

February 4, 2010

***VIA ELECTRONIC FILING  
AND HAND DELIVERY***

Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84111

Attention: Julie P. Orchard  
Commission Secretary

Re: Docket No. 10-035-T01

On January 11, 2010, Rocky Mountain Power (the Company) filed tariff Advice No. 10-01 requesting modifications to the tariff schedules (Schedules 70 & 72) through which the Company's Blue Sky program is offered in Utah. Specifically, Rocky Mountain Power requested that pipeline and irrigation canal hydroelectric projects be added to the list of resources eligible for support under the Blue Sky program. These types of projects generate electricity by placing a turbine(s) in a water flow within a pipeline system or irrigation canal and take advantage of energy that would otherwise be wasted. Rocky Mountain Power believes that this renewable energy technology is worthy of Blue Sky program support and is in alignment with the program's objective, which is to enable customers the opportunity to support the further development of renewable energy technologies.

Recently, the Company has received inquiries from entities throughout PacifiCorp's six-state service area soliciting support through the Blue Sky Qualifying Initiative program for this type of resource. Sizes of proposed projects have ranged from 15 to 58 kilowatts with annual kWh production ranging from 68,000 to 262,800.

Under the currently approved Blue Sky tariffs, hydroelectric projects are eligible for support under the Blue Sky program only if they are either 1) certified low impact hydroelectric or 2) wave or tidal action projects, meaning that pipeline and irrigation canal hydroelectric projects are eligible to receive support from the Blue Sky program only if they are LIHI certified. Hydroelectric projects are certified as low impact by the Low Impact Hydropower Institute (LIHI). Hydroelectric projects seeking LIHI certification must submit an application fee and complete a thorough application, review and inspection process. Subsequent to obtaining certification, a project must comply with annual reporting requirements along with the remittance of an annual fee. Once the original certification period expires, a project must undergo a re-certification process to retain its LIHI certification.

Rocky Mountain Power believes the LIHI certification process may provide too large a hurdle – both from a financial and administrative perspective – for smaller entities, such as those who

have proposed the projects referenced above, which are considering developing pipeline or irrigation canal hydroelectric projects with support from the Blue Sky program. In order to remove this hurdle and encourage the development of pipeline and irrigation canal hydroelectric projects through the Blue Sky program, the Company has proposed waiving the LIHI certification requirement for these types of projects and including this resource in the tariff as a line item resource eligible for support under the program. The Company would also note that pipeline and irrigation canal hydroelectric projects are listed among the resources eligible to support programs certified by Green-e Energy.

In their comments dated February 1, 2010, the Division made recommendations regarding the Company's proposed tariff modifications requested in Advice Filing 10-01. The Division recommended the Commission adopt the Company's proposed tariff modifications with one condition that the Company be required to add language to the tariff which specifies that only existing pipeline and irrigation canal facilities are eligible for Blue Sky program support without obtaining LIHI certification. In addition, the Division recommends that language included in the tariff specify that eligibility is limited to pipeline and irrigation projects which replace existing pressure valves with turbines.

Rocky Mountain Power believes that these modifications are too restrictive and will unnecessarily limit the Company's ability to support pipeline and irrigation canal hydroelectric projects through the Blue Sky program. The Company has communicated this position to the Division and has agreed to engage with the Division and any other interested parties in discussions regarding this issue. To facilitate these discussions, the Company respectfully requests that the Commission suspend the tariff modifications until such time that the Company, the Division and any other interested parties have had the opportunity to meet in an effort to resolve the issues described herein and report back to the Commission.

Informal inquiries regarding this request may be directed to Dave Taylor, manager of Utah regulatory affairs, at (801) 220-2923.

Sincerely,

Jeffrey K. Larsen  
Vice President, Regulation

cc:  
Division of Public Utilities  
Office of Consumer Services