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October 21, 2005

Via Electronic and US 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 PUBLIC UTILITY COMMISSION OF OREGON
Staff's Investigation Related to Electric Utility Purchases from
Qualifying Facilities.
Docket No. UM 1129

Dear Filing Center:

Enclosed please find an original and five copies of the Letter to ALJ Kirkpatrick on behalf of the Industrial Customers of Northwest Utilities in the above-captioned docket.

Please return one file-stamped copy of the document in the self-addressed, stamped envelope provided. Please call me at (503) 241-7242 if you have any questions. Thank you for your assistance.

Sincerely yours,

/s/ Anna Studenny
Anna E. Studenny

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served a copy of the attached Letter to ALJ Kirkpatrick on behalf of the Industrial Customers of Northwest Utilities upon the parties, shown below, on the official service list by causing the foregoing to be electronically served as well as deposited, postage-prepaid, in the U.S. Mail.

DATED at Portland, Oregon, this 21st day of October, 2005.

DAVISON VAN CLEVE, P.C.

/s/ Anna Studenny
Anna E. Studenny

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October 21, 2005

Via Electronic and US Mail

ALJ Tracy Kirkpatrick
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Re: UM 1129 Issues Lists

Dear ALJ Kirkpatrick:

Pursuant to your October 4, 2005 Prehearing Conference Memorandum, the Industrial Customers of Northwest Utilities (“ICNU”) and Weyerhaeuser Company (“Weyerhaeuser”) jointly submit the following letter regarding the proposed issues lists in Phase I and Phase II of UM 1129. ICNU and Weyerhaeuser are not sponsoring separate issues lists, but instead support the adoption of the proposed issues lists prepared by the Oregon Public Utility Commission (“Commission”) Staff.

Staff has made a reasonable effort to include the relevant issues in its proposed consolidated issues lists, including all the issues that ICNU and Weyerhaeuser have raised. We believe that the issues included on Staff’s proposed issues list should allow for the Commission to thoroughly review the utilities’ compliance filings, and develop final tariffs based on the transparent details of the specific costs and inputs that are included in the utilities’ filings.

In addition, we are hopeful that some issues identified in Staff’s proposed issues list may be resolved through settlement discussions; however, ICNU and Weyerhaeuser believe that it would be premature to remove any of our issues at this time.

PacifiCorp has objected to the proposal by ICNU and Weyerhaeuser to review issues related to the implementation of the Revised Protocol. The Revised Protocol states “Costs associated with any New QF Contract, which exceed the costs PacifiCorp would have otherwise incurred acquiring Comparable Resources, will be assigned on a situs basis to the State approving such contract.” ICNU and Weyerhaeuser believe that the Oregon methodology for setting avoided costs should result in costs that are consistent with the costs PacifiCorp would otherwise incur to acquire Comparable Resources. Therefore, it is appropriate to address this issue.

ICNU and Weyerhaeuser oppose PacifiCorp's proposal to include debt imputation as an issue in Phase II of this proceeding. ICNU and Weyerhaeuser do not believe that it is appropriate to reduce avoided costs for large qualifying facilities to reflect debt imputation, because the offsetting risks related to potential utility ownership of avoided resources are not included in the determination of the utilities' avoided costs.

Sincerely,

/s/ Irion Sanger
Irion Sanger

/s/ Alan Meyer
Alan Meyer