

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of )  
PACIFICORP, dba Utah Power & Light )  
Company, for Approval of Standard Rates for )  
Purchases of Power from Qualifying Facilities )  
Having a Design Capacity of 1,000 Kilowatts or )  
Less )

DOCKET NO. 01-2035-01  
ORDER TO UPDATE AVOIDED COST  
CALCULATIONS

ISSUED: June 13, 2001

By The Commission:

On February 23, 2001, the Utah Public Service Commission (Commission) issued an Order (Order) approving the proposed PacifiCorp, dba Utah Power & Light Company, Electric Service Schedule No. 37. This schedule establishes standard prices for purchases of power from Utah-located Qualifying Facilities (QFs) with a design capacity of 1,000 Kilowatts (kW) or less. The rates are based on avoided costs which are developed from PacifiCorp's Integrated Resource Plan (IRP). These avoided costs are those which PacifiCorp would incur to serve its native load, "but for" the generation provided by the QFs. The avoided costs approved in the Order are based on the proxy plant method, that uses the price of a combined cycle combustion turbine, to calculate PacifiCorp's avoided costs.

The Commission desires an update of the avoided costs calculations that better reflect the current market conditions in the Western region. This will provide a better price signal to potential QFs and lead to an increased supply of electricity. The Commission requests that PacifiCorp calculate avoided costs that reflect both current market prices and the time necessary to build new generation. Thus, we order PacifiCorp to produce an analysis that incorporates projected market prices for the period of time until a peaking unit can be put on line, the peaking unit's costs (until a base load unit such as the proxy plant of a combined cycle combustion turbine comes on line), and possibly a fourth calculation of a least-cost base load unit with a longer lead time. This filing will be made by August 31, 2001.

In the interim, the Commission orders PacifiCorp to refile its avoided costs, based on the current method of calculating avoided costs, using a combined cycle combustion turbine as the proxy plant. The submission of this filing will coincide with PacifiCorp's filing date of June 22, 2001, with the Oregon Public Utilities Commission. PacifiCorp will indicate which inputs have changed from its previous filing and the sources of information for the changes.

DATED at Salt Lake City, Utah, this 13th day of June, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary