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August 1, 2005

Via Electronic and US Mail

Chairman Lee Beyer
Commissioner Ray Baum
Commissioner John Savage
Oregon Public Utility Commission
555 Capitol St. NE #215
Salem, OR 97308-2148

Re: Utility Compliance Filings in UM 1129

Dear Commissioners:

The Industrial Customers of Northwest Utilities (“ICNU”) submits these comments regarding the compliance filings of Idaho Power Co., Portland General Electric Company and PacifiCorp (jointly, the “utilities”) in Docket No. UM 1129. ICNU recommends that the Commission allow the compliance filings to go into effect subject to investigation and potential refund. ICNU, however, recommends that the Commission conduct its investigation of PacifiCorp’s Schedule 38 in the second phase of UM 1129 and separate Schedule 38 from the other issues raised in the compliance filings that address phase one of UM 1129 issues.

On May 13, 2005, the Commission issued Order No. 05-584 in UM 1129 resolving certain issues in phase one and identifying specific issues regarding non-standard contracts that would be addressed in the second phase of the proceeding. On July 12, 2005, the utilities filed their compliance tariffs regarding the first phase of UM 1129. Most of the issues raised in the compliance filings address issues related to phase one, including new avoided costs, standard contracts and gas price forecasts. The compliance tariffs have effective dates of August 11, 2005. PacifiCorp also filed Schedule 38 that addresses contracts between PacifiCorp and Qualifying Facilities (“QFs”) larger than 10 megawatts (“MW”). Schedule 38 includes the procedures for negotiating the avoided costs for QFs greater than 10 MWs, including the schedules and information to be exchanged by PacifiCorp and the QF. ICNU believes the issues related to the contracts for QFs larger than 10 MWs should be addressed in phase two of UM 1129.

Staff has issued its Report recommending that the Commission allow the compliance filings to go into effect, subject to refund, and has identified specific issues to investigate. ICNU agrees with Staff that the compliance filings should be allowed to go into effect, subject to a rigorous investigation and potential refund. ICNU believes the Commission should not limit the investigation to the issues identified by Staff in its Report, and should investigate additional issues, including, but not limited to: 1) the utilities' proposed surplus resource period; 2) the appropriate gas price index; 3) the accuracy of the utilities' gas price forecasts; and 4) the utilities' estimated gas transportation costs. Parties should be permitted to raise additional issues during the investigation.

ICNU believes, however, that all issues that specifically pertain to non-standard QF contracts should be addressed in the second phase of the UM 1129 proceeding. The Commission has already ordered that the second phase of the UM 1129 proceeding will address the "[d]evelopment of negotiating parameters and guidelines for non-standard QF contracts." Order No. 05-584 at 3. PacifiCorp's Schedule 38 raises issues directly related to the negotiating parameters and guidelines for non-standard contracts that should be addressed in phase two of UM 1129. Therefore, ICNU recommends that the Commission allow Schedule 38 to go into effect, but that the Commission should investigate its reasonableness in the second phase of the UM 1129 proceeding at the same time the Commission reviews the other issues regarding non-standard contracts.

ICNU understands that the Commission will soon schedule a prehearing conference regarding the second phase of UM 1129, and ICNU's recommendation should not substantially delay the Commission's review of Schedule 38. Finally, counsel for PacifiCorp has stated that they are not opposed to addressing Schedule 38 in the second phase of the UM 1129 proceeding. Thank you for your consideration of ICNU's views.

Sincerely yours,

/s/ Irion Sanger

Irion Sanger

cc: Michael Early
Service list in UM 1129

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August 1, 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 two copies of the Letter to
Commissioners Regarding Utility Compliance Filings 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/ Christian Griffen
Christian W. Griffen

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the Letter to
Commissioners Regarding Utility Compliance Filings on behalf of the Industrial
Customers of Northwest Utilities upon the parties, shown below, on the official service
list by causing the foregoing document to be deposited, postage-prepaid, in the U.S. Mail.

DATED at Portland, Oregon, this 1st day of August, 2005.

DAVISON VAN CLEVE, P.C.

/s/ Christian Griffen
Christian W. Griffen

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