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June 1, 2004

The Honorable Kathryn Logan  
Administrative Law Judge  
Oregon Public Utility Commission  
PO Box 2148  
Salem, OR 97308-2148

The Honorable Christina Smith  
Administrative Law Judge  
Oregon Public Utility Commission  
PO Box 2148  
Salem, OR 97308-2148

**By Email, Facsimile and Regular Mail**

**Re:** In the Matter of Oregon Electric Utility Company, LLC,  
et al., Application for Authorization to Acquire Portland  
General Electric Company, UM 1121

Dear Judges Logan and Smith:

Enclosed please find an original and five copies of the Associated Oregon Industries Proposed Budget in support of a request for an Intervenor Funding Issue Fund Grant for the UM 1121 proceeding.

Thank you.

Sincerely,

Julie Brandis  
Representative for AOI

JAB:jkh  
Enclosures

c: Service List

**BEFORE THE PUBLIC UTILITY COMMISSION**  
**OF OREGON**  
**UM 1121**

In the Matter of )  
 )  
OREGON ELECTRIC UTILITY COMPANY,) Associated Oregon Industries'  
LLC, et al., ) PROPOSED BUDGET for  
 ) Intervenor Funding Issue Fund Grant  
Application for Authorization to Acquire )  
Portland General Electric Company )

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Associated Oregon Industries (AOI) hereby submits its Proposed Budget in support of a request for an Intervenor Funding Issue Fund Grant for the UM 1121 proceeding in the amount of \$55,000 from the Portland General Electric (PGE) Issue Fund. AOI respectfully requests expedited action on this Proposed Budget, within 14 days or less as provided in Section 6.4 of the Intervenor Funding Agreement (IFA) adopted by the Oregon Public Utility Commission (“Commission”) by Order No. 03-388 (July 2, 2003). In support of this request, AOI provides the following:

A. UM 1121 is an “eligible proceeding” within the definition of Section 1(b) of the IFA. UM 1121 directly affects PGE, a Participating Public Utility under Section 1(k) of the IFA.

B. AOI filed a timely Petition to Intervene in the UM 1121 proceeding on April 29, 2004. AOI filed a timely Notice of Intent to seek an Issue Fund Grant when it submitted its Petition to Intervene on April 29, 2004, as required by Section 6.2 of the IFA. AOI timely filed a Petition Requesting Case-Certification at the time it submitted its Notice of Intent on April 29, 2004, as required by Section 6.2 of the IFA. AOI’s Petition to Intervene was granted May 6,

PROPOSED BUDGET OF AOI – PAGE 1

2004. AOI's Petition Requesting Case-Certification was approved by the Commission by Order No. 04-303 entered on May 27, 2004. In that order, the Commission directed AOI to submit a proposed budget within 14 calendar days. AOI's Proposed Budget is timely filed well in advance of that deadline.

C. Section 6.4 of the IFA provides that the Commission will act upon proposed budgets within 14 days of receiving the proposed budget. Given that the first settlement conference in the UM 1121 case is scheduled for June 8-9 and intervenor testimony is due in six weeks, AOI respectfully requests expedited action on this proposed budget so that AOI will know what resources it has available to participate effectively in the case.

D. Section 6.3 of the IFA specifies five elements that the Proposed Budget must include. AOI submits the following in compliance with that requirement:

**(1) Statement of the work to be performed.** AOI is seeking the Issue Fund Grant in order to hire outside counsel to represent the interests of a broad cross-section of commercial, retail, and service-industry customers in the UM 1121 proceeding. To maximize efficient utilization of Intervenor Funds, AOI will attempt to coordinate its positions and involvement with other parties, including Precertified Intervenors. AOI will review and analyze the testimony of the applicants, staff, and other intervenors. AOI will identify issues and develop positions on behalf of the broad base of commercial customers. AOI will actively participate in workshops and settlement conferences. AOI will participate in targeted portions of hearings as issues warrant and funds permit. AOI may file its own testimony and/or collaborate on, contribute to, and co-sponsor testimony with other intervenors, depending on the issues that develop in this case, AOI's and others' position on those issues, and the availability of Intervenor Funds. AOI may

file its own brief and/or collaborate on, contribute to, and co-sponsor briefs with other intervenors. AOI will be actively involved in settlement negotiations.

