

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 498 and AR 499

In the Matters of)	
)	
The Adoption of Temporary Rules to)	
Implement SB 408, Relating to Matching)	
Utility Taxes Paid with Taxes Collected,)	
(AR 498))	ORDER
)	
and)	
)	
The Adoption of Permanent Rules to)	
Implement SB 408 Relating to Matching)	
Utility Taxes Paid with Taxes Collected.)	
(AR 499))	

DISPOSITION: PROPOSED BUDGETS APPROVED

On October 24, 2005, the Industrial Customers of Northwest Utilities (ICNU) and the Northwest Industrial Gas Users (NWIGU) each filed a Notice of Intent to Request an Issue Fund Grant for one or both of the above identified rulemaking proceedings. ICNU and NWIGU filed the notices pursuant to OAR 860-017-0050 and the Intervenor Funding Agreement (IFA) approved in Order No. 03-388.

The IFA makes funds available to qualified intervenors to better enable them to advocate on behalf of broad customer interests in qualified proceedings before the Commission. Both ICNU and NWIGU have been prequalified as eligible to receive an Issue Fund Grant. See Orders No. 03-502 and 04-055. Moreover, the rulemaking proceeding is an “eligible proceeding” under Article 1(c) of the IFA. The IFA defines “eligible proceeding” as “any Commission proceeding that directly affects one or more of the Participating Public Utilities, including but not limited to rulemaking proceedings[.]”

Proposed Budgets

The IFA requires precertified intervenors to submit a proposed issue fund budget to the Commission that contains, at a minimum, the following information:

- 1) A statement of the work to be performed;
- 2) A description of the areas to be investigated;
- 3) A description of the particular customer class(es) that will benefit from the intervenor's participation;

- 4) Identification of the specific fund accounts from which the intervenor is seeking monies; and
- 5) A budget showing estimated attorney, consultant and expert witness fees, which may include the cost for appropriate support staff and operations support.

On November 10, 2005, ICNU and NWIGU each filed a proposed budget containing the required information. NWIGU seeks \$19,630, to be funded by Northwest Natural's Issue Fund Account. ICNU seeks \$36,050, to be split evenly between the PacifiCorp Issue Fund Account and the Portland General Electric Company (PGE) Issue Fund Account. However, because of the lack of funds in the PacifiCorp account, ICNU states that it will bear the PacifiCorp half of the amount and will only seek to recover the half of the budget that is allocated to PGE's account. A copy of ICNU's and NWIGU's proposed budgets are attached as Appendices A and B.

Commission Approval

Once a proposed budget is received, the Commission must decide whether Issue Fund Grants are available for use. We have the authority to accept, deny or partially deny the request, and may place reasonable conditions on the grant. We make these determinations based on the following factors:

- 1) Breadth and complexity of the issues;
- 2) Significance of policy issues;
- 3) Procedural schedule;
- 4) Dollar magnitude of the issues at stake;
- 5) Participation of other parties that adequately represent the interests of customers;
- 6) Amount of funds being provided by the applicant intervenor;
- 7) Qualifications and experience before the Commission;
- 8) Level of available funds; and
- 9) Other Eligible Proceedings in which intervenors may seek additional Issue Fund Grants from the same Fund account(s).

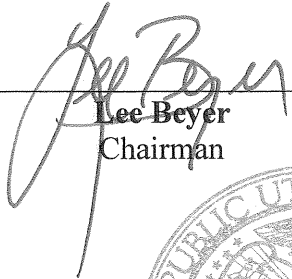
No party filed comments on either party's proposed budget. ICNU's and NWIGU's proposed budgets include the requisite information and reflect the current schedule adopted in this docket. Moreover, the parties have agreed to split the costs of an expert witness in this proceeding, and have made other efforts to share resources. In light of the issues being addressed, the complexity of the issues and the significant policy decisions to be made, ICNU's and NWIGU's proposed budgets should be approved.

ORDER


IT IS ORDERED that:

- 1) The Industrial Customers of Northwest Utilities' proposed budget for an Issue Fund Grant in the amount of \$36,050 is approved, with the condition that it will bear half of those costs and only seek to recover the other half from Portland General Electric Company's Issue Fund Grant.
- 2) The Northwest Industrial Gas Users' proposed budget for an Issue Fund Grant in the amount of \$19,630 is approved.

Made, entered, and effective NOV 21 2005.



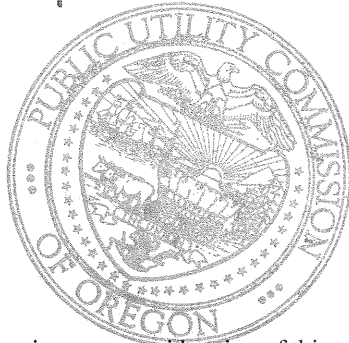
Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

AR 498/AR 499

In the Matter of the Adoption of Temporary
Rules to Implement SB 408 Relating to
Annual Tax Reports and Automatic
Adjustment Clauses Relating to Public Utility
Taxes.

