

Lisa Nordstrom (ISB # 5733)
Dean Brockbank
PacifiCorp
825 NE Multnomah, Suite 1800
Portland, OR 97232
Telephone: (503) 813-6221
Fax: (503) 813-7252
E-mail: lisa.nordstrom@pacificorp.com
dean.brockbank@pacificorp.com
Attorneys for PacifiCorp

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE PETITION OF)
IDAHO POWER COMPANY FOR AN)
ORDER TEMPORARILY SUSPENDING)
IDAHO POWER'S PURPA OBLIGATION)
TO ENTER INTO CONTRACTS TO)
PURCHASE ENERGY GENERATED BY)
WIND-POWERED SMALL POWER)
PRODUCTION FACILITIES.)**

CASE NO. IPC-E-05-22

**PACIFICORP BRIEF ON
REQUESTED TEMPORARY
SUSPENSION**

PacifiCorp dba Utah Power & Light ("PacifiCorp"), by and through its attorneys of record, respectfully provide this brief to succinctly address: 1) the Commission's ability to grant the requested temporary suspension of Idaho Power Company's obligation under the Public Utility Regulatory Policies Act ("PURPA") to enter into contracts to purchase energy generated by wind-powered qualified facilities ("QFs"), and 2) why the temporary suspension should be granted for ALL major Idaho electric utilities.

I. *The Commission Has the Authority to Grant the Requested Suspension*

The federal Public Utility Regulatory Policies Act of 1978, Public Law No. 95-617, 92 Stat. 3117 (codified as amended in scattered Sections 815, 816, 842-43) gives QFs the right to sell electricity to electric utilities at "avoided costs." Each state regulatory agency is required to implement this requirement for "each electric utility for which it has rate making authority." 16 U.S.C. §824a-3(f)(1). While promoting QF development, PURPA also mandates that state

commissions ensure electric utility customers pay no more for capacity and energy purchased from QFs than the avoided costs for purchases. 18 C.F.R. §292.304(a)(2). Because no avoided cost adjustments currently account for utility costs to integrate intermittent QF energy and maintain system reliability, ratepayers ultimately pay more for energy from QFs than they would for utility-owned generation or wholesale purchases. In short, the “ratepayer neutrality” aspect of PURPA is not being met in Idaho and must be addressed before the addition of new intermittent QF resources shift additional costs to electric utilities and their customers.

PURPA clearly envisions that state regulatory commissions will take action to ensure the promotion of QF projects does not come at additional expense to ratepayers. In keeping with this charge, this Commission granted Idaho Power’s and Avista’s Motions to Stay Entitlement to Published Rates in July 2002 in Case No. GNR-E-02-1. Order No. 29069. In that Order, the Commission granted the utilities’ requested stay because the variables that made up the avoided cost formula were no longer accurate after the Commission approved changes to QF contract length and size eligibility. Fearing that “the effect would be magnified significantly by leaving the resulting rates in place over a 20 year contract,” the Commission found it necessary to stay entitlement to published rates until the variables in the avoided cost formula could be expeditiously reviewed and revised. Order No. 29069 at 7.

In keeping with Procedural Rule 324, the Commission could again review the reasonableness of avoided cost rates and potential adjustments by staying the published rates resulting from Order No. 29646 (except as to existing QF contracts) and the requirement to enter into new QF contracts under these rates. Because the addition of numerous intermittent wind QF projects is having the cumulative effect of increasing power supply costs, integration costs, and reliability concerns to the detriment of ratepayers, the Commission should likewise temporarily suspend PURPA obligations for Idaho utilities with regard to new wind contracts until these issues can be properly addressed.

II. *The Commission Should Grant the Requested Stay for ALL Major Idaho Electric Utilities*

During the requested suspension, Idaho Power asks the Commission to investigate impacts on its customers arising out of the addition of substantial amounts of wind-powered QFs, including the avoided cost methodology and the effects of intermittent wind resources on

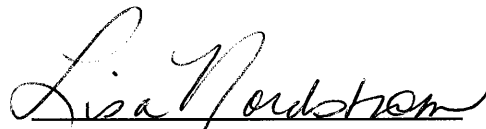
total power supply costs and reliability. PacifiCorp agrees the issues Idaho Power has identified are of considerable concern to utilities and ratepayers and consequently should be investigated under a temporary suspension of new PURPA contracts so as not to further exacerbate these issues. In support of the need for a temporary suspension while these important issues are addressed, PacifiCorp submits the Direct Testimony of Bruce Griswold detailing avoided cost problems that currently exist as well as suggested solutions.

