
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

PETITION

Pursuant to Utah Code Ann. § 54-12-2, as well as Section 210 of the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §824a-3, Pioneer Ridge, LLC and Mountain Wind, LLC (“The Projects”) hereby petitions the Commission to approve a contract for the sale to PacifiCorp of electric energy and capacity from The Projects’ proposed Qualifying Facilities. The Projects submits that its proposed contracts attached hereto as Exhibit “A” should be approved, subject to such additions, changes or amendments as may be appropriate, lawful and in the public interest.

In support of this Petition, The Projects states as follows:

1. This Commission has jurisdiction over this Petition pursuant to Utah Code Ann. § 54-12-1, et seq., as well as Section 210 of the Public Utility Regulatory Policies Act of 1978 (“PURPA”), 16 U.S.C. § 824a-3, and regulations promulgated thereunder.

2. The Projects control land to which it has the right to develop and operate a wind generation project near Tooele, Utah and also near Bridger, Wyoming that will transmit power and energy to Pacificorp facilities in Utah. The Tooele project is approximately 18 MW and the Bridger project is approximately 30 MW. Both facilities are small power facilities under Utah law and Qualifying Facilities under PURPA (“QF”).

3. Under applicable federal and state laws, PacifiCorp is required to purchase all power and energy offered to it by a QF at PacifiCorp’s avoided costs. The Projects are ready, able and willing, and is offering, to contract to sell power and energy to PacifiCorp at the avoided cost rates and terms specified in the attached contracts. Such prices were derived from the Stipulation dated May 20, 2004 and are based on testimony filed in the case leading up to that stipulation.

4. The Projects consultant in discussions with PacifiCorp has been attempting to understand the Companies position with respect to many aspects of purchasing power and energy from wind resources. The Projects’ consultant has also attended and participated in task force meeting that in over 6 months have not produced explicit results and findings. The Projects find it necessary in order to meet specific deadlines for operations imposed by the Federal Government to qualify for specific tax treatment that no further delay in filing for contracts was possible. The Projects ask this Commission for expedited findings so that these projects can

commence construction and be operational before the end of November 2005. We ask that hearings to consider this matter be scheduled as quickly as possible.

5. Matters that will need to be addressed by the Commission in this docket include the following specific issues that have come up in discussions and to date have had no clear resolution or agreement ;

- a. Petitioner believes that Green Tags are intended to encourage the development of renewable resources and in that light belong to the Projects.
- b. Petitioner proposes that the treatment of capacity component of stipulated QF rates be treated as testified to by Pacificorp in the testimony of Bruce Griswold dated February 3, 2004. Such treatment spreads the capacity value over all potential MWHs as if the project had a 100% capacity factor. Since wind projects in general will have capacity factors of 25%-40% the capacity payment contribution of rates will then be reduced since they will only earn those capacity payments as they deliver power.
- c. Petitioner proposes that by providing capacity cost as spread over all hours effectively reduces payments that will be received and no other integration costs should be applied to intermittent projects.
- d. Petitioner proposes that emission reduction benefits value be included in costs that the utility may avoid by contracting with wind resources and that project specific value should be included as a consideration.

- e. Petitioner also requests that the value of fixed price hedging cost offset be included as project specific value consideration.

6. The benefits to the utility for such projects are the acquisition of resources at known prices. The Company's IRP has projected substantial need for this type of resource in order to offset potential risks of fuel price escalation and environmental costs that may be enacted in the future.

7. The process for obtaining a QF contract from PacifiCorp for a facility larger than 1 MW is remains unclear for a wind project even following the specific stipulation that has set standard prices

8. QF rights provided by Section 210 of the Public Utility Regulatory Policy Act (PURPA) and Utah Code Sections 54-12-1 and 54-12-2 are intended to encourage the development of more renewable technologies. The need to promote the most efficient use of valuable resources is vitally important in today's environment. Pacificorp has clearly found ways to develop wind generation within its unregulated subsidiary and should be encouraged to purchase independent generation from these types of resources. Small QF facilities cannot afford to compete in an arduous, expensive and predictable RFP process, where even losing bids can cost hundreds of thousands of dollars. It is therefore in the public interest to require contract negotiation for feasible cost effective projects of this type.

9. Even beyond PacifiCorp's legal obligation to purchase QF resources, the QF resources proposed by The Projects, as well as the resources proposed by the Wind Projects, are in the public interest. These projects can offer additional resources that do not increase demands for natural gas have seen significant price increases stemming from continued reliance on natural gas for new generation.

10. The Projects respectfully request that their proposed contracts be approved as quickly as possible, following appropriate analysis by regulators, so that its facilities can be installed quickly in an effort to permit it to begin to generate and provide the benefits that these types of projects provide. .

11. In support of this Petition, The Projects submits herewith the testimony of Roger Swenson, an energy consultant for The Projects, along with the proposed QF contracts for approval. Mr. Swenson's testimony describes the basis for The Projects' position in this matter.

The Projects respectfully petition this Commission to enter an order approving contracts requiring PacifiCorp to purchase all power and energy offered to it from The Projects under the terms and at the avoided cost rates specified therein. In order to meet the projected December 1, 2005 start date, The Projects respectfully request approval of the contracts submitted herewith as soon as practicably possible.

DATED this ____th day of January, 2005

Roger J. Swenson
Consultant for The Projects

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed, postage prepaid, this 5th day of December, 2003, to the following

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