

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of PacifiCorp)
for Approval of an IRP-Based Avoided Cost)
Methodology For QF Projects Larger than One)
Megawatt)

DOCKET NO. 03-035-14
ORDER DENYING SPRING
CANYON ENERGY REQUEST

ISSUED: October 7, 2004

By the Commission:

By letter dated September 28, 2004, Spring Canyon Energy informed the Commission of its efforts to negotiate a contract to sell electric power to PacifiCorp as a qualifying facility (QF) pursuant to the provisions of the federal Public Utility Regulatory Policies Act of 1978 (PURPA). As part of the letter, Spring Canyon Energy requested that the Commission lift the 275 MW total cap applicable to QF contracts that can be approved pursuant to the terms of our June 28, 2004, Order issued in this docket. The Order incorporates and approves terms of a stipulation which provides some parameters for QF contracts (including pricing) that may be submitted for approval pending examination by a QF Taskforce and Commission resolution of issues associated with long-term QF contracts for large QF projects. Further, Spring Canyon Energy requested that the Commission direct PacifiCorp “to engage in good faith negotiations with Spring Canyon to facilitate approval of a QF contract with a capacity of the greater of i)140 MW, ii) the amount remaining under the cap as of July 30, 2004, or iii) the additional cap amount associated with the PSC approval of Spring Canyon’s request; such contract to be approved by the PSC during the interim Period.” We will treat Spring Canyon Energy’s September 28, 2004, letter as a request for agency action, pursuant to Utah Code 63-46b-3, and will deny it.

Spring Canyon Energy provides no basis upon which we can determine that the 275 MW cap and the reasons for the cap should now be abandoned. We understand Spring Canyon Energy’s desire to obtain a QF contract

for the 420 MW output of its proposed facility, but the interim approach approved in the June 28, 2004, Order was specifically intended to provide an opportunity to develop a long-term avoided cost methodology that is currently lacking. See, Order issued September 23, 2004, in Docket No. 04-035-T10. The QF Taskforce recommendations and Commission consideration of the issues associated with setting appropriate avoided costs and other just and reasonable terms, for QF provision of electricity, is scheduled to occur in the next few months. We have no information from Spring Canyon Energy on how the scheduled process anticipated in our previous order could now be altered to accommodate the actions it seeks for its facility.

If Spring Canyon Energy wishes to pursue alternatives to what we anticipate for the further proceedings contemplated, it has not provided any information on an alternative that can be considered in lieu of what is anticipated from our prior order. Spring Canyon Energy has not identified a long-term avoided cost methodology which it believes could now be used to approve a contract for its facility. PacifiCorp's Schedule 38 identifies the information to be provided and the course of conduct which parties should follow, to the extent they can, to negotiate a QF contract. Pending the outcome we all await, Schedule 38 applies, within the parameters it sets. We will not undertake consideration of the actions Spring Canyon Energy requests of us on the bald request contained in the September 28, 2004, letter. Such relief requires a substantive supporting basis greater than what Spring Canyon has presented.

Wherefore, we enter this ORDER denying Spring Canyon Energy's request without prejudice.

DATED at Salt Lake City, Utah, this 7th day of October, 2004.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary