

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of PacifiCorp)
for Approval of an Electric Service Agreement) DOCKET NO. 09-035-55
for Milford Wind Corridor Phase I)
)
In the Matter of the Application of PacifiCorp) DOCKET NO. 11-035-17
for Approval of an Electric Service Agreement)
for Milford Wind Corridor Phase II, LLC) REPORT AND ORDER
)

ISSUED: July 11, 2011

By The Commission:

This matter is before the Commission on 1) PacifiCorp’s (RMP) Motion for Approval of the First Amendment to Electric Service Agreement (ESA) for Milford Wind Corridor Phase I (Milford I) (Docket No. 09-035-55); and 2) PacifiCorp’s Application for Approval of an Electric Service Agreement for Milford Wind Corridor Phase II (Milford II) (Docket No. 11-035-17) (collectively the Milford I and II companies are referred to as Milford Wind). The Milford I Application concerns a request to change the metering location approved in the original Milford I Master ESA. *See Milford I Application*, ¶5. The Milford II Application concerns a request for approval of a new ESA for the Milford II service station needs. *See Milford II Application*, ¶ 5.

Milford I receives retail electric service to its station “via the high voltage transmission line which is interconnected with the Intermountain Power Agency (IPA) at the busbar of the Intermountain Power Project (IPP) at Delta, Utah” *Milford I Application*, ¶ 3. The metering location for Milford I is now at the interconnection at IPP. As Milford II is requesting electric service from RMP, the Milford I metering location will be relocated from the point of interconnection at IPP to the Milford Valley Wind Collector Station South so the Milford I and

Milford II metering may be performed separately. The Milford I ESA has been amended to reflect the change in metering location. Besides ESA Articles and Exhibits relevant to the change in metering location, the prices terms and of the ESA otherwise are the same for the ESA governing Milford I.

Milford II has constructed and will operate a wind generation project located in Millard and Beaver Counties, Utah. Milford II's affiliate, Milford I previously had an ESA with MP approved by the Commission on August 27, 2009. The Milford II ESA is substantially the same as the Milford I ESA, except that the metering location is different. *See Milford II Application*, ¶ 4. Milford I built a high-voltage transmission line from the project site near Milford, Utah to the interconnection with the IPA at the busbar of the IPP near delta, Utah. Milford II desires to receive retail electric service through this transmission line instead of building new facilities to connect to RMP's system. Regarding the system impact study for Milford II, RMP stated as follows:

Similar to Rocky Mountain Power's system impact study for Milford I, the system impact study for Milford II determined it would be prudent to allow an exception to Rocky Mountain Power's line extension tariff, Electric Service Regulation 12, given the fact there are no 345kV Rocky Mountain Power facilities near this delivery point to accommodate Milford II's requested 345kV service. To provide the requested service would require a tap with breakers on the Milford to Blundell line, and installation of a new substation. In this event there would be an issue with preventing system flow between the Rocky Mountain Power station service system and the Los Angeles Department of Water and Power ("LADWP") system, where the output of the wind farm is delivered. This issue would likely require system upgrades on the Milford I and Milford II facilities that would allow switching back and forth between the two systems instead of using the usual backfeed revenue meter. Due to the required additional facilities, cost, and issues mentioned compared to the relatively small load, the study recommends that the Milford II station service load be served in a manner similar to the Milford I station service.

In entering into the Milford I Electric Service Agreement, the parties jointly determined that the most cost-effective and prudent method to provide retail

electric service to the Milford I project was for the Company to contract with a third party to provide wholesale electric service to the Company in the exact amount required to meet Milford I's needs.¹ Likewise, the parties have determined that the most cost-effective and prudent method to provide retail electric service to Milford II is to contract with a third party to provide wholesale service to the Company in the exact amount to meet Milford II's needs. LADWP has agreed to sell and deliver wholesale electric service to the Company pursuant to a wholesale Power Purchase Agreement entered into on December 6, 2010 ("Wholesale PPA"), attached to the Agreement as Exhibit C. This means of securing wholesale power was agreed to by Milford II, subject to regulatory approval, in lieu of being required to construct the costly improvements needed to interconnect directly to Rocky Mountain Power in order to take service under Rocky Mountain Power's standard applicable tariff rates. . . .

Milford II Application, ¶¶ 6-8.

On January 24, 2010, Milford Wind moved for an interim order authorizing a change in the point of metering or, in the alternative, approval of the first amended to the ESA to allow the change of point of metering. *See Motion of Milford Wind Corridor Phase I, LLC for Interim Order*. Because, under the terms of its wholesale power purchase agreement with the Southern California Public Power Authority (SCPPA), Milford II output will be sold to SCPPA and that delivery of output would need to commence in April 2011, Milford Wind requested an expedited hearing. Because commissioning and testing of turbines at the Milford Wind facilities needed to be completed before delivery of the output, Milford Wind needed Commission approval prior to the April 2011 deadline or would face extreme hardship in meeting its contractual obligations.

