



Emerald People's Utility District
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April 20, 2004

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

RE: Docket UM 926 -- The Investigation Regarding the Purchase of Subscription Power from the Bonneville Power Administration. Comments on the deferral of the reduction of risk discount under BPA/PacifiCorp's financial settlement agreement.

Emerald People's Utility District believes that the Oregon Public Utility Commission should not direct PacifiCorp to collect the Reduction in Risk Discount (RRD).

Emerald believes that doing so at this time would be imprudent because it will result in raising the rates of PGE for the benefit of PacifiCorp's customers. This would further exacerbate the already significant rate spread between PGE and PacifiCorp. This is robbing Peter to pay Paul, and is not in the public interest.

Emerald also believes that to allow PacifiCorp to collect the RRD based on contractual language that promotes penalties for pursuing litigation is just bad public policy (and may well be illegal), and should not be affirmed.

Finally, given PacifiCorp, Puget Power and BPA have just announced an agreement on this matter that keeps rates low in the short-run for most Oregonians, while allowing the pending lawsuits to proceed, it is premature for the Commission to step in at this point and wipe out this agreement. The Commission should hold-off and let the courts decide the legality of these issues while allowing short-term rate relief for most Oregonians.

In summary, Emerald PUD believes that the Commission should not direct PacifiCorp to collect the RRD because it is imprudent to do so, perpetuates bad public policy, and because it is premature for the Commission to act now.

Respectfully,

Frank Lambe
General Manager
Emerald PUD