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May 18, 2010

Via Electronic and U.S. Mail

Public Utility Commission

Attn: Filing Center

550 Capitol St. NE #215

P.O. Box 2148

Salem OR 97308-2148

Re: In the Matter of PACIFICORP Regarding Proposed Budget for Issue Fund
Grant of ICNU

Docket No. UE-215

Dear Filing Center:

Enclosed please find an original of the Proposed Budget for Issue Fund Grant on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket. Thank you for your attention to this matter.

Sincerely yours,
/s/Kelli R. Madden
Kelli R. Madden

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing the Proposed Budget for Issue Fund Grant on behalf of the Industrial Customers of Northwest Utilities upon the parties, on the service list, by causing the same to be deposited in the U.S. Mail, postage-prepaid, and via electronic mail where paper service has been waived.

Dated at Portland, Oregon, this 18th day of May, 2010

/s/Kelli R. Madden

Kelli R. Madden

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 215

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	PROPOSED BUDGET FOR
COMPANY)	ISSUE FUND GRANT OF THE
)	INDUSTRIAL CUSTOMERS OF
Request for General Rate Revision.)	NORTHWEST UTILITIES
_____)	

Pursuant to Section 6.3 of the First Amended and Restated Intervenor Funding Agreement (“IFA”) approved by the Oregon Public Utility Commission (Commission) by Order No. 07-564 (December 19, 2007), the Industrial Customers of Northwest Utilities (“ICNU”) files this Proposed Budget in UE 215 (the “Proceeding”) for an Issue Fund Grant in the amount of \$64,000. Although ICNU’s actual budget will likely greatly exceed \$64,000, ICNU is only requesting \$64,000 through an Issue Fund Grant. ICNU will bear all its costs in this proceeding that exceed \$64,000. ICNU proposes that this grant be funded from the Portland General Electric Company (“PGE”) Issue Fund Account. ICNU respectfully requests that the Commission act on this Proposed Budget within fourteen days of receipt, as provided by Section 6.4 of the IFA. The following information is provided in accordance with Section 6.3 of the IFA:

1. Statement of the Work to be Performed by ICNU for which ICNU is Seeking the Issue Fund Grant

ICNU has retained Davison Van Cleve, P.C. to represent its members interests in UE 215. In UE 215, PGE filed a request for a general rate revision. The IFA defines an Eligible

Proceeding as “any Commission proceeding that directly affects one or more of the Participating Public Utilities” IFA, Section 1(c). UE 215 directly affects PGE, which falls under the definition of “Participating Public Utility” in Section 1(k) of the IFA. Therefore, UE 215 is an Eligible Proceeding and an Issue Fund Grant may be made for this proceeding under Section 6.1 of the IFA.

ICNU will attend all clarifying sessions, workshops, settlement conferences, public meetings, oral presentations and hearings in UE 215. In addition, ICNU will submit expert witness testimony and briefs as called for by the procedural schedule in this Docket.

2. Description of the Areas to be Investigated by ICNU

ICNU intends to address the following issues through expert testimony in this case:

- Wages, salaries, benefits, pension expenses and other miscellaneous revenue requirement adjustments;
- Cost of Capital;
- Net variable power costs, including proposed changes to the Power Cost Adjustment Mechanism (“PCAM”); and,
- Rate Spread/Rate Design.

3. Description of the Particular Customer Class or Classes that will Benefit from the Intervenor’s Participation

ICNU’s participation will directly benefit industrial and all other large non-residential customers who purchase service from PGE. In addition, ICNU has participated in

previous rate cases of PGE, including its most recent general rate case, UE 197. Thus, ICNU possesses significant interest and expertise with respect to this proceeding.

4. Identification of the Specific Fund Account from which ICNU is Seeking the Issue Fund Grant:

ICNU is seeking an Issue Fund Grant in the amount of \$64,000. ICNU has been informed that the amount available in the PGE Issue Fund Account is \$64,171.58. ICNU will bear the cost of its participation to the extent that its costs exceed the amount requested. ICNU proposes that the grant amount be allocated from the PGE Issue Fund Account established under IFA Section 4.2.3.

5. Budget Showing Estimated Attorney and Consultant Fees and Expert Witness Fees

Attached as Exhibit A is ICNU's proposed budget in UE 215.

6. Matching Funds

ICNU represents that it will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20% of the Eligible Expenses for which ICNU is seeking an Issue Fund Grant. As such, ICNU seeks an issue fund grant for no more than 80% of its proposed budget in this proceeding.

7. Cooperation

Pursuant to Section 6.6 of the IFA, ICNU has entered into an agreement with the Citizens Utility Board to jointly sponsor and share the cost of two witnesses in this proceeding.

8. Basis for Request

ICNU respectfully requests that the Commission grant its request for this Issue Fund Grant in the amount of \$64,000 based on the following considerations:

1. In this proceeding, PGE proposed to increase rates by approximately \$125.2 million, which would represent a 7.4% overall increase in rates. In addition, PGE has proposed using a new rate spread methodology in this proceeding.

2. PGE is requesting to increase its authorized Return On Equity (“ROE”) from the presently authorized 10.0% to 10.5%.

3. PGE is requesting modifications to its Power Cost Adjustment Mechanism (“PCAM”). PGE is requesting permission to eliminate its earnings test and narrow the PCAM deadband, both of which shift the risk of power cost variations to customers. In addition, this case includes net variable power costs, which are normally addressed in an Annual Update Tariff proceeding.

4. PGE is proposing automatic rate mechanisms for pension expenses, storm damage costs and environmental remediation costs. These raise important issues of first impression for the Commission to decide. These proposed mechanisms will likely be harmful to ratepayers.

5. PGE also proposes a Customer Impact Offset (“CIO”) to mitigate the impact of the new rate spread methodology on customer classes receiving greater than the average increase. The CIO would result in a charge of \$1.98 MWh for PGE’s Schedule 89 customers.

6. ICNU represents the interests of industrial customers and has significant experience participating in Commission proceedings involving PGE. ICNU's participation will benefit all PGE industrial customers.

7. ICNU has been pre-certified under Section 5.1 of the IFA and OAR § 860-012-0100(3) as eligible to receive an Issue Fund Grant by Order No. 03-502, which was entered on August 21, 2003.

Therefore, ICNU respectfully requests that the Commission issue an order granting an Issue Fund Grant in the amount specified above.

Dated this 18th day of May, 2010.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Melinda J. Davison

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Of Attorneys for Industrial Customers
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UE 215
Exhibit A
ICNU Proposed Budget for Issue Fund Grant

Personnel	Hours	Rate	Cost
<i>Attorney Fees</i>			
Senior Attorney	90	\$225.00	\$20,250
Associate Attorney	120	\$185.00	\$22,220
Paralegal	50	\$125.00	\$6,250
<i>Expert Witness Fees</i>			
Witness 1 (Power Costs)			\$30,000
Witness 2 (Rate Spread/Rate Design)			\$30,000
Witness 3* (Revenue Requirement)			\$15,000
Witness 4* (Cost of Capital)			\$15,000
<i>Other Expenses</i>			
Travel			\$1,500
Printing and Postage			\$800
Issue Fund Grant			\$64,000
ICNU Funded Expenditures			\$77,020
		Total	\$141,020

* ICNU and CUB are splitting the cost of these experts. The amount listed is ICNU's 50% share.