On January 25, 2011, the Commission issued notice of expedited hearing, setting a hearing for Thursday, January 27, 2011. On January 26, 2011, the Office of

¹ Report and Order Approving Electric Service Agreement, (Docket No. 09-035-55) at ¶¶ 4-5.

Consumer Services (OCS) entered its appearance. It also responded to RMP's filings and to Milford Wind's request for expedited consideration. It stated it did not oppose the expedited consideration, nor granting the Motion and approving the Application on an interim basis, pending final and complete review of the Motion and Application and underlying merits of each. *See Utah Office of Consumer Service's Appearance, Request for Notice and Response*, p. 3.

The Administrative Law Judge of the Commission held a duly-noticed hearing on January 27, 2011. The OCS did not appear, but previously notified the Commission that it would not be in attendance, but did not oppose interim relief under the conditions previously stated. The Division of Public Utilities (Division), Milford Wind, and RMP were all present and represented by counsel. No party opposed the issuance of the interim relief requested by Milford Wind and all parties agreed that granting such relief would be in the public interest.

After the hearing, the Commission issued an Interim Order Approving Change in Point of Metering (Milford I) in Docket No. 09-035-55, ordering that effective January 27, 2011 RMP and Milford I were authorized to change the point of metering in accordance with the First Amendment to the Electric Service Agreement, pending the Commission's final order on Rocky Mountain Power's Motion for Approval of the First Amendment to the Electric Service Agreement. The Commission further issued an Interim Order Approving Electric Service Agreement (Milford II) in Docket No. 11-035-17, and made the new ESA effective as of January 27, 2011.

After the issuance of those interim orders, the Commission issued a scheduling order setting the filing of comments by the Division and OCS, responses by RMP and Milford Wind, and for the conducting of discovery. A hearing was set for April 12, 2011, and the ALJ of the Commission conducted that hearing as well. The Commission treated confidential material at the hearing and that material will not be repeated here. Evidence presented at the hearing dealt with the terms of the ESAs. Following the hearing, the Commission held a technical conference on Tuesday, May 24, 2010. The purpose of the technical conference was to discuss and clarify questions the Commission staff had on ratemaking treatment of the ESA, and gather further clarification on questions answered by Rocky Mountain Power at the last hearing. Confidential matters were also discussed in this technical conference. On April 28, 2011, the Commission issued a Confidential Order and Notice of Hearing. In that Order, the Commission submitted a series of confidential questions, attached as Exhibit A to the Order, and required RMP to submit written responses to the questions listed by May 23, 2011. The Commission further ordered RMP to be prepared to present its responses verbally at the hearing of May 24, 2011. Milford Wind I and II, the Division, and the Office were allowed to present any additional testimony on the questions they felt were relevant to the issues raised. The Commission also noted that witnesses would be subject to examination. Persons not a party to these proceedings were also excluded from the May 24, 2011—although no one appeared that was not a party. RMP submitted its confidential responses to the Commission's inquiries on May 23, 2011. It further presented its answers in the confidential hearing held May 24, 2011.

Based on the details and technical information submitted in RMP's application, Milford Winds' responses, and the confidential information gathered in the April 2011 hearing,

the technical conference, the answers submitted May 23, 2011, and the answers submitted at the confidential May 24, 2011 hearing, the Commission finds the interim approval of the Motion and Application should be made final. The approval of the Motion for Approval of the First Amendment to Electric Service Agreement (ESA) for Milford Wind Corridor Phase I (Milford I) (Docket No. 09-035-55) and approval of the Application for Approval of an Electric Service Agreement for Milford Wind Corridor Phase II (Milford II) (Docket No. 11-035-17) is in the public interest and is just and reasonable.

ORDER

1. The Motion for Approval of the First Amendment to Electric Service Agreement (ESA) for Milford Wind Corridor Phase I (Milford I) (Docket No. 09-035-55) is approved;
2. The Application for Approval of an Electric Service Agreement for Milford Wind Corridor Phase II (Milford II) (Docket No. 11-035-17) is approved;
3. This is a final order;
4. Pursuant to Sections 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the Commission within 30 days after the issuance of this Order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission does not grant a request for review or rehearing within 20 days after the filing of the request, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a petition for review with the Utah Supreme Court within 30

DOCKET NOS. 09-035-55 AND 11-035-17

- 7 -

days after final agency action. Any petition for review must comply with the requirements of Sections 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 11th day of July, 2011.

/s/ Ruben H. Arredondo
Administrative Law Judge

Approved and confirmed this 11th day of July, 2011, as the Report and Order of the Public Service Commission of Utah.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
D#207767