**(2) Description of the areas to be investigated by the intervenor.**

AOI intends to investigate how the application of the Oregon Electric Utility Company, LLC, et al., to acquire PGE impacts commercial customers of PGE, including hospitals, restaurants, retailers, small manufacturers and service industry providers. AOI's focus in the proceeding will be primarily directed at the impact on PGE's rates, quality of service, and terms and conditions of service to these commercial customers. AOI will examine whether, from the commercial customer's perspective, the acquisition "will serve the public utility's customers in the public interest" as required under ORS 757.511(3). AOI will investigate what conditions of approval, if any, would be necessary to assure the acquisition serves customers, in the present and over the long-term, should approval of the application be warranted. AOI submitted an Issue List in the case on May 13, 2004. In addition to the issues identified in that submission, AOI will review the issues raised by other intervenors and the Commission staff and respond to those issues from the perspective of commercial customers' interests.

**(3) Description of the particular customer class or classes that will benefit from AOI's participation.**

AOI is the state's largest business association, representing over 20,000 businesses in the state. These businesses include hospitals, restaurants, small manufacturers, retailers, and other commercial businesses. This broad cross-section of commercial customers has been historically underrepresented in proceedings before the Commission. AOI seeks to remedy that gap by advocating for their interests in UM 1121, thus assuring they have a voice in the critical issues

that surround the acquisition of PGE. AOI will direct its efforts for the benefit of this broad cross-section of commercial customers.

**(4) Identification of the specific Fund account.**

AOI is seeking an Issue Fund Grant from the PGE Issue Fund Account for 2004, which Fund includes a carry-over balance from 2003.


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

AOI submits the proposed budget attached on page 6. AOI will use the Intervenor Funding Grant to hire an outside attorney and possibly a consultant to assist AOI in this effort. AOI does not have in-house legal expertise or funds available for this project without this Intervenor Funding Grant. Therefore, AOI respectfully requests that the Commission not impose a matching fund requirement on the Issue Fund Grant awarded to AOI. (Such requirement is allowed for, but not required, as a condition of Issue Fund Grants under Section 6.5 of the IFA.) However, AOI will contribute wages for in-house professional and clerical staff, and related in-house costs, in direct support of AOI's participation in this proceeding. AOI will maximize the value of the Intervenor Funding Grant awarded by the Commission by participating in the most targeted and cost-effective manner to make a substantive contribution to the record in this case on behalf of a broad base of commercial customers.

WHEREFORE, AOI respectfully requests that the Commission issue an order awarding an Issue Fund Grant to AOI in the amount of \$55,000.

DATED this 1st day of June, 2004.

Respectfully submitted,



Julie Ann Brandis  
Representative for AOI

Associated Oregon Industries  
1149 Court Street  
Salem, OR 97301  
Phone: 503-588-0050  
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**AOI PROPOSED BUDGET  
UM 1121 Issue Fund Grant**

<b>Task</b>	<b>Est. hours</b>	<b>Est. cost</b>
<b>Outside Attorney at \$125/hour to:</b>		
Review & analyze all testimony & other filings of Applicants, Commission staff & intervenors; Identify issues & develop positions to be addressed by AOI on behalf of a broad base of commercial customers	90	\$11,250.
Prepare testimony and/or collaborate on, contribute to, and co-sponsor testimony with other intervenors on targeted issues to advocate for AOI interests. Participate in targeted portions of hearings. (Note: AOI may retain the services of a consultant for testimony that AOI would sponsor, which would be included in this task. The consultant costs would offset some of the attorney costs in this category.)	150	\$18,750.
Advocate for AOI's interests in settlement negotiations; Participate in settlement conferences & status conferences; Confer with other parties regarding possible settlement positions affecting AOI interests	110	\$13,750.
Research, write and submit briefs and/or collaborate on, contribute to, and co-sponsor briefs with other parties on targeted issues to represent and advocate for AOI interests; participate in oral arguments	90	\$11,250.
<b>In-house costs</b>		
In-house professional time in support of participation		Not included in request
In-house clerical time in support of participation		Not included in request
Printing, telephone, and postage costs		Not included in request
<b>Total</b>		<b>\$55,000.</b>

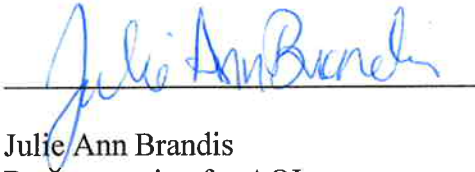
**CERTIFICATE OF SERVICE**

**UM 1121  
Associated Oregon Industries Proposed Budget  
In Support of a Request for Intervenor Funding Issue Fund Grant**

I certify that I have this date served the attached document upon all parties of record in this proceeding by delivering a copy in person, via email or by mailing a copy properly addressed with first class postage pre-paid to the following parties or attorneys of parties.

Dated this 1st day of June, 2004, Salem, Oregon.

Respectfully Submitted,



Julie Ann Brandis  
Representative for AOI

Associated Oregon Industries  
1149 Court Street  
Salem, OR 97301  
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