

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1193/UE 173

In the Matter of)	
)	
PACIFICORP)	
)	
Application for Authorization to Defer Costs Related)	RULING
to Declining Hydro Generation. (UM 1193),)	
)	
and)	
)	
Application for Approval of Power Cost Adjustment)	
Mechanism. (UE 173).)	

DISPOSITION: ORAL ARGUMENT ALLOWED

On May 12, 2005, parties were asked to file responses to PacifiCorp’s motion to consolidate by May 23, 2005. The Industrial Customers of Northwest Utilities (ICNU), PacifiCorp, and Staff filed timely responses.

PacifiCorp filed its hydro deferral application (UM 1193) on February 1, 2005, asking to defer “expected higher power costs” caused by poor hydro-electric conditions. In its filing, PacifiCorp asked that the deferral continue until the Commission determined whether a power cost adjustment mechanism (PCAM) or other hydro normalization practices should be utilized. On April 15, 2005, PacifiCorp filed an application to establish a PCAM (UE 173). On April 20, 2005, PacifiCorp filed its motion to consolidate the two dockets.

ICNU objects to the consolidation, stating that the two dockets were filed at different times and address different issues and time periods. Staff supports consolidation.

In Order No. 04-108, the Commission encouraged parties to look at other options, such as a PCAM, to address Portland General Electric’s hydro variability. The rationale of that order also applies to PacifiCorp. As noted above, PacifiCorp is requesting deferral as an interim measure. Rather than having parties focus on a temporary solution covering approximately 75 days, I would prefer the parties expend their efforts and resources on resolving the issues involving hydro variability. Therefore, I am inclined to allow the PCAM application to proceed, and suspend the proceedings in the deferral docket.

As this option was not presented by any of the parties, I will allow oral arguments on this option at tomorrow's prehearing conference in UE 173. Also, be prepared to establish a procedural schedule for the docket.

Dated at Salem, Oregon, this 24th day of May, 2005.

Kathryn A. Logan
Administrative Law Judge