

October 2, 2002

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: PacifiCorp (PPL) Net Power Costs
Docket No. UE-020417

Dear Ms. Washburn:

On September 30, 2002, the Commission received a letter in this docket from Mr. James Van Nostrand on behalf of PacifiCorp. Mr. Van Nostrand seeks clarification that the Company's proposal for rate recovery of any deferred costs should be filed on October 18, 2002 along with all other Company direct testimony. This contrasts with the Company's original Petition which stated that a proposed recovery mechanism would be filed by September 30, 2002. Petition at P25. The Commission echoed the expectation of a September 30 filing in its Third Supplemental Order issued in this docket on September 27, 2002.

Please be advised that Staff does not object to an October 18 filing for a rate recovery mechanism proposal. This assumes, however, that the rate recovery proposal will include not only testimony in support of the proposal, but also a specific tariff filing to implement the proposal. The tariff can then be suspended and considered separately from the Petition or, upon motion of a party or the Commission, consolidated with the Petition.

This course of action is consistent with the Company's stated intent in its Petition to submit an actual recovery mechanism (e.g., a power cost adjustment or temporary surcharge) and with the Commission's expectation for the same. Failure to make a specific tariff filing will only inject uncertainty and a lack of finality to the proceedings.

Thank you for your consideration of this matter.

Very truly yours,

ROBERT D. CEDARBAUM

Senior Counsel

RDC:tjj

cc: Dennis Moss, Administrative Law Judge
Parties of record