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May 20, 2005

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**VIA ELECTRONIC FILING**

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

**Re: PacifiCorp's Reply to ICNU's Response in Opposition to PacifiCorp's Application  
Docket UE 173**

Enclosed for filing is PacifiCorp's Reply to the Industrial Customers of Northwest Utilities' Response in Opposition to PacifiCorp's Application in the above-referenced docket. A copy of this filing was served on all parties to this proceeding as indicated on the attached service list.

Very truly yours,

A handwritten signature in black ink, appearing to read "SJA", written over a horizontal line.

Sarah J. Adams Lien

SJL:knp  
Enclosure  
cc: Service List

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 173

In the Matter of PACIFICORP (d/b/a Pacific  
Power & Light) Application for Approval of  
Power Cost Adjustment Mechanism.

**PACIFICORP’S REPLY TO  
THE INDUSTRIAL CUSTOMERS  
OF NORTHWEST UTILITIES’  
RESPONSE IN OPPOSITION TO  
PACIFICORP’S APPLICATION**

Pursuant to OAR § 860-013-0035, PacifiCorp (or the “Company”) hereby replies to  
The Industrial Customers of Northwest Utilities’ (“ICNU”) Response in Opposition to  
PacifiCorp’s Application (“Response in Opposition”), filed May 12, 2005.<sup>1</sup>

While disavowing any intent to substantively respond to PacifiCorp’s Application in  
this Docket, ICNU’s Response in Opposition seems to wish to make the following points:

- 1. There is something insidious about the Company’s decision to seek to  
implement a Power Cost Adjustment (“PCAM”) in a proceeding separate  
from its general rate case filing.
- 2. ICNU remains concerned about the Company’s proposal to consolidate this  
Docket with its hydro-deferral application in Docket UM 1193.
- 3. The proposed PCAM should not be considered until after PacifiCorp’s  
ongoing general rate case in Docket UE 170 is resolved.
- 4. The Commission should conduct hearings in respect to the proposed  
PCAM.

PacifiCorp replies as follows to these concerns:

<sup>1</sup> ICNU’s “Response,” and hence this Reply, are something of a procedural oddity.  
The Response was purportedly filed pursuant to OAR § 860-013-0025 which is the  
Commission rule pertaining to answers to complaints. Accordingly, PacifiCorp’s Reply is  
being filed pursuant to OAR 860-013-0035.

**STOEL RIVES LLP**  
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- 1           1.       PacifiCorp is unaware of any requirement to include all proposed tariff  
2                   changes in general rate case proceedings. PacifiCorp believed that its PCAM  
3                   proposal was of sufficient importance as to be best considered in a separate  
4                   docket and proceeded accordingly.
  
- 5           2.       The consolidation of this Docket and Docket UM 1193 will be considered and  
6                   presumably resolved at the prehearing conference scheduled for May 25,  
7                   2005. However, PacifiCorp is perplexed by ICNU’s assertion that it “does not  
8                   believe that there is any relationship between the PCAM and the hydro  
9                   deferral.” ICNU Response in Opposition at 3. The Company believes this  
10                  assertion is misplaced for two reasons: a) The Commission has already  
11                  recognized a policy linkage between the two concepts, *see In re Portland*  
12                  *General Electric*, Order 04-108 at 10 (2004); and b) if nothing else, the  
13                  PCAM and the hydro deferral application have a necessary mechanical  
14                  relationship. If the Commission approves both the Company’s hydro deferral  
15                  application and the PCAM, the timing of the collection of deferred hydro  
16                  costs and the PCAM results will have to be reconciled. In light of the other  
17                  concerns raised in the ICNU Response in Opposition, the Company suspects  
18                  that had it proposed separate consideration of the PCAM and the hydro  
19                  deferral, ICNU would have found that to be somehow sneaky and  
20                  underhanded.
  
- 21          3.       While PacifiCorp does not concur with ICNU’s suggestion that the PCAM  
22                   cannot or should not be considered until the general rate case is resolved,  
23                   PacifiCorp expects this order of consideration will occur in any event. The  
24                   general rate case order must issue no later than September 12, 2005.  
25                   PacifiCorp intends to propose that hearings in this Docket not commence until  
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mid-September so as to adhere to Judge Logan's expectation that this case will be resolved by mid-November.

4. The Company has always expected that its PCAM Application would be subject to hearings.

DATED: May 20, 2005

STOEL RIVES, LLP

  
Katherine A. McDowell *for*

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 173 on the following named person(s) on the date indicated below by email and first-class mail, addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: May 20, 2005.



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Of Attorneys for PacifiCorp

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