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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Petition of Spring Canyon Energy, LLC For Approval Of A Contract For The Sale Of Capacity and Energy From Its Proposed QF Facility	Docket No. 05-035-08
In the Matter of the Petition of Pioneer Ridge, LLC And Mountain Wind, LLC For Approval Of A Contract for The Sale of Capacity and Energy From Their Proposed QF Facilities	Docket No. 05-035-09 RESPONSE OF PACIFICORP

Pursuant to the Utah Administrative Code and the Utah Public Service Commission (“Commission”) Rules of Practice and Procedure, PacifiCorp, doing business as Utah Power & Light Company, (“PacifiCorp” or “Company”) hereby responds to the “Motion to Increase 275 MW Cap” and “Motion to Extend June 1, 2007 Deadline” (together “Motions”) filed by Spring Canyon Energy, LLC (“Spring Canyon”). PacifiCorp requests that the Commission deny the Motions.

Response

On February 9, 2005, Spring Canyon filed a petition for Commission approval of a contract for the sale of capacity and energy from its proposed QF facility, which was docketed 05-035-08. The Commission held a scheduling conference on the proposed petition on February

18, 2005. At that Scheduling Conference, the Commission determined that at least three issues needed to be resolved on an expedited basis in Docket No. 05-035-08 and 05-035-09.¹ Those issues are as follows:

- “(1) Does the Stipulation approved in Docket No. 03-035-14 (“Stipulation”) still reflect PacifiCorp’s avoided costs such that it remains the applicable interim method for determining avoided costs?
- “(2) If the answer to question (1) is yes, how many megawatts are remaining under the cap contained in Paragraph 10 of the Stipulation?
- “(3) If the answer to question (1) is yes, how should the order of eligibility for the remaining megawatts be determined and what is the order?” *See Scheduling Order*, Docket Nos. 05-035-08 and 05-035-09 (Utah PSC Feb. 24, 2005).

On February 24, 2005, Spring Canyon filed its Motions seeking both an increase in the 275 MW cap and an extension of the June 1, 2007 deadline. Both the cap and deadline were agreed to by the parties in a Stipulation filed in Docket No. 03-035-14 and approved by the Commission in an order issued on June 28, 2004.

Spring Canyon had previously requested an increase in the cap in a letter filed with the Commission on September 28, 2004. The Commission denied the request on October 7, 2004. In denying the request, the Commission found that Spring Canyon had “provide[d] no basis upon which [the Commission] could determine that the 275 MW cap and the reasons for the cap should” be abandoned. The Commission also noted that that the interim approach adopted in the Stipulation was “specifically intended to provide an opportunity” for the QF Taskforce to

¹ The Commission also consolidated Spring Canyon’s petition with a petition filed by Pioneer Ridge LLC and Mountain Wind for approval of contracts for the sale of capacity and energy from their proposed wind QF facilities, Docket No. 05-035-09. *See Scheduling Order*, Docket Nos. 05-035-08 and 05-035-09 (Utah PSC Feb. 24, 2005).

develop a long-term avoided cost methodology and there was then no reason to cut short that effort.

In addition to September 28, 2004 letter and the February 24, 2005 Motions, several parties, including Spring Canyon, filed testimony on February 28, 2005 in these proceedings. In that testimony, Spring Canyon again asserts that the cap should be lifted to accommodate a larger project for itself. At a technical conference on March 9, 2005, Spring Canyon and other parties once again raised this issue and asserted their positions that the cap should be lifted. Spring Canyon and other parties also asserted during the technical conference that the June 1, 2007 deadline should be extended.

PacifiCorp will file testimony pursuant to the Commission's procedural schedule in these proceedings on March 18, 2005. That testimony will respond to the issues raised by Spring Canyon and other parties related to both the cap and the deadline. Other parties also have an opportunity to respond to these issues by filing testimony at that time.

In short, Parties have expressly raised the issues raised in Spring Canyon's Motions in the filed testimony and technical conference in the above-captioned proceedings and parties have not yet had the opportunity to respond to these issues through prefiled testimony and cross-examination. Therefore, the Commission should therefore reject the Motions and address these issues according to the procedural schedule already established in this proceeding. At this point, just as before when Spring Canyon raised the issue in its September 28, 2004 letter, the Commission does not have before it a full evidentiary record on which to reasonably decide whether or not there should be an increase in the cap or an extension of the deadline. Instead, if the Commission denies the Motions at this point, it will provide parties an opportunity to respond in writing to these issues and for parties and the Commission to explore the issues more fully at

the hearing scheduled on March 24, 2005. Without waiving its arguments on the substantive merits of the Motions, PacifiCorp urges the Commission to deny the Motions at least until such time as a full record can be developed in this proceeding.

Conclusion

For the reasons set forth herein, PacifiCorp requests that the Commission deny Spring Canyon's Motions to Increase the 275 MW Cap and to Extend the June 1, 2007 Deadline.

DATED: March __, 2005.

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CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing RESPONSE OF PACIFICORP to be served upon the following via e-mail or United States mail, postage prepaid at the addresses below on March 11, 2005:

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