

STEVEN F. ALDER (0033)  
Assistant Attorney General  
1594 West North Temple, #300  
SALT LAKE CITY UT 84114  
Telephone: (801) 538-7227

**-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-**

---

In the Matter of the Application of	)	<b>DOCKET NO. 03-035-T10</b>
PACIFICORP for Approval of	)	
Schedule 37, Avoided Costs Purchases	)	
For Qualifying Facilities	)	
	)	<b>PETITION FOR TARIFF REVISION</b>
	)	

---

The Utah Energy Office, Wind Tower Composites LLC, Utah Clean Energy Alliance, Wasatch Clean Air Coalition, Renewable Energy Development Corporation, and Tasco Engineering (Petitioners), hereby petition the Utah Public Service Commission for a tariff revision to Electric Service Schedule No. 37. Schedule No. 37 sets the terms and conditions for power purchases from qualifying facilities having a design capacity of 1000 Kilowatts or less. The Commission initially adopted this tariff to encourage energy production from small scale qualifying facilities or QFs. Small scale QFs can not afford the considerable transactions costs of negotiating a separate rate for each project. The Commission determined that a separate schedule with a set standard rate would eliminate these entry-limiting transactions costs and thus encourage small scale production. The Commission, at the time, set a limit of 1000kW or 1MW as the maximum eligible size for this tariff. Since its inception some 10 years ago, only a handful of QF projects have used this rate schedule. PacifiCorp will submit new rates for Schedule 37 on January 30, 2004. Normally these rates will be reviewed by the Division of

Public Utilities, the Committee of Consumer Services and other interested parties. We request that this petition be considered in conjunction with the new rate request.

We petition for a revision of Schedule No. 37 that will increase the maximum design capacity limitation for wind-powered QFs. We recommend that the limitation be increased to a minimum of 3 megawatts and encourage the Commission to consider a 5 megawatt limit. This increase should be restricted to QFs powered by wind.

There are several reasons for this request. The current tariff discriminates against wind-powered resources because it does not take into account wind's relatively low capacity factor. Most wind resources run at an approximate 30% capacity factor compared to other QFs such as small scale cogeneration units that can approach capacity factors of 90% or more. For example, a 3 MW wind turbine would not qualify for the QF rate even though its energy output would be equivalent to that of a 1 MW QF using fossil fuels. This puts wind-powered resources at a competitive disadvantage by limiting the amount of revenue that can be generated and erecting a virtually insurmountable financial barrier.

The requested revision will make the tariff more consistent with the Commission's IRP Standards and Guidelines. In its discussion on the evaluation of resources, the Commission found that resources differ "in terms of their dispatchability, certainty of output and risks associated with environmental externalities. Planning, acquisition and ratemaking treatment should be consistent and comparable while acknowledging such differences." 1 Schedule No. 37 should treat QFs on a consistent and comparable basis on energy production which would require an increase in capacity limitations for wind resources.

Secondly, wind-powered generators have increased in size over the last decade. Both physical and economic efficiencies can be obtained from turbines larger than the 1000 kW limit. The typical size wind turbines located on a land site is now 1.8 MWs. The most efficient turbine design for offshore installation is currently at 3MWs or larger and further research and development is underway. New developments in tower construction using light weight composite materials will allow the use of these larger more efficient turbines on land sites. Increasing the design capacity limitation will encourage the use of more efficient wind turbines and will eliminate this arbitrary and artificial barrier to entry.

The tariff revision will promote clean, efficient and economic resource acquisition by the Company which in turn will benefit ratepayers both in the short and long run. Small scale wind development on a variety of sites in Utah will provide geographic diversity of the wind resource, mitigate risk associated with volatile fuel price variations and provide incentives to place clean renewable resources closer to the Utah load and thus avoiding the current transmission constraints and emissions associated with gas-fired generation being sited along the Wasatch Front.

We request that the Commission revise Electric Service Schedule No. 37 by adding a provision that wind-powered resources have a design capacity limitation of 5 MWs. This will allow a cushion for further technological change that may increase the minimum efficient size of a turbine.

We have discussed this petition with various parties and generally found them to be supportive or not in opposition to the proposal. One concern that has been expressed is that the

revision may lead to a “flood” of QF requests. We feel this concern is unwarranted. First, we do foresee this occurring. Secondly, if avoided cost rates are correctly calculated, the Company and ratepayer should be indifferent. Rates should be unaffected. If the flood of requests does materialize and rate impact concerns develop any party can petition the Commission for review.

Dated this 30<sup>th</sup> day of January, 2004.

Respectfully submitted,

/s/

---

STEVEN F. ALDER  
Assistant Attorney General  
Attorney for Petitioners  
1594 West North Temple #300  
Salt Lake City, UT 84116  
Tel: 801 538-0348  
Fax: 801 538-7440  
E-mail: [stevealder@UTAH.GOV](mailto:stevealder@UTAH.GOV)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing PETITION

TO INTERVENE was mailed by United States mail, first class postage prepaid, this \_\_\_\_ day of

January, 2004, to the following:

Michael Ginsberg  
Assistant Attorney General  
160 East 300 South, Fifth Floor  
Salt Lake City, Utah 84111  
[mginsberg@utah.gov](mailto:mginsberg@utah.gov)

Reed Warnick  
Assistant Attorney General  
160 East 300 South, Fifth Floor  
Salt Lake City, Utah 84111  
[rwarnick@utah.gov](mailto:rwarnick@utah.gov)

John Eriksson  
Stoel Rives LLP  
201 South Main Street, #1100  
Salt Lake City, Utah 84111  
[Jmeriksson@stoel.com](mailto:Jmeriksson@stoel.com)

Edward A. Hunter  
Stoel Rives LLP  
201 South Main Street, #1100  
Salt Lake City, Utah 84111  
[eahunter@stoel.com](mailto:eahunter@stoel.com)

Gary Dodge  
Hatch James & Dodge  
10 West Broadway  
Salt Lake City, Utah 84101  
[gdodge@hjdllaw.com](mailto:gdodge@hjdllaw.com)

Jim Holtcamp  
Holland & Hart  
60 E. South Temple  
Salt Lake City, Utah 84111  
[jholtcamp@hollandhart.com](mailto:jholtcamp@hollandhart.com)

/s/ \_\_\_\_\_  
Steven F. Alder  
Assistant Attorney General