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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Petition of Spring Canyon LLC for Approval of a Contract For the Sale of Capacity and Energy From Its Proposed QF Facilities	Docket No. 05-035-08 ExxonMobil Motion To Establish Deadline For Spring Canyon And Determine Availability Of Stipulation Pricing For ExxonMobil.

ExxonMobil Production Company, through its undersigned counsel and pursuant to the Public Service Commission's Report and Order dated August 19, 2005, respectfully requests that the Commission establish an August 31, 2005, deadline for Spring Canyon Energy to complete its contract negotiations with PacifiCorp. ExxonMobil further asks that the Commission determine that ExxonMobil will be eligible for Stipulation pricing in the event Spring Canyon is unable or unwilling to proceed forward. If the Commission grants these requests, ratepayers will be protected from the need for PacifiCorp to go to market to acquire power in the summer of 2007 and beyond. In support of this Motion, ExxonMobil states as follows:

1. On April 1, 2005, the Commission gave Spring Canyon and PacifiCorp the authority to enter into a contract for Spring Canyon to sell 100 MW to PacifiCorp under

the prices contained in the Stipulation dated May 20, 2004 in Docket No. 03-035-14. Despite four and a half months of negotiations, Spring Canyon and PacifiCorp were unable to reach an agreement on a power purchase contract. Therefore, on August 16, 2005, Spring Canyon and PacifiCorp brought their remaining disputed contract provisions before the Commission for resolution. At that hearing, witnesses for Spring Canyon confirmed in responding to questions from ExxonMobil's counsel that there were no disputed contract issues other than those that were being brought before the Commission.

2. On August 19, 2005, the Commission ruled on the various disputed contract terms between Spring Canyon and PacifiCorp.

3. Notwithstanding that decision, today it remains uncertain whether Spring Canyon will, in fact, build a facility to sell 100 MW under Stipulation pricing. Thus, in the event Spring Canyon does not execute a contract or does not obtain the necessary project financing, ExxonMobil would like the authority to enter into a contract with PacifiCorp to sell up to 100 MW under Stipulation pricing.

4. However, while ExxonMobil has thus far retained third-party transmission rights to wheel electricity into Utah from its facility in Wyoming, maintaining rights on 100 MW of firm transmission costs approximately $200,000 per month. Also, in the event Stipulation pricing is unavailable, ExxonMobil will need to seek other buyers for its electricity in 2007 and beyond. So to avoid being in limbo indefinitely, ExxonMobil respectfully requests that the Commission establish a deadline for Spring Canyon to execute a contract with PacifiCorp and further establish that ExxonMobil is eligible for

Stipulation pricing in the event Spring Canyon is unable or unwilling to execute a contract and obtain the necessary project financing.

5. With respect to a deadline for Spring Canyon and PacifiCorp to execute a contract, ExxonMobil requests that the Commission establish a deadline of August 31, 2005. At the hearing on August 16, 2005, PacifiCorp confirmed that it was willing and able to execute a contract under whatever terms were approved by the Commission. Further, Spring Canyon confirmed that there were no disputed issues other than those specifically brought before the Commission. ExxonMobil understands that Spring Canyon may need a reasonable amount of time to determine whether it wishes to enter into the contract under the terms approved by the Commission. In particular, ExxonMobil believes it is more than adequate to give Spring Canyon twelve days from the date of the Report and Order, August 19th, to make its business decision.

6. It is also important to note that an extended deadline (or having no deadline at all) may make it impracticable for ExxonMobil to continue to ensure that the necessary transmission rights are maintained to wheel its electricity into Utah. Indeed, the deadline ExxonMobil proposes would already require ExxonMobil to wait until the end of the year and expend more than $800,000 in transmission reservation fees before ExxonMobil knows whether a sale based on Stipulation pricing is available. This is because once the contract is signed it must be approved by the Commission. Assuming that such a process takes approximately two to four weeks, the contract will be effective mid-to-late September. At that point, the Commission has ruled that Spring Canyon shall be provided three months to obtain project financing. That means that ExxonMobil may not know until mid-to-late December whether Spring Canyon will be

able to proceed. Any delays beyond August 31, 2005 in executing the contract may push the end point of this process into early 2006 and make it increasingly problematic for ExxonMobil to be able to step in if Spring Canyon does not go forward.

7. ExxonMobil also asks the Commission to confirm that Stipulation pricing is available for ExxonMobil in the event Spring Canyon is unwilling or unable to proceed forward. Such confirmation is essential for two reasons.

