- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Advice Filing 10-01 of PacifiCorp d/b/a Rocky Mountain Power for Schedules No.70 – Renewable Energy Rider - Optional (Blue Sky Block Program) and No. 72 – Renewable Energy Rider – Optional Bulk Purchase Option (Blue Sky Bulk Program)	)))))))))	DOCKET NO. 10-035-T01 ORDER APPROVING TARIFF MODIFICATIONS

ISSUED: May 13, 2010

By The Commission:

On January 11, 2010, PacifiCorp d/b/a Rocky Mountain Power ("Company") submitted Advice No. 10-01 proposing modifications to Schedules No. 70 – Renewable Energy Rider - Optional (Blue Sky Block Program) and No. 72 – Renewable Energy Rider – Optional Bulk Purchase Option (Blue Sky Bulk Program), requesting an effective date of February 8, 2010, for these changes. Through this filing, the Company is requesting the addition of a specific generation technology to the list of resources that are eligible for support under the Blue Sky programs. The Company's Blue Sky programs allow customers in Utah the opportunity to support the development of renewable energy beyond what is included in the Company's general resource portfolio. Through the Blue Sky programs, the Company purchases renewable energy credits ("RECs") to match customer subscriptions. Funds remaining after purchasing RECs to satisfy customer subscriptions and covering program administrative costs may be used to fund community based renewable energy projects ("Qualifying Initiatives").

Specifically, the Company proposes to add pipeline and irrigation canal hydroelectric projects which do not have Low Impact Hydropower Institute ("LIHI") certification to the list of resources eligible for support under the Blue Sky program. Currently, any type of hydro generation project which can obtain LIHI certification is eligible for support under the Blue Sky programs. The Company states the pipeline and irrigation canal hydroelectric projects are relatively small facilities and therefore the LIHI certification process is cost-prohibitive and will unnecessarily limit interest and investment in these types of facilities. The Company states the smallest hydro facility which LIHI has certified, as of February 8, 2010, was 250 kilowatts. The size of pipeline and irrigation canal projects the Company has received inquiries from range in size from 15 to 58 kilowatts.

On February 1, 2010, the Division of Public Utilities ("Division") filed a memorandum recommending the Commission approve the proposed changes with the modification that only existing pipeline and irrigation canal hydroelectric projects could receive Blue Sky support without obtaining LIHI certification. On February 4, 2010, the Company filed comments opposing the Division's recommendation and asking that the proposed tariff changes be put on hold until the parties had a chance to meet and determine if their differences could be bridged.

Subsequent to the parties meeting, the Division filed additional comments on March 16, 2010, clarifying its recommendation that the Commission require LIHI certification of new pipeline and irrigation canal hydroelectric facilities and permit an exemption for existing projects. The Division recommends including the following definition in both schedules: "An existing pipeline or canal is a pipeline or canal that is substantially complete or in service at the time of application for Blue Sky funding." On

March 25, 2010, the Company filed responsive comments objecting to the Division's recommendation and asking that the exemption be applied to all projects in this category.

The Company questions the Division's recommendation because a hydroelectric facility must be in the ground, functioning and in service prior to obtaining LIHI certification, thus meeting the Division's definition of an existing facility. Therefore, the Company argues, all new projects will eventually be existing projects and all such projects would then qualify for the exemption. However, the Company notes the intent of funding for Qualifying Initiatives is to encourage new projects, rather than reimburse costs of existing projects, and therefore this funding option within the Blue Sky program for pipeline and irrigation canal projects would be effectively prohibited. Further, the Company states its desire to have a Blue Sky program offering that is consistent throughout the states in which it serves. The Company notes the proposed tariff modifications have been approved without condition in Wyoming, Idaho, Washington and California.

Since the Company and Division agree that existing pipeline and irrigation canal hydroelectric facilities should receive an exemption from LIHI certification, the primary disputes between the Division and the Company are: 1) whether the process of acquiring LIHI certification for new projects is too burdensome and therefore will cause pipeline and irrigation project owners to forgo participation in the Blue Sky program, and 2) the importance of allowing new projects to receive the exemption.

The Division cites the list of fees required to obtain certification and argues the cost is minimal. Further, the Division implies that any new project should be able to complete the LIHI certification as part of the design process with very little additional work involved. The Company states the LIHI certification fees cited by the Division are only a small portion of the total certification cost as the project owners will likely need to obtain legal and engineering help to complete the certification process. The Company argues these additional fees are substantial enough to convince project owners to forego participation in the Blue Sky program. Neither the Company nor Division provide any data on the expected additional costs of certification.

We are persuaded by the Company of the smaller scale of pipeline and irrigation canal hydroelectric projects and the potential for fees associated with LIHI certification to be cost prohibitive and thus inhibit investment and therefore funding through the Blue Sky program. We also note the Company's comment that pipeline and irrigation canal hydroelectric projects are eligible to supply Green-e Energy certified products, giving some indication the projects are worthy of Blue Sky support. We find merit in the Company's desire to have, to the extent practicable, a consistent Blue Sky program offering among its jurisdictions. For the foregoing reasons, we approve the Company's proposed modifications without the Division's recommended changes.

To address any concerns that may arise with the addition of this new category of eligible projects, we direct the Company to provide, and the Division to review, the number and size of projects and the amount and type of Blue Sky funding used to support these facilities, in its Annual Blue Sky Report. For example, in order to ensure against discriminatory requirements for hydroelectric projects, we require information on the size of pipeline and irrigation canal hydroelectric projects versus LIHI certified hydroelectric projects. The Division should report any concerns and provide recommendations for further consideration.

Based upon the pleadings filed herein we approve the proposed changes to Schedules No. 70 and 72 filed by the Company on January 11, 2010. These changes are effective February 8, 2010.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Company's proposed changes to Schedules No. 70 and 72, filed January 11, 2010, are approved and shall be effective February 8, 2010.
2. The Company provide, and the Division review, the number and size of projects and the amount and type of Blue Sky funding used to support pipeline and irrigation canal hydroelectric facilities, in its Annual Blue Sky Report.

This Report and Order constitutes final agency action in this docket. Pursuant to Utah Code Ann. §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah, this 13th day of May, 2010.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#66723