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Attorney for Blue Mountain Power Partners, LLC

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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|--------------------------------|---|-----------------------------|
| IN THE MATTER OF BLUE MOUNTAIN | ) |                             |
| POWER PARTNERS, LLC’S REQUEST  | ) | Docket No. 12-_____         |
| THAT THE PUBLIC SERVICE        | ) |                             |
| COMMISSION OF UTAH REQUIRE     | ) | BLUE MOUNTAIN POWER         |
| PACIFICORP TO PROVIDE THE      | ) | PARTNERS, LLC’S REQUEST FOR |
| APPROVED PRICE FOR WIND POWER  | ) | AGENCY ACTION               |
| FOR THE BLUE MOUNTAIN PROJECT  | ) |                             |
|                                | ) |                             |

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Pursuant to Utah Code Ann. §§63G-4-201, 204 and Utah Admin. Code R746-100-3, Blue Mountain Power Partners, LLC (“Blue Mountain”) respectfully requests that the Public Service Commission of Utah (“Commission”) require PacifiCorp dba Rocky Mountain Power (“PacifiCorp”) to provide Blue Mountain with the approved price for wind power for the Blue Mountain Project, an 80 MW facility located near Monticello, Utah, in accordance with the Commission’s Report and Order in Docket No. 03-035-14, PacifiCorp’s Large QF Avoided Cost Case.

In support of its request, Blue Mountain states as follows:

1. PacifiCorp is a public utility which provides retail electric service in the State of Utah and conducts its electric utility business in the State of Utah under the assumed name of Rocky Mountain Power, and is subject to the Commission’s jurisdiction.

2. Under the Public Utility Regulatory Policies Act (“PURPA”), the Federal Energy Regulatory Commission (“FERC”) rules implementing PURPA and Utah Code Ann. § 54-12-2, PacifiCorp has an obligation to purchase electricity made available to it by a qualifying facility (“QF”) in the state of Utah at the rates and under the terms and conditions established by the Commission.

3. Blue Mountain owns the Blue Mountain project, which is an 80 megawatt (“MW”) wind power QF project located near Monticello, Utah.

4. The Commission determined the price to be offered to large QFs in its Report and Order in Docket No. 03-035-14 issued October 31, 2005 (“2005 Order”).

5. The 2005 Order determined a separate price for wind QFs larger than three MW, depending on whether PacifiCorp had reached Integrated Resource Plan (“IRP”) target level for wind power resources.

6. The Commission approved the avoided cost method for wind QF resources up to the IRP target and stated as follows:

We are persuaded for the reasons stated by the parties above that the proxy method best reflects the avoided cost of a wind QF up to the IRP target level of wind resources. This IRP target level of wind resources is not an annual target, but the cumulative target from the IRP and we decline to limit the use of the proxy method to 200 megawatts per year. Further, we accept the market price proxy as it is reasonably accurate but also simple and transparent.

... We find the most recently executed RFP contract, prior to the QF’s request for indicative pricing, will serve as the proxy against which project specific adjustments are made to produce an indicative price for wind QFs in Utah. The most recently executed contract becomes a rolling target as new RFP contracts are executed.

2005 Order at 20-21.

6. We approve a market price proxy for determination of avoided costs for wind QFs up to the company’s IRP target

megawatt level of wind resources. The Company's most recent executed wind contract from its Renewable RFP will serve as the proxy against which project specific adjustments are made to produce an indicative price for wind QFs in Utah.

2005 Order at 33.

7. The Commission also approved the avoided cost method for wind QF resources exceeding the IRP target and stated as follows:

The avoided cost method recommended by parties for QF wind projects that exceed the IRP target level of wind supply is the Proxy method for avoided generation capital cost and the PDDRR method for avoided energy cost. Thus, once the next deferrable IRP resource is no longer a wind resource, wind QF indicative pricing will be based, as it is for non-wind QFs, on the Proxy and PDDRR methods used for non-wind QFs discussed in Section A of this order with a few distinctions.

2005 Order at 21-22.

7. For wind resources exceeding the IRP target, wind QF indicative pricing will be based, as it is for non-wind QFs, on the Proxy and PDDRR methods.

2005 Order at 33.

For wind QF resources exceeding the IRP target, the pricing is determined on the basis similar to that for thermal resources.