8. First, in the Commission's Report and Order of April 1, 2005, the Commission established the principle that the "first-in-time" is eligible to seek to negotiate with PacifiCorp, but while the Commission found that Spring Canyon was first in line the Commission did not establish who was second. ExxonMobil believes that it is second in line and does not believe that this is necessarily controversial since, to the best of ExxonMobil's knowledge, there is no other entity who has (a) requested Stipulation pricing from the Commission for the last 100 MW and who (b) is able to meet all of the terms and conditions of the Stipulation in terms of the operating characteristics of the facility and in-service date. However, ExxonMobil requests that the Commission confirm that ExxonMobil is second in line following Spring Canyon.

9. Second, and perhaps more significantly, it is unclear whether Stipulation pricing will be available in December 2005 because the generic QF pricing docket is likely to conclude before ExxonMobil could execute a contract with PacifiCorp. This issue arises because the Stipulation provides in paragraph 8 that the pricing for the "Interim Period" shall be available "from the effective date of a Commission order approving this Stipulation to the date the Commission enters an Order adopting new avoided cost terms and/or prices applicable to QFs with capacities in excess of the

Schedule 37 maximum capacity." While the date of the final order in the generic docket is not known, given that hearings are scheduled at the end of September it seems very likely that an order will come out before mid-to-late December. Thus, ExxonMobil asks the Commission to confirm that Stipulation pricing will be available for ExxonMobil as it waits to see whether Spring Canyon is willing and able to proceed. ExxonMobil believes it is a reasonable interpretation of the Stipulation that ExxonMobil would be able to secure Stipulation pricing based on the date it requested such pricing from the Commission even if, due to the queuing process adopted by the Commission, new permanent rates were put into effect before a contract was actually signed. However, before ExxonMobil invests the time and resources necessary to hold its place in line, ExxonMobil would like to know with certainly what its rights will be at the end of the process.

10. The public interest is served by granting the relief requested in this Motion. In particular, ratepayers have a strong interest in securing reasonably priced electricity and locking in Stipulation pricing for 100 MW during peak needs in the summer of 2007 and beyond is likely to result in substantial savings compared to going to the open market.

11. If the Commission agrees and believes ratepayers would rather pay Stipulation prices than be subject to the vagaries of the market, there are only two options. The first option is Spring Canyon. But, as the Commission is aware, Spring Canyon may not go forward for any number of different reasons. The only other option for the summer of 2007 is ExxonMobil. There is no other existing QF facility with the necessary capacity and there is no way a new facility could be built.

12. With respect to ExxonMobil's situation, as the Commission is aware, it is expensive to wheel power from Wyoming into Utah. If ExxonMobil can get Stipulation prices, it is willing to absorb those costs. But it is not clear whether a price will be approved in the generic docket that is sufficient to compensate ExxonMobil for these costs. Indeed, some parties to that docket have proposed prices that are far lower than Stipulation prices, especially for 2007 through 2010. Thus, in short, if the Commission is willing to place reasonable deadlines on Spring Canyon and PacifiCorp, confirm ExxonMobil's place in line, and confirm that ExxonMobil is entitled to Stipulation pricing, ExxonMobil is willing to maintain its commercial position until the end of 2005 and be ready to step in should Spring Canyon be unwilling or unable to sign a contract or obtain necessary financing. ExxonMobil is also willing to commit that it will enter into good faith negotiations with PacifiCorp promptly upon receiving notice that Spring Canyon is unwilling or unable to sign a contract or has been unable to obtain financing. ExxonMobil is further willing to agree that if a contract is not reached within ninety days of receiving such notice that ExxonMobil will surrender its position in the queue.

13. Finally, consistent with the Commissions August 19 Report and Order, ExxonMobil requests that the Commission expedite responses to this Motion and the Commission's deliberations. If the Commission believes that locking in Stipulation pricing for facilities on-line by the summer of 2007 is preferable to the risks of the marketplace, ExxonMobil is willing to keep that option open and is willing to move forward quickly in the event Spring Canyon fails to execute an agreement and proceed with construction of its project. By addressing these uncertainties, the Commission can

provide a backstop for ratepayers in the event Spring Canyon does not go forward other than the unpredictable option of seeking power in the volatile western electric markets.

WHEREFORE, ExxonMobil respectfully requests that the Commission give Spring Canyon and PacifiCorp a deadline of August 31, 2005 to execute a contract and confirm that in the event Spring Canyon is unwilling or unable to sign a contract or obtain appropriate financing within three months of the effective date of a contract, then ExxonMobil may negotiate with PacifiCorp to execute a contract under Stipulation pricing for the remaining 100 MW under the Stipulation regardless of whether new permanent QF rates have been established in Utah.

Dated this 24th day of August, 2005

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CERTIFICATE OF SERVICE

I hereby certify that an original and five copies of the foregoing was hand delivered this 24th day of August, 2005, to the following:

Julie Orchard
Commission Secretary
Public Service Commission
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jorchard@utah.gov

I hereby certify that a true and correct copy of the foregoing was emailed this 24th day of August, 2005, to the following:

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