PROPOSED BUDGET OF
THE INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

In the Matter of the Adoption of Permanent
Rules Implementing SB 408 Relating to
Utility Taxes.

Pursuant to Section 6.3 of the Intervenor Funding Agreement (“IFA”) approved by the Oregon Public Utility Commission (Commission) by Order No. 03-388 (July 2, 2003) and Order No. 05-1149 issued in these proceedings (Nov. 4, 2005), the Industrial Customers of Northwest Utilities (“ICNU”) files this Proposed Budget in AR 498 and AR 499 for an Issue Fund Grant in the amount of \$36,050. ICNU proposes that this grant be split evenly between the PacifiCorp Issue Fund Account and the Portland General Electric Company (“PGE”) Issue Fund Account. Due to the low amount that remains in PacifiCorp’s Issue Fund Account, ICNU will bear the PacifiCorp half of the amount of this Proposed Budget and will only seek to recover the half of the budget that is allocated to PGE’s account (\$18,025).

ICNU respectfully requests that the Commission act on this Proposed Budget within 14 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 ICNU in AR 498 and AR 499. AR 498 is an investigation opened to develop temporary rules to implement Senate Bill (“SB”) 408. The Commission issued Order No. 05-991 in AR 498 on September 15, 2005, adopting temporary rules to implement SB 408. PacifiCorp filed a petition to repeal or amend the temporary rules on October 14, 2005. PacifiCorp’s petition is pending before the Commission, and it is uncertain whether there will be additional proceedings in AR 498.

The Commission opened AR 499 to develop and adopt permanent rules for the implementation of SB 408. Proceedings in AR 499 are ongoing.

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). AR 498 and AR 499 directly affect both PGE and PacifiCorp, which are Participating Public Utilities under Section 1(k) of the IFA. Therefore, an Issue Fund Grant may be made for these proceedings under Section 6.1 the IFA. ICNU has participated in AR 498 and intends to attend all workshops, public meetings, and hearings in AR 499. In addition, ICNU has submitted and intends to submit further written and oral comments on legal and substantive questions. The purpose of ICNU’s participation is to ensure that the Commission adopts rules that are consistent with the legislature’s intent in passing SB 408.

(2) Description of the areas to be investigated by ICNU:

ICNU intends to investigate the appropriate rules that will implement SB 408 in a manner that is consistent with the legislature’s intent in enacting SB 408. ICNU is participating

in AR 499 to assist the Commission in its investigation of permanent rules implementing SB 408.

In AR 498, PacifiCorp has requested repeal of the Commission's temporary rules implementing SB 408. ICNU has participated in AR 498 and submitted comments in opposition to PacifiCorp's petition to repeal the temporary rules.

(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 PacifiCorp and PGE in Oregon.

(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 \$36,050. Pursuant to Section 7.7(a) of the IFA, ICNU proposes that the grant amount be allocated equally between ICNU funds to cover the portion related to PacifiCorp and the PGE Issue Fund Account, which was established under IFA Section 4.2.3. As stated earlier, since the PacifiCorp account is nearly depleted, ICNU will seek recovery of only that half of its proposed budget that is allocated to PGE's account (\$18,025). ICNU will bear the remaining expense.

(5) Budget showing estimated attorney and consultant fees and expert witness fees:

Attached as Exhibit A is ICNU's proposed budget in AR 498/AR 499. ICNU and the Northwest Industrial Gas Users ("NWIGU") have agreed to share an expert witness in this proceeding. The budgeted amount for the witness is \$10,000, which will be split equally between ICNU and NWIGU. The \$5,000 listed in Exhibit A represent ICNU's half of the total budgeted expert witness fee.

(6) Response to Questions in Order No. 05-1194

1. With respect to the question posed in the order regarding the designation of money from the funds in this proceeding, ICNU suggests that the Commission allocate the amount of ICNU's proposed budget equally between the PGE and PacifiCorp Issue Fund Accounts. As described above, however, ICNU will seek to recover only the half of the total amount that has been allocated to the PGE Issue Fund Account. Section 7.7(a) of the IFA allows the Commission to consider all factors that the Commission deems relevant to the particular matter. Both the lack of funds in the PacifiCorp Issue Fund Account and ICNU's willingness to bear the amount of its proposed budget that could be allocated to the PacifiCorp Issue Fund are relevant factors that the Commission should consider in determining the appropriate allocation.

