

Memorandum

To: Public Service Commission
Ric Campbell, Chair
Connie White, Commissioner
Ted Boyer, Commissioner

From: Division of Public Utilities
Irene Rees, Director
Judith Johnson, Energy Section Manager
Artie Powell, Technical Consultant

Date: February 23, 2004

Subject: 03-035-T10, Schedule 37, QF Rates

On September 12, 2003, PacifiCorp filed an update to its avoided costs schedule, Schedule 37, for small QFs. In that filing, PacifiCorp used the three-tiered methodology developed in Docket No. 01-2035-01. In response to a request from the Commission, on January 30, 2004, PacifiCorp re-filed updated avoided costs based upon a methodology used prior to Docket No. 01-2035-01. The Division has reviewed the application on a preliminary basis and, for the following reasons, has determined that more time is needed to give the issue a thorough review.

First, a group of petitioners, consisting of the Energy Office, Wind Tower Composites, Utah Clean Energy Alliance, Wasatch Air Coalition, Renewable Energy Development Corporation, and Tasco Engineering (“Petitioners”) have filed an application under this docket for a tariff revision. The petition asks that the current limit of 1 megawatt be increased to 3 megawatts. The petition, however, limits the revision to wind power. While the Division feels the arguments in the petition may have merit, there are technical issues that need

exploring.

Second, the Division notes that there is an open docket (Docket No. 03-035-14) looking at avoided costs for QFs larger than one megawatt. PacifiCorp filed an IRP based methodology for these avoided costs on February 3, 2004. On January 26, 2004 Deseret Power filed an application for approval of a (65-90 MW) QF contract in Docket No. 04-035-04. The methodology proposed by Deseret is different than that filed by PacifiCorp.

At this time, it is not clear how, if at all, the outcome of these two dockets would affect Schedule 37. Therefore the Division requests an extension to March 22, 2004.

CC: Rea Peterson, Division of Public Utilities

John Stewart, PacifiCorp

Dan Gimble, Committee of Consumer Services

Steven F. Alder, Assistant Attorney General