Docket No. 00-2035-02 -- Order for Correction of Application (Issued: 9/27/00) PacifiCorp -- Avoided Cost Rates

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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of PACIFICORP for an Order Approving its Avoided Cost Rates

DOCKET NO. 00-2035-02

ORDER FOR CORRECTION OF APPLICATION

ISSUED: September 27, 2000

By The Commission:

On July 11, 2000, PacifiCorp, dba Utah Power & Light Company ("PacifiCorp" or "Company"), applied for an order approving its proposed avoided cost rates for purchases from qualifying facilities ("QFs") with a design capacity of 1, 000 kW or less. The Commission requested a Division of Public Utilities ("Division") review of the application which it received on August 28, 2000. In its memo, the Division recommends adoption of the proposed rates with modification. The Company's application indicates that its summer capacity and annual energy resources are inadequate to meet firm load requirements beginning in 2000. Such a response imbalance requires the use of a proxy resource to estimate avoided costs. The proxy resource used by the Company is a combined cycle combustion turbine whose cost assumptions used by the Company are all consistent with draft RAMPP-6 input assumptions. However, the Division took exception to the gas price forecast which uses \$1.84 per MMBtu as a starting point. This is clearly inaccurate given current market conditions in the gas market. The Division requests that the Company recalculate its avoided costs based on the updated Company forecast of future gas prices which is attached to the Division's memo sent to the Commission.

<u>ORDER</u>

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

• The Company resubmit its avoided cost application and attendant tariff sheets using the updated forecast of gas prices by October 13, 2000.

DATED at Salt Lake City, Utah, this 27th day of September, 2000.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

<u>/s/ Julie Orchard</u> Commission Secretary