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June 1, 2009

**VIA ELECTRONIC FILING
& FIRST CLASS MAIL**

Oregon Public Utilities Commission
Filing Center
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

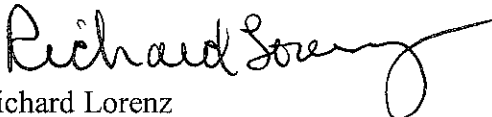
Re: UE-210 – KWUA’s Proposed Budget for Issue Fund Grant

Dear Filing Center:

Enclosed for filing are the original and one copy of Klamath Water Users Association’s (“KWUA”) Proposed Budget for Issue Fund Grant in the above-referenced proceeding.

Should you have any questions regarding this filing, please call.

Sincerely,


Richard Lorenz

RGL/tb
cc: UE-210 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 210

In the Matter of)	
)	PROPOSED BUDGET FOR ISSUE
PACIFICORP, dba PACIFIC POWER)	FUND GRANT OF KLAMATH WATER
)	USERS ASSOCIATION
Request for a General Rate Revision.)	
)	
)	

On April 2, 2009, PacifiCorp dba Pacific Power (“PacifiCorp”) filed a request for a general rate revision with the Oregon Public Utilities Commission (“Commission”) seeking an overall annual revenue increase of 9.1%. PacifiCorp specifically seeks to increase its Schedule 41 rates for irrigation customers by 17.5%--which would be a much higher rate increase than any other single rate class. This rate case has been docketed by the Commission as UE-210 (the “Proceeding”). Given the grossly disproportionate effect of this Proceeding on irrigators, the Klamath Water Users Association (“KWUA”) has intervened to represent the interests of all Schedule 41 customers. KWUA has been case-certified by the Commission as eligible to receive intervener funding in this Proceeding.

Chief Administrative Law Judge Michael Grant (“ALJ Grant”) has issued a letter requesting that KWUA and the Citizens Utility Board (“CUB”) each file a budget on an expedited basis pursuant to Sections 6.3 and 6.4 of the First Amended and Restated Intervener Funding Agreement (“IFA”). KWUA therefore files this Proposed Budget for an Issue Fund Grant in the amount of \$40,000. The PacifiCorp Issue Fund Account is the appropriate source of funds for this Grant. The following information is provided in accordance with Section 6.3 of the IFA:

(1) Statement of the work to be performed by KWUA for which KWUA is seeking the Issue Fund Grant:

UE 210 is an Eligible Proceeding and an Issue Fund Grant may be made for this proceeding under Section 6.1 of the IFA. PacifiCorp filed a Request for a General Rate Revision. 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). This Proceeding directly affects PacifiCorp, which falls under the definition of “Participating Public Utility” in Section 1(k) of the IFA.

KWUA intends to review, analyze and provide expert testimony and legal briefing on selected rate spread and rate design issues that are material to PacifiCorp’s Schedule 41 customers. KWUA has already initiated the process of conducting narrowly-tailored discovery, and KWUA intends to attend such clarifying sessions, workshops, settlement conferences and hearings as may be directly relevant to the Schedule 41 rates. In addition, KWUA intends to sponsor expert witness testimony and prepare legal briefs on this issue.

KWUA has participated on a selective basis in previous PacifiCorp rate proceedings, including UE 179. KWUA has experience with respect to PacifiCorp’s irrigation rates and services. No other party to this Proceeding is representing these specific interests. KWUA has retained EES Consulting and Cable Huston Benedict Haagensen & Lloyd, LLP to help its represent these interests in this Proceeding.

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

KWUA intends to investigate PacifiCorp’s proposed Request for a General Rate Revision, including rate spread and rate design issues and other matters directly relevant to PacifiCorp’s Schedule 41 rates. Specifically, KWUA intends to investigate whether it is just

and reasonable for PacifiCorp to impose a disproportionately large rate increase on its Schedule 41 customers.

In order to manage costs and avoid duplication, KWUA does not intend to address general legal or factual matters, such as net power costs and return on equity, that are likely to be addressed by other interested parties. Thus, KWUA is able to submit to the OPUC a budget that is less than half of that submitted by the Industrial Customers of Northwest Utilities (“ICNU”). Pursuant to ALJ Grant’s direction, KWUA has conferred with CUB and has attempted to confer with ICNU and these parties will file a joint report on how they may combine their efforts and avoid duplication.

