

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of PACIFICORP)
for Approval of a Generic Power Purchase)
Agreement for QF Projects Larger than One)
Megawatt)

DOCKET NO. 03-035-15

ORDER

ISSUED: August 26, 2003

By the Commission:

On May 27, 2003, PacifiCorp, doing business as Utah Power & Light Company ("PacifiCorp" or "Company") filed an application seeking approval of a generic form power purchase agreement for purchases from qualifying facilities ("QFs") larger than one megawatt. The proposed generic power purchase agreement ("PPA") was attached to the application.

In our Order issued February 24, 2003, the Commission approved PacifiCorp's Electric Service Schedule No. 38, establishing procedures for purchases of power by PacifiCorp from QFs with a design capacity greater than one megawatt ("Large QFs"). In that Order, we directed the Company to file for approval within 90 days a generic PPA for use in the development of a final contract for purchases of power from Large QFs. The Company's application in this case was in accordance with that Order.

The Company states that, as directed by the Commission, it convened a work group which included representatives from the Division of Public Utilities ("Division"), the Committee of Consumer Services ("Committee") and other interested parties. PacifiCorp states that the work group held meetings on March 31 and May 6, 2003, during which participants discussed and provided input regarding the Company's proposed PPA, as well as its proposed avoided cost methodology for Large QFs. Based on input from participants in the work group and further review, PacifiCorp revised the generic PPA in a number of respects.

The generic PPA has been drafted to serve as the base document for negotiations with Large QFs seeking to sell power to PacifiCorp in Utah. Thus, the PPA does not state the pricing design for the payments to be made to the QF, but reflects that the avoided cost and price design will be developed and negotiated on a project-specific basis.

PacifiCorp states further that among other matters to be established during negotiations with Large QFs is the type and amount of default security to be provided by the QF, which will vary from one project to another. The Company intends to approach such security requirements with a view toward mitigating the risk to the Company's ratepayers and shareholders, while also taking into account that requiring the same level of default security as it requires for non-QF sellers would in many instances preclude the QF from going forward with development.

On July 30, 2003, the Division filed its Action Request Response recommending approval of the generic PPA. The Division found that the generic PPA is, in general, consistent with the comments submitted by members of the work group formed to address the Company's proposed generic PPA. The Division noted its understanding that the proposed generic PPA does not satisfy completely all parties' concerns, such as some parties' concern with the credit requirements in the PPA. However, the Division also noted that any final power purchase agreement between PacifiCorp and a QF can be negotiated, and therefore recommended approval of the generic PPA.

The Commission finds that the proposed generic PPA provides a reasonable basis for negotiations with Large QFs, and that it would be in the public interest for the Commission to approve the proposed generic PPA.

No party has submitted any opposition to, or other comments regarding, the Company's application.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. PacifiCorp's proposed generic PPA is approved for use as a basis for negotiations with Large QFs.
2. The generic PPA, whether modified or not, shall continue to be posted on the Company's web site in accordance with Electric Service Schedule No. 38.
3. This Report and Order constitutes final agency action on PacifiCorp's Application in this Docket. Pursuant to Utah Code Ann. Section 63-46b-13, an aggrieved party may file, within 20 days after the date of this Report and Order, a written request for rehearing/reconsideration by the Commission. Pursuant to Utah Code Ann. Section 54-7-15, failure to file such a request precludes judicial review of the Report and Order. If the Commission fails to issue an order within 20 days after the filing of such request, the request shall be considered denied.

DATED at Salt Lake City, Utah, this 26th day of August, 2003.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#34888