

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: SCOTT WOODBURY

DATE: JULY 21, 2003

**SUBJECT: CASE NO. PAC-E-03-9 (PacifiCorp)
ELECTRIC SERVICE SCHEDULE NO. 70
NEW WIND, GEOTHERMAL & SOLAR POWER RIDER – OPTIONAL**

On July 11, 2003, PacifiCorp dba Utah Power & Light Company filed a request with the Idaho Public Utilities Commission (Commission) for approval of a new renewable energy tariff, Schedule 70 – New Wind, Geothermal & Solar Power Rider. Under the proposed program, residential and non-residential customers can purchase newly developed wind, geothermal and solar power energy at a premium of \$1.95 per 100 kilowatt-hour block. The premium is in addition to the normal billed rate which includes but is not limited to a basic charge as well as energy and delivery charges. The premium covers the costs of the program. These costs include the incremental costs of the new renewable energy, marketing costs and program administration. Under the proposed Schedule 70 tariff, consumers can choose the number of blocks to purchase, which is not dependent on the amount of energy used.

Currently PacifiCorp offers this option, called Blue Sky, to consumers in four other states – Oregon, Utah, Washington and Wyoming. The Company's Blue Sky enrollment roster includes over 11,500