2. With respect to the recovery of the amounts from the appropriate customer class, ICNU is representing the industrial customers of PacifiCorp and PGE in this proceeding. ICNU recommends that the Commission order recovery of the amount that ICNU is eventually authorized to recover from the industrial customer class for PGE.

3. With respect to the extent to which ICNU and NWIGU are combining resources, ICNU and NWIGU have agreed to split the costs of an expert witness in this matter. Furthermore, ICNU has undertaken extensive research into the legislative history of SB 408 and provided the results to NWIGU. ICNU and NWIGU will attempt to coordinate further combination of resources in the future.

(7) Basis for Request

ICNU respectfully requests that the Commission grant its full request for this Issue Fund Grant based on the following considerations:

1. AR 498 and AR 499 involve considerations of the appropriate implementation of SB 408, which provides for the adjustment of utility rates in certain circumstances. As a result, these proceedings have a direct impact on all customers of PGE and PacifiCorp in Oregon.

2. AR 498 and AR 499 involve very significant policy issues, and the Commission should solicit as much input as possible from customers. The rules that the Commission adopts could have a significant impact on customer rates.

3. ICNU has been precertified under Section 5.1 of the IFA and OAR 860-017-0050(3) as eligible to receive an Issue Fund Grant, by Order No. 03-502, which was entered on August 1, 2003.

4. According to the Commission's latest numbers, the PGE Issue fund Account has \$143,522 available for Issue Fund Grants, whereas the PacifiCorp Issue Fund Account for 2005 is exhausted. ICNU is willing to bear the half of its proposed budget that is allocated to PacifiCorp, and would only request payment for the half that is allocated to PGE's account (\$18,025).

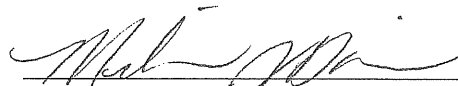
Therefore, ICNU respectfully requests that the Commission issue an order granting an issue fund grant in the amount specified above. Beyond the filing of comments on legal questions, the Commission has not determined the process for AR 499. In preparing the attached budget, ICNU assumed that there would be several rounds of formal comments, as well

as workshops and oral presentations at a public meeting. In the event that the docket involves a substantially different process, ICNU will prepare an amended budget.

Dated this 10th day of November, 2005.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.



Melinda J. Davison
333 S.W. Taylor, Suite 400
Portland, Oregon 97204
(503) 241-7242 phone
(503) 241-8160 facsimile
mail@dvclaw.com
Of Attorneys for the Industrial Customers
of Northwest Utilities

AR 498/AR 499

Exhibit AICNU Proposed Budget for Issue Fund Grant

<u>Task</u>	<u>Assigned Personnel</u>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Prepare for and Participate in Workshops and Public Meetings	Sr. Attorney	25	195.00	4,875.00
	Assoc. Attorney	16	145.00	2,320.00
Prepare Response to Application for Repeal of Temporary Rules in AR 498	Sr. Attorney	5	195.00	975.00
	Assoc. Attorney	5	145.00	725.00
Prepare Multiple Rounds of Comments	Sr. Attorney	24	195.00	4,680.00
	Assoc. Attorney	40	145.00	5,800.00
Legal Research	Assoc. Attorney	40	145.00	5,800.00
Prepare for and Attend Public Hearing	Sr. Attorney	20	195.00	3,900.00
	Assoc. Attorney	10	145.00	1,450.00
Expert Witness Fees (shared with NWIGU)*		25	200.00	5,000.00
			Sub-Total	35,525.00
Travel Expenses (Mileage)				200.00
Consultant Travel Expenses				0.00
Printing and Reproduction				175.00
Postage				150.00
			Grand Total	36,050.00

* 25 hours equates ICNU's share of the expected total of 50 hours.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 499

In the Matter of

The Adoption of Permanent Rules
Implementing SB 408 to Utility Taxes

PROPOSED BUDGET OF THE
NORTHWEST INDUSTRIAL GAS
USERS FOR ISSUE FUND GRANT

Pursuant to the procedural schedule adopted in the above-captioned proceeding, the Northwest Industrial Gas Users ("NWIGU") submit its proposed budget for an issue fund grant in the amount of \$19,630.

Senate Bill 408 was passed by the 2005 Oregon Legislature and signed by the Governor. The new law requires Northwest Natural Gas Company ("NW Natural"), Portland General Electric ("PGE"), Pacific Power and Light (d/b/a "PacifiCorp") and Avista Utilities ("Avista") to file tax reports annually with the Commission. Beginning January 1, 2006, these tax reports may trigger an adjustment to customers' bills from any overpayment of taxes. To implement SB 408, the Commission has adopted temporary rules in Docket AR 498, and in this Docket, AR 499, permanent rules will be adopted. There are significant legal and policy issues that must be resolved in this proceeding.

