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IDAHO PUBLIC  
UTILITIES COMMISSION

STATE OF IDAHO  
OFFICE OF THE ATTORNEY GENERAL  
LAWRENCE G. WASDEN

August 16, 2004

**To: Parties of Record**

**Re: Case No. PAC-E-02-3  
Settlement Discussions with PacifiCorp**

Dear Parties of Record:

On March 5, 2002, PacifiCorp petitioned the Idaho Public Utilities Commission to initiate an investigation of inter-jurisdictional issues affecting the Company as a consequence of its status as a multi-jurisdictional utility subject to the jurisdiction of six state regulatory Commissions. By Order No. 28978 in Case No. PAC-E-02-3, the Commission established a docket for investigation, established an intervention deadline and approved a joint multi-state process (MSP) for analyzing PacifiCorp inter-jurisdictional issues (*Idaho Code* § 61-505) and established initial MSP scheduling (*Idaho Code* § 61-501).

On September 30, 2003, PacifiCorp filed direct testimony in this docket seeking Commission ratification of a protocol that resolved inter-jurisdictional cost allocation issues facing the Company which have been the subject of the multi-state process. The Company's filing in Idaho was identical to contemporaneous filings made with Commissions in Utah, Oregon and Wyoming.

Since the September 2003 filing there have been numerous meetings during which the Company has received input from interested parties and where an attempt has been made to achieve a consensual solution to MSP issues. The Idaho Commission Staff has been an active participant in these discussions. While full consensus has not been achieved, substantial progress has been made. On July 14, 2004, PacifiCorp filed a revised protocol with the Commission together with supporting supplemental direct testimony of Andrea Kelly, David Taylor and Gregory Duvall. On August 11, 2004, a meeting was held in Boise at which was discussed the Utah and Oregon stipulations, related testimony and the status of Company filings in its other regulatory jurisdictions.

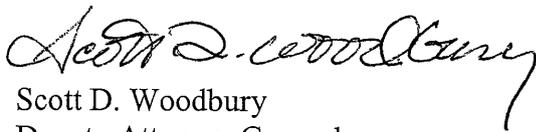
The Parties of Record in Case No. PAC-E-02-3 are hereby apprised pursuant to Rule 272 of the Commission's Rules of Procedure of Staff's intent to enter into active settlement negotiations with PacifiCorp. The first settlement meeting will be at the Commission's offices in Boise, Idaho on September 21, 2004 commencing at 9:00 a.m. The morning will be informational.

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Active settlement negotiations will occur in the afternoon. All Parties of Record are invited to participate in said meeting and settlement negotiations. Settlement negotiations pursuant to Rule 272 are confidential, unless all participants to the negotiation agree to the contrary. It is the intention of Staff prior to entering into any settlement agreement to conduct public workshops for PacifiCorp customers in eastern Idaho during the time period of October 4 through 6. Staff looks forward to your attendance and participation at the September 21 meeting.

The Commission Staff will keep you apprised of the course of settlement negotiations before a final settlement is reached. Please contact Scott Woodbury if you have any questions.

Sincerely,



Scott D. Woodbury  
Deputy Attorney General

bls/L:PACE0203\_sw

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16th DAY OF AUGUST 2004, SERVED THE FOREGOING **LETTER REGARDING SETTLEMENT DISCUSSIONS WITH PACIFICORP**, IN CASE NO. PAC-E-02-3, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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