Given that other utilities that purchase QF power face similar issues, PacifiCorp believes that the PURPA obligations to enter into new contracts with wind-powered QFs should be suspended for ALL Idaho electric utilities pending Commission investigation. Because of the nature of PacifiCorp's load in Idaho and the time constraints imposed by state and federal renewable development tax incentives, PacifiCorp is particularly concerned that it will be unable to effectively integrate large numbers of new QF developments that may seek to sell to PacifiCorp during the period of Idaho Power's suspended PURPA obligations (if granted). A temporary suspension for all utilities would promote consistency and a comprehensive approach to resolving wind QF issues common to Idaho Power, Avista and PacifiCorp in Idaho.

Conclusion

The issues peculiar to wind QFs presented in Idaho Power's Petition pose similar and significant problems for all major Idaho electric utilities and their ratepayers. As discussed above and in the Direct Testimony of Bruce Griswold, the Commission has the authority to suspend new PURPA obligations during an investigation of these issues and should do so to ensure that customer rates for all Idaho electric customers remain just, reasonable, and resource neutral as envisioned by PURPA.

Respectfully submitted this 14th day of July 2005.


Lisa Nordstrom
Attorney for PacifiCorp

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 14th day of July, 2005, I served a true and correct copy of PacifiCorp's Petition to Intervene, Brief on Requested Temporary Suspension, and the Direct Testimony of Bruce W. Griswold upon the following named parties by the method indicated below, and addressed to the following:

Barton L. Kline	<input type="checkbox"/>	Hand Delivered
Monica B. Moen	<input checked="" type="checkbox"/>	U.S. Mail
Idaho Power Company	<input type="checkbox"/>	Overnight Mail
P.O. Box 70	<input type="checkbox"/>	FAX
Boise, ID 83707-0070		

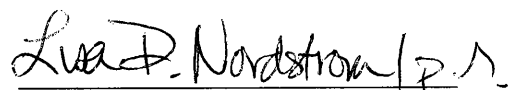
Scott Woodbury	<input type="checkbox"/>	Hand Delivered
Deputy Attorney General	<input checked="" type="checkbox"/>	U.S. Mail
Idaho Public Utilities Commission	<input type="checkbox"/>	Overnight Mail
472 West Washington Street	<input type="checkbox"/>	FAX
P.O. Bopx 83720		
Boise, ID 83720-0074		

Peter J. Richardson	<input type="checkbox"/>	Hand Delivered
Richardson & O'Leary PLLC	<input checked="" type="checkbox"/>	U.S. Mail
515 N. 27 th Street	<input type="checkbox"/>	Overnight Mail
P.O. Box 7218	<input type="checkbox"/>	FAX
Boise, ID 83707		

Mr. James T. Carkulis	<input type="checkbox"/>	Hand Delivered
Exergy Development Group of Idaho LLC	<input checked="" type="checkbox"/>	U.S. Mail
1424 Dodge Avenue	<input type="checkbox"/>	Overnight Mail
P.O. Box 5212	<input type="checkbox"/>	FAX
Helena, MT 59604		

Richard L. Storro	<input type="checkbox"/>	Hand Delivered
Director, Power Supply	<input checked="" type="checkbox"/>	U.S. Mail
Avista Corporation	<input type="checkbox"/>	Overnight Mail
1411 E. Mission Avenue	<input type="checkbox"/>	FAX
P.O. Box 3727, MSC-7		
Spokane, WA 99220-3727		

R. Blair Strong	<input type="checkbox"/>	Hand Delivered
Paine, Hamblen, Coffin, Brooke & Miller	<input checked="" type="checkbox"/>	U.S. Mail
717 West Sprague Avenue, Suite 1200	<input type="checkbox"/>	Overnight Mail
Spokane, WA 99201-3505	<input type="checkbox"/>	FAX


Lisa D. Nordstrom

CERTIFICATE OF SERVICE