The Intervenor Funding Agreement ("IFA"), approved by the Commission in Order No. 03-388, provides that precertified intervenors seeking an issue fund grant must submit a proposed budget to the Commission. Accordingly, NWIGU has attached a detailed budget as Appendix A. In addition, the IFA and Commission Order No. 05-1194 require the following information:

1. A Statement of the Work to be Performed.

NWIGU has retained James Selecky of Brubaker and Associates Inc., along with the Industrial Customers of Northwest Utilities ("ICNU"). NWIGU and ICNU have agreed to split

the costs of Mr. Selecky. NWIGU, through its attorneys and consultant, will review the draft rules, comment on legal issues, participate in workshops, hearings and any other proceeding in this case. Since NWIGU did not participate in SB 408 lobbying efforts, and ICNU was actively involved, NWIGU has relied upon ICNU's analysis of the legislative history in order to maximize efficiencies and hold down the costs of NWIGU advocacy.

2. A Description of the Areas to be Investigated.

NWIGU's participation in AR 499 will focus on the implementation of SB 408 and the tax issues relevant to the gas utilities.

3. A Description of the Particular Customer Class(es) That Will Benefit From the Intervenor's Participation.

NWIGU is a nonprofit association comprised of thirty-two end users of natural gas with major facilities in the states of Oregon, Washington, and Idaho. NWIGU members include diverse industrial interests, including food processing, pulp and paper, wood products, electric generation, aluminum, steel, chemicals, electronics, and aerospace. NWIGU members take service from gas utilities under commercial and industrial rate schedules. Accordingly, NWIGU advocacy will benefit the commercial and industrial classes.

4. Identification of the Specific Fund Accounts From Which the Intervenor is Seeking Monies.

NWIGU identifies the Northwest Natural Gas Company Account as the account from which NWIGU is seeking monies. NWIGU is not seeking funds from any other account.

5. How Should the Commission Apply Article 7.7(B)?

NWIGU's advocacy is ordinarily focused solely upon industrial customers' interests. In the present case, NWIGU's efforts are beneficial to both industrial and commercial class interests without distinction (as the industrial and commercial customers' interests are wholly aligned in this rulemaking). Accordingly, NWIGU requests that the recovery of the requested issue fund grant be applied to both industrial and commercial classes on NW Natural's system as both will benefit from the proposed issue fund application in the same manner. In the event that

the Commission denies this allocation request, NWIGU requests the same grant applied only to industrial customers.

6. A Budget Showing Estimated Attorney, Consultant and Expert Witness Fees, Which May Include the Cost for Appropriate Support Staff and Operations Support.

NWIGU has attached a detailed budget for NWIGU's participation in this proceeding as Appendix A.

CONCLUSION

NWIGU respectfully request that the Commission approve its proposed budget for an issue fund grant.

DATED: November 10, 2005

CABLE HUSTON BENEDICT HAAGENSEN
& LLOYD LLP



Edward A. Finklea, OSB No. 84216
Chad M. Stokes, OSB No. 00400
Of Attorneys for Northwest Industrial Gas Users
1001 S.W. Fifth Avenue, Suite 2000
Portland, OR 97204
Telephone: (503) 224-3092
Facsimile: (503) 224-3176
E-Mail: efinklea@chbh.com
cstokes@chbh.com

NWIGU Proposed Budget for Issue Fund Grant

<u>Work to be Performed</u>	<u>Personnel</u>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Attend Preliminary Workshop; review draft Commission Rules, review Comments from utilities, review Staff Report	Partners	6.0	\$ 180.00	\$ 1,080.00
	Associates	8.0	\$ 135.00	\$ 1,080.00
Prepare Opening Comments/Legal	Partners	3.0	\$ 180.00	\$ 540.00
	Associates	11.0	\$ 135.00	\$ 1,485.00
Prepare and attend Second Workshop	Partners	6.0	\$ 180.00	\$ 1,080.00
Prepare Reply Comments	Partners	15.0	\$ 180.00	\$ 2,700.00
	Associates	5.0	\$ 135.00	\$ 675.00
Attend future workshops and proceedings and draft additional Comments	Partners	20.0	\$ 180.00	\$ 3,600.00
	Associates	10.0	\$ 135.00	\$ 1,350.00
Prepare for and attend Public Comment Hearing and Adoption Hearing	Partners	3.0	\$ 180.00	\$ 540.00
Expert Witness Fees	Consultants	25.0	\$ 200.00	\$ 5,000.00
	Total Hours	112.0		
	Subtotal			\$ 19,130.00
Travel Expenses				\$ 500.00
	Grand Total			\$ 19,630.00