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August 29, 2005

Via Electronic and US Mail

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol St. NE #215
P.O. Box 2148
Salem OR 97308-2148

Re: In the Matter of PACIFIC POWER & LIGHT Application for Power Cost
Adjustment Mechanism
Docket No. UE 173

Dear Filing Center:

Enclosed please find an original and two copies of the Motion for Extension of Time and for an Opportunity to File Rebuttal Testimony on behalf of the Industrial Customers of Northwest Utilities in the above-captioned proceeding.

Please return one file-stamped copy of the document in the self-addressed, stamped envelope provided.

Thank you for your assistance.

Sincerely,

/s/ Christian Griffen
Christian W. Griffen

Enclosures

cc: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 173

In the Matter of)	
)	
PACIFICORP)	MOTION FOR EXTENSION OF TIME
)	AND FOR AN OPPORTUNITY TO
Application for Approval of Power Cost)	FILE REBUTTAL TESTIMONY OF
Adjustment Mechanism.)	THE INDUSTRIAL CUSTOMERS OF
)	NORTHWEST UTILITIES
_____)	

I. INTRODUCTION

Pursuant to OAR § 860-013-0031, the Industrial Customers of Northwest Utilities (“ICNU”) submits this motion for a twenty-two (22) day extension of time for intervenors and the Oregon Public Utility Commission (“OPUC” or “Commission”) Staff to file their supplemental testimony. The Commission should also provide a similar extension of time for PacifiCorp (or the “Company”) to file its responsive testimony, and the evidentiary hearing should be moved by approximately three weeks. Staff and the Citizens’ Utility Board (“CUB”) support an extension of time and PacifiCorp has expressed opposition to an extension of time. In addition, ICNU requests the opportunity to file rebuttal testimony responding to Staff’s direct testimony.

II. BACKGROUND

On November 11, 2004, PacifiCorp filed a general rate case (Docket No. UE 170) including, among other things, increases in its net power costs and rate of return, changes to its cost of capital, and a proposed resource valuation mechanism (“RVM”)

that would update its power costs on an annual basis. PacifiCorp choose not to file its power cost adjustment mechanism (“PCAM”) with its general rate proceeding, even though the Company was aware that power costs, earnings, risk, and the RVM would be significant issues in the general rate case.

On April 15, 2005, PacifiCorp filed its proposed PCAM and supporting testimony. The PCAM is designed as an automatic adjustment mechanism that would allow PacifiCorp to increase its rates without conducting an evidentiary hearing. Re PacifiCorp, Docket No. UE 173, Application at 1 (Apr. 15, 2005); ORS § 757.210(1). PacifiCorp has never fully explained the relationship between the PCAM and the Company’s general rate case, nor how the Commission’s resolution of general rate case issues like power costs, earnings, risk, and the RVM would impact its proposed PCAM.

On May 12, 2005, ICNU submitted a response in opposition to PacifiCorp’s proposed PCAM. ICNU did not substantively address the merits of the Company’s PCAM proposal, but requested an evidentiary hearing and argued that the Commission should consider the PCAM proposal after it resolves issues in the general rate case regarding power costs, earnings, risk, the RVM, and interstate cost allocation.

On May 26, 2005, Administrative Law Judge (“ALJ”) Logan adopted a compromise schedule that had been agreed to by PacifiCorp, CUB, ICNU, and Staff. The schedule required Staff and intervenors to file direct testimony on August 19, 2005, and PacifiCorp to file rebuttal testimony on September 9, 2005. The schedule does not currently provide ICNU an opportunity to submit rebuttal testimony responding to Staff’s direct testimony.

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The schedule also recognized that Staff and intervenors would need to file testimony to address the impact of the general rate case order on the proposed PCAM. Specifically, the schedule allowed Staff and intervenors an opportunity to submit supplemental testimony on September 19, 2005, one week after the end of the suspension period in the general rate case (September 12, 2005). This schedule would have provided Staff and intervenors a minimum of a week and a half to review the Commission's final order in PacifiCorp's general rate case before filing their supplemental testimony. This supplemental testimony is limited to addressing only the implication and effect of the final order in UE 170.