8. On March 8, 2012, PacifiCorp filed a Quarterly Compliance Filing – 2012.Q1

Avoided Cost Input Changes in Docket No. 03-035-14 (“Model Update”), stating as follows:

5. Proxy Wind Resource. The selection of Dunlap I Wind as the proxy wind resource is unchanged from the Company's 2009.Q4 Compliance Filing dated March 9, 2010.

Model Update at 2.

Attached hereto and incorporated by reference herein as Exhibit A is the Model Update.

9. In the Model Update, PacifiCorp listed the following regarding wind resources:

Wind Resources. A total of 2,100 MW of wind is included in the 2011 IRP of which 489.5 MW is partially displaced by potential and signed QF Wind Resources. All IRP wind is located in Wyoming with the first proposed wind projects available in 2018. The Table below shows the potential wind resources that partially displace the 2,100 MW of wind listed in the IRP.

Model Update, Appendix A, at 3.

10. In the Model Update, Blue Mountain Wind I, 80 MW, is listed as a Potential and Signed QF Wind Displaced Resource, stating:

The 489.5 MW of potential QF wind resources will displace 300 MW of IRP wind scheduled for 2018 will displace 189.5 MW of wind scheduled for 2019.

Model Update, Appendix A, at 4.

11. The Blue Mountain wind project was also listed as a Signed QF Wind Resource for the prior IRP displacing other wind projects. See Model Update, Appendix A at 6.

12. On March 31, 2011, PacifiCorp filed its 2011 IRP (“2011 IRP”) including 2,100 MW of wind added increments of 100 to 300 MW beginning in 2018. See 2011 IRP at 8. The 2011 IRP noted that “the preferred portfolio includes 800 MW of wind by 2020 and 2,100 MW by 2029”. Id at 205.

13. On March 30, 2012, PacifiCorp filed a 2011 IRP update (“IRP Update”) noting that the total wind capacity through 2030 is approximately the same as it was with the 2011 IRP – about 2,100 MW. Id at 45.

14. Blue Mountain Wind I, LLC (“Blue Mountain I”) executed a Power Purchase Agreement (Renewable Energy) with PacifiCorp dated November 1, 2011 (“PPA”) for an 80 MW wind power QF project located near Mona, Utah. The PPA contained prices which were based upon the market price proxy using the Dunlap I project, the most recently executed wind contract, as shown in Exhibit B attached hereto and incorporated by reference herein.

15. Blue Mountain I's parent company, REDCO, declared bankruptcy and the Blue Mountain project was unable to continue on with the PPA.

16. Blue Mountain has purchased the bankruptcy estate of REDCO which includes the Blue Mountain project.

17. Blue Mountain, through its parent entity, requested and received a Response to Indicative Pricing Request dated May 21, 2012 from PacifiCorp regarding the Blue Mountain project, which is shown as Exhibit C attached hereto and incorporated by reference herein.

18. The IRP target has not changed from 2011 to May 2012.

19. PacifiCorp's Response to Indicative Pricing Request dated May 21, 2012 offered Champlin only the lower thermal prices for wind QF resources exceeding the IRP target.

20. Blue Mountain should have received the higher market price proxy for determination of avoided costs for wind QF resources up to the IRP target, using the Dunlap I project.

21. PacifiCorp's refusal to offer the higher wind QF price is in violation of the Commission's 2005 Order.

NOW THEREFORE, based on the foregoing, Blue Mountain respectfully requests that the Commission require PacifiCorp to provide the approved market price proxy for Blue Mountain for wind QF resources up to the IRP target using the Dunlap I project, and execute a PPA at the higher price.

Respectfully submitted this 31<sup>st</sup> day of July, 2012.

BLUE MOUNTAIN POWER PARTNERS, LLC

By: /s/ Brian W. Burnett

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## CERTIFICATE OF SERVICE

I hereby certify that on this 31<sup>st</sup> day of July, 2012, a true and correct copy of IN THE MATTER OF BLUE MOUNTAIN POWER PARTNERS, LLC'S REQUEST THAT THE PUBLIC SERVICE COMMISSION OF UTAH REQUIRE PACIFICORP TO PROVIDE THE APPROVED PRICE FOR WIND POWER FOR THE BLUE MOUNTAIN PROJECT was sent via e-mail transmission to the following persons:

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