

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of Proposed PACIFICORP)	<u>DOCKET NO. 02-035-T11</u>
Tariff P.S.C.U. No. 44, for Schedule 38)	
Qualifying Facility Procedures)	<u>ORDER</u>

ISSUED: February 24, 2003

By The Commission:

On October 7, 2002, PacifiCorp requested approval of a new Electric Service Schedule No. 38 (Schedule 38). Schedule 38 establishes procedures for purchases of power by PacifiCorp from Qualifying Facilities (QF) with a design capacity greater than 1,000 kW. The procedures list the information that is required of a QF in order for it to obtain an indicative power price and sets a time frame for PacifiCorp to respond to a QF request for an indicative pricing proposal. The introduction of this schedule addresses an impediment to non-utility generation identified in an informal investigation undertaken by the Commission at the request of the Utah Legislative Energy Policy Task Force. In that investigation, potential developers cited the lack of a clear process for discovering both the rate a QF is likely to be paid and the steps required to obtain a timely purchase power contract. PacifiCorp requested that Schedule 38 become effective on November 7, 2002.

In response to an action request by the Commission, the Division of Public Utilities (Division) filed its recommendations on October 31, 2002. The Committee of Consumer Services (Committee) and Renewable Energy Systems, North America, Inc./Dr. Richard Collins (RES) submitted comments on November 4, 2002. All comments suggested the need for modifications to the proposed Schedule 38. The Division and RES recommended approval of the proposed schedule but only with the continuation of a work group of interested parties to further review and modify Schedule 38 as needed. The Committee recommended the schedule be suspended so that modifications could be made before implementation. In order to provide PacifiCorp the opportunity to respond to the comments, the Commission suspended the schedule on November 12, 2002, invited additional comments by November 29, 2002, and gave PacifiCorp the opportunity to respond by December 13, 2002.

US Magnesium LLC filed comments on November 29, 2002. PacifiCorp filed reply comments on December 13, 2002 and modified its proposed Schedule 38 to address many of the concerns raised in comments. PacifiCorp notes two key issues remain: the identification of an avoided cost method upon which the indicative price is derived and consensus on a generic power purchase agreement. PacifiCorp recommends the Commission approve Schedule 38 as modified and commits to resolving the remaining issues outside this docket.

In response to a Commission action request, on January 17, 2003, the Division recommends approval of the modified Schedule 38 and the continuation of a work group to address remaining issues. On January 31, 2003, the Committee filed its comments recommending the Commission continue to suspend the schedule until the remaining issues are addressed.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- Electric Service Schedule No. 38 as modified in PacifiCorp's December 13, 2002 reply comments, is approved effective this date.
- PacifiCorp file for approval within 90 days an avoided cost method for developing indicative power prices for purchases of power from Qualifying Facilities greater than one megawatt.
- PacifiCorp file for approval within 90 days a generic power purchase agreement for use in the development of a

final contract for purchases of power pursuant to Schedule 38.

- PacifiCorp convene a work group including the Division, the Committee and other interested parties to provide input on the avoided cost method and generic power purchase agreement and to identify other issues of concern.

Dated at Salt Lake City, Utah, this 24th day of February, 2003.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#32882