

# Davison Van Cleve PC

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December 22, 2010

*Via Electronically, and U.S. Mail*

Chairman Ray Baum  
Commissioner Susan Ackerman  
Commissioner John Savage  
Oregon Public Utility Commission  
555 Capitol St. NE, Suite 215  
P.O. Box 2148  
Salem, OR 97308-2148

Re: In the Matter of PacifiCorp, dba Pacific Power 2011 Transition Adjustment  
Mechanism  
**Docket No. UE 216**

Dear Commissioners:

On October 29, 2010, PacifiCorp, dba Pacific Power ("PacifiCorp" or the "Company") filed a motion requesting that the Public Utility Commission of Oregon ("OPUC" or "Commission") provide the Company with direction regarding the incorporation of the Commission's October 22, 2010 order in docket UM 1355, Order No. 10-414, in the Company's calculation of its Transition Adjustment Mechanism ("TAM") rates. On November 18, 2010, in Order No. 10-456, the Commission denied PacifiCorp's request to defer the implementation of the UM 1355 Order and required the Company to file a Special Net Power Costs Update by December 1, 2010. OPUC Docket No. UE 216, Order No. 10-456 at 5 (Nov. 18, 2010). In recognition of the complexity of the implementation of the UM 1355 Order and the limited time available for review of the Update, Order 10-456 specifically provided that "[a]ny party may request to defer any costs or benefits associated with the implementation of Order No. 10-414 at or before the Commission Public Meeting where PacifiCorp, dba Pacific Power's Final Update is presented." Id.

On December 1, 2010, PacifiCorp issued its Special Net Power Costs Update. On December 10, 2010, the Industrial Customers of Northwest Utilities ("ICNU") provided PacifiCorp with notice of its intent to exercise its rights under paragraph 14 of the Stipulation, adopted by Order 10-363, to challenge the Company's Final Updates. OPUC Docket No. UE 216, Order No. 10-363, Appendix A at 5-6 (Sep. 16, 2010). Subsequently, ICNU and PacifiCorp engaged in discussions and resolved the issues. Specifically, the parties agreed to approximately

a \$4.4 million adjustment to net power costs ("NPC") on a total Company basis (\$1.2 million on an Oregon basis). In addition, the parties agreed that ICNU would request deferral of the issues related to the implementation of UM 1355 Order as it pertains to the outage rate collar, and that PacifiCorp would not contest ICNU's request for deferral. ICNU and the Company have agreed to attempt to resolve any issues related to the collar implementation prior to the next TAM filing. If parties are unable to do so, the issue would be addressed in the next TAM proceeding.

As provided in Order No. 10-456, ICNU hereby requests deferral of the difference between NPC using the collar method employed by the Company in its compliance filing and any collar recommended by ICNU and ultimately adopted by the Commission. Except for the issues being deferred, ICNU has no further challenges to the Company's December 1, 2010 compliance filing or the revisions to the compliance filing issued on December 20, 2010. An ICNU representative will attend the OPUC's public meeting on December 28, 2010, to answer questions regarding ICNU's position.

Sincerely,

/s/ Irion A. Sanger  
Irion A. Sanger

cc: UE 216 Service List

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***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, dba Pacific Power 2011 Transition  
Adjustment Mechanism  
**Docket No. UE 216**

Dear Filing Center:

Enclosed please find the original and one copy of the Letter Request for Deferral in Docket No. UE 216 on behalf of the Industrial Customers of Northwest Utilities in the above-referenced docket. Please also find three additional copies to be distributed to the Commissioners.

Thank you for your attention to this matter.

Sincerely yours,

/s/ Sarah A. Kohler  
Sarah A. Kohler

Enclosures

cc: Service List

## **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have on December 22, 2010 served the foregoing Letter Request for Deferral in Docket No. UE 216 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, where paper service has not been waived.

Dated at Portland, Oregon, this 22nd day of December, 2010.

/s/ Sarah A. Kohler

Sarah A. Kohler

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