On July 29, 2005, PacifiCorp, Staff, ICNU, CUB, and Fred Meyer entered into the fourth partial stipulation in PacifiCorp's general rate case. The fourth partial stipulation reflected the parties' agreement to certain revenue requirement adjustments and to extend the suspension period from September 12, 2005, to October 4, 2005. In response to a request by ALJ Logan, PacifiCorp submitted a letter stating that it would independently extend the suspension period to October 4, 2005, because the Commission might not enter an order regarding the fourth partial stipulation until after September 12, 2005. The suspension period has now been extended by over three weeks (22 days) and the Commission's final decision in the general rate case may not occur until late

September 2005, which is after the date supplemental testimony is due in this proceeding.^{1/}

On August 19, 2005, Staff, ICNU and CUB filed direct testimony responding to PacifiCorp's PCAM proposal. In its direct testimony, Staff proposed changes to PacifiCorp's PCAM, and also proposed alternative short-term and long-term PCAMs. Staff/100, Galbraith/1. Staff's proposal also addresses direct access and interstate cost allocation issues, and requests that the PCAM apply retroactively. Id. at Galbraith/2-3, 22.

III. MOTION FOR EXTENSION OF TIME

An extension of time for Staff and intervenors to file supplemental testimony is necessary to provide the parties and the Commission an opportunity to address how the PCAM will be impacted by the Commission's final order in PacifiCorp's general rate proceeding. The original procedural schedule in this proceeding provided the parties an opportunity to file testimony regarding the issues in the general rate case, and this opportunity should not be eliminated because the final order in the general rate case may occur later than the parties and the ALJ originally contemplated.

There are numerous substantive issues raised by PacifiCorp's request for a PCAM that will be impacted by the Commission's final order in the general rate case and necessitate the filing of supplemental testimony. The general rate case final order should resolve issues related to net power costs, cost of capital, an overall rate of return, the

^{1/} In PacifiCorp's last general rate proceeding (Docket No. UE 147), the Commission entered its final order on August 26, 2003, with new rates effective on September 1, 2003. Re PacifiCorp, OPUC Docket No. UE 147, Order No. 03-528 (Aug. 26, 2003).

annual RVM, interstate cost allocation, and other issues that may impact the details of, and justifications for, a PCAM.

PacifiCorp's proposal for an annual RVM is strongly opposed by customers and is one of the most significant issues in the general rate case. As they both address similar issues, the Commission should not consider the Company's PCAM proposal without evaluating the impact of the Commission's RVM decision. For example, the RVM and PCAM both shift the risk of power cost changes from PacifiCorp to ratepayers, and the PCAM may be particularly unwarranted if PacifiCorp already has an annual RVM. In addition, if the Commission elects to adopt a PCAM, the technical details, earnings band, deadband, costs eligible for inclusion, and other issues may change depending on whether the Company has an annual RVM.

Staff and intervenors may also need to file supplemental testimony on other issues that should be resolved by the final order in the general rate proceeding. Issues related to power costs, return on equity, rate of return, interstate cost allocation, and PacifiCorp's request to waive the market price rule (OAR § 860-038-0080(i)(b)) may impact the PCAM proposal. For example, it is ICNU's position that, if the Commission adopts a PCAM, then PacifiCorp's authorized return on equity should be reduced to reflect the corresponding reduction in the Company's risk. However, the Commission has not issued an order resolving issues related to earnings, return on equity and rate of return, and it would be inappropriate for the parties to submit detailed testimony on these issues before a final order has been issued. Similar issues could present themselves

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regarding power costs, interstate cost allocation disputes, and PacifiCorp's request to waive the market price rule.

IV. MOTION FOR AN OPPORTUNITY TO FILE REBUTTAL TESTIMONY

ICNU requests the opportunity to file rebuttal testimony on September 9, 2005, to respond to the issues raised in Staff's direct testimony. ICNU's testimony would be limited only to addressing issues specifically raised by Staff's testimony. ICNU's request should not burden or delay the procedural schedule because this date has already been established for the Company to file its rebuttal testimony responding to the direct testimony of Staff and intervenors. Staff has proposed an alternative PCAM proposal that applies retroactively and has addressed issues related to direct access and interstate cost allocation. It would be inappropriate for the Commission to consider Staff's proposals without providing all parties an opportunity to respond.

V. CONCLUSION

ICNU respectfully requests that the Commission grant Staff and intervenors a twenty-two day extension of time to file supplemental testimony, and allow for similar extensions for PacifiCorp's responsive testimony and the evidentiary hearing. The Commission should also provide ICNU an opportunity to file rebuttal testimony responding to issues raised in Staff's direct testimony.

Dated this 29th day of August, 2005.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Irion Sanger

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Of Attorneys for Industrial Customers
of Northwest Utilities

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FILE REBUTTAL TESTIMONY OF ICNU

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Motion for Extension of Time and for an Opportunity to File Rebuttal Testimony on behalf of the Industrial Customers of Northwest Utilities upon the parties on the service list, shown below, by causing the same to be mailed, postage-prepaid, through the U.S. Mail.

Dated at Portland, Oregon, this 29th day of August, 2005.

/s/ Christian Griffen
Christian W. Griffen

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