

March 30, 2005

VIA ELECTRONIC MAIL

Utah Public Service Commission
Heber Wells Bldg., 4th Floor
Salt Lake City, UT 84111

Attention: Chairman Ric Campbell

Re: **Docket No. 02-035-04**
PacifiCorp's Petition To Initiate Investigation of Inter-Jurisdictional Issues
Notification of Final Orders and Request for Participation in Development of MSP
Standing Committee

The purpose of this letter is to provide formal notification of PacifiCorp's receipt of final orders related to the Multi-State Process from the State Commissions in Idaho, Oregon, Utah and Wyoming. By way of this letter, PacifiCorp is also requesting that the Commission designate an individual who will actively represent the Commission and the State in the development of the MSP Standing Committee. PacifiCorp intends to make a future request to the Commission to designate a Commissioner as the State's Standing Committee member once the development efforts are well underway and a Standing Neutral established.

Update on Final Orders

The terms of the Revised Protocol recognize the interdependency among our Commissions in the adoption of a common allocation methodology. As such, final ratification of the Revised Protocol by any of the Commissions of Oregon, Utah, Wyoming and Idaho, was expressly conditioned upon:

“similar ratification of the Revised Protocol by the other mentioned Commissions, without any deletion or alteration of a material term, or the addition of other material terms or conditions.” Revised Protocol, Section XIII.D

PacifiCorp is pleased to inform you that the above mentioned condition has been satisfied as of March 2, 2005. PacifiCorp is in receipt of the final orders in the MSP dockets adopting the Revised Protocol and Stipulations as filed. As discussed below, the additional conditions that were imposed in these orders generally relate to specific and additional reporting requirements for PacifiCorp.

Wyoming - The Wyoming Public Service Commission issued an oral bench order approving the use of the Revised Protocol at the conclusion of hearings on October 19, 2004. The bench order also adopted terms of the settlement reached with PacifiCorp, the Office of Consumer Advocate, AARP and Wyoming Industrial Energy Consumers. A written order confirming these findings was issued on March 2, 2005.

Utah - The Utah Public Service Commission issued its order on December 14, 2004, approving the use of the Revised Protocol and adopting terms of the settlement agreement signed by all Utah parties to the MSP proceeding. In the order, the Utah PSC did impose an additional condition related to the Load growth workgroup. Specifically, the Order requires the Company to file a notice with the Utah PSC, “...*regarding materiality of possible harm to other states from a fast growing jurisdiction before taking a position before the MSP Standing Committee*” (Utah PSC, Report and Order, Docket No. 02-035-04, page 38).

Oregon - The Public Utility Commission of Oregon issued its order on January 12, 2005, approving the use of Revised Protocol and adopting the terms of the settlement signed by PacifiCorp, Oregon PUC Staff, Citizens’ Utility Board and AARP. The order also included a directive for PacifiCorp, in consult with interested parties across the states, to develop a “fully-functional” hybrid method during 2005 for use as a reporting comparison beginning January 1, 2006.

Idaho - The Idaho Public Utilities Commission issued its order on February 28, 2005, approving the use of Revised Protocol and adopting the terms of the settlement agreement signed by PacifiCorp, Idaho PUC Staff and Monsanto Company. The Commission’s order noted that continued acceptance of the Revised Protocol for ratemaking purposes assumes no significant departure from Revised Protocol by other states in their future proceedings.

Washington and California - The status of the Revised Protocol in Washington and California is expected to be resolved in the Company’s next general rate case.

Standing Committee Formation

The long-term durability of the Revised Protocol rests on a continued dialogue among the States for discussing and monitoring emerging inter-jurisdictional issues facing PacifiCorp. To that end, the Revised Protocol requires the formation of an MSP Standing Committee, as outlined in Section XIII.B, which is included as Appendix A for reference. PacifiCorp is eager to begin the process of organizing this Standing Committee and seeks the support of its Commissions in the design phase. At this time, the Company requests that the Commission appoint an individual to represent the Commission and the State during the formative stages of the Standing Committee.

This individual will assist and advise on logistical and organizational items to be completed as part of the process for establishing the Standing Committee and engaging a Standing Neutral. For example:

- Scoping and planning the selection process for identifying and engaging the Standing Neutral
- Participating in selection of the Standing Neutral
- Working with the Standing Neutral and other representatives to clarify Standing Committee procedures, establishing proper infrastructure and processes for the Committee and developing meeting schedules and agendas
- Acting as a conduit for Standing Committee issues back to the parties in each of the States.

We are not requesting that the Commission nominate its member to sit on the Standing Committee at this time. Nomination of your Standing Committee member will be requested after the individuals from each state have conferred.

Thank you for your continued support of the Revised Protocol as a means of providing a common inter-jurisdictional cost allocation methodology among PacifiCorp's states. We look forward to continuing this collaborative work through the MSP Standing Committee and its associated workgroups.

The Company respectfully requests that the Commission provide the name of the individual to participate in the formation of the Standing Committee to me by April 15, 2005. If you have any questions or require further assistance, please contact John Rush, MSP Project Manager, at 503-813-6957.

Very truly yours,

Don Furman
Senior Vice President, Regulation and External Affairs

Enclosure

cc: Julie Orchard
Lowell Alt
George Compton
MSP Participants

Appendix A

Section XII B of the Revised Protocol

B. MSP Standing Committee

1. An MSP Standing Committee will be organized consisting of one member or delegate of each Commission.
The chair of the MSP Standing Committee will be elected each year by the members of the Committee.
2. The MSP Standing Committee will appoint a Standing Neutral, at the Company's expense, to facilitate discussions among States, monitor issues and assist the MSP Standing Committee.
3. At least once during each calendar year, the Standing Neutral will convene a meeting of the MSP Standing Committee and interested parties from all States for the purpose of discussing and monitoring emerging inter-jurisdictional issues facing the Company and its customers. The meetings will be open to all interested parties.
4. The MSP Standing Committee will consider possible amendments to the Protocol that would be equitable to PacifiCorp customers in all States and to the Company. The MSP Standing Committee will have discretion to determine how best to encourage consensual resolution of issues arising under the Protocol. Its actions may include, but will not be limited to: a) appointing a committee of interested parties to study an issue and make recommendations, or b) retaining (at the Company's expense) one or more disinterested parties to make advisory findings on issues of fact arising under the Protocol.
5. The MSP Standing Committee has the immediate assignments of: (a) developing one or more mechanisms that could be implemented in a timely manner in the event that load growth studies show a material and sustained net harm to particular States from the implementation of the IRP; and (b) reviewing Seasonal Resources criteria and allocation, including seasonal patterns of Resource operation to determine seasonality, treatment of associated off-system sales, the value of operating reserves provided from Seasonal Resources, criteria to define seasonal Exchange Contracts and methods for allocating the costs of seasonal exchange returns.
6. The work of the MSP Standing Committee will be supported by sound technical analysis. A party supporting ratification of the Protocol will work in good faith to address issues being considered by the MSP Standing Committee.