised Agreement, incorporating changes of the new settlement. The details of the new settlement require some study. Therefore, I encourage the Commission to provide the public the time necessary to evaluate these revisions to the Financial Settlement Agreement and to evaluate the implications of these revisions on the matters pending before the Commission in this proceeding.

I believe that providing this added time will provide for a better decision and will not prejudice the interest of any of the parties to this proceeding or the interests of other Oregon ratepayers.

Thank you for considering these comments.

Sincerely,

Michael W. Grainey  
Director