(3) Description of the particular customer class that will benefit from KWUA’s participation:

KWUA’s participation in this Proceeding will directly benefit all irrigation customers who take service from PacifiCorp pursuant to Schedule 41 rates. As discussed above, no other party to this Proceeding directly represents this rate class or its specific issues.

(4) Identification of the specific Fund account from which KWUA is seeking the Issue Fund Grant:

KWUA is seeking an Issue Fund Grant in the amount of \$40,000. The PacifiCorp Issue Fund Account established under IFA Section 4.2.3 is the appropriate source of these funds. KWUA has been informed by ALJ Grant that the amount of funds currently available in the PacifiCorp Issue Fund Account, pending several outstanding funding requests, is \$208,440.

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

Attached as Exhibit A is KWUA’s estimate of attorney and consultant fees that KWUA expects to incur during the course of this Proceeding (the “Budget”). The Budget reflects the current hourly rates of KWUA’s legal counsel and expert consultants, along with a forecast of

the number of hours of work that is likely to be required. As allowed in the IFA, the Budget also includes a small sum for travel and printing costs.

(6) Matching Funds

KWUA represents that it will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20% of the Eligible Expenses for which KWUA is seeking an Issue Fund Grant. This amount is reflected in the Budget.

Basis for Request

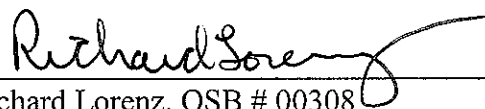
KWUA respectfully requests that the Commission grant its request for an Issue Fund Grant in the amount of \$40,000 based on the following considerations:

1. PacifiCorp proposes to increase irrigation rates by 17%--substantially more than any other rate class. As a result, this Proceeding has a significant and disproportionate effect on PacifiCorp's irrigation customers.
2. Aside from KWUA's participation in UE 179, the Schedule 41 irrigation customers have not been represented as a customer class in the majority of PacifiCorp's previous rate proceedings. Irrigation customers are entitled to a thorough and professional review of PacifiCorp's proposed Schedule 41 rates. Furthermore, these customers have historically under-utilized this intervener funding mechanism, as compared to other rate classes.
3. KWUA represents the interests of irrigation customers and has experience participating in Commission proceedings involving rates and rate revisions. KWUA has engaged qualified consultant and attorneys to aid in its participation in this Proceeding. KWUA's participation will benefit all PacifiCorp irrigation customers.
4. KWUA has been case-certified by the Commission as eligible to receive an Issue Fund Grant by Order No. 09-173, which was entered on May 14, 2009.

KWUA respectfully requests that the Commission issue an order granting an Issue Fund Grant in the amount of \$40,000. KWUA prepared the attached budget on the basis of the schedule adopted in the prehearing conference report issued in this Docket on April 23, 2009.

DATED this 1st day of June, 2009.

Respectfully submitted,



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Of Attorneys for
Klamath Water Users Association

Exhibit A

Proposed Budget of KWUA

EXHIBIT A

KWUA Proposed Budget For Issue Fund Grant

Personnel	Hours	Rate	Cost
<i>Attorney Fees</i>			
Larry Cable: Senior Attorney	35	\$275.00	\$9,625.00
Richard Lorenz: Attorney	90	\$185.00	\$16,650.00
<i>Consulting Fees</i>			
Gary Saleba, EES (Principle) (Discovery, Testimony and Hearing regarding Rate Spread/Rate Design)	50	\$200.00	\$10,000.00
Anne Falcon, EES (Managing Director) (Discovery, analysis and draft testimony regarding Rate Spread/Rate Design)	64	\$190.00	\$12,160.00
<i>Other Expenses</i>			
Travel			\$1065.00
Printing and Postage			\$500.00
		Subtotal	\$50,000.00
		Less 20% Matching Funds	\$10,000.00
		Total Issue Fund Grant	\$40,000.00

CERTIFICATE OF SERVICE

I CERTIFY that I have on this day served the foregoing document **PROPOSED BUDGET FOR ISSUE FUND GRANT OF KLAMATH WATER USERS ASSOCIATION** on all parties of the record listed on the Service list below, in this proceeding via electronic mail and/or via mailing a copy properly addressed with first class postage prepaid.

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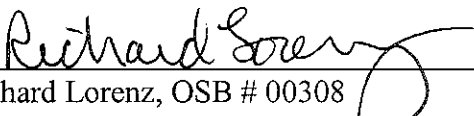
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DATED in Portland, Oregon, this 1st day of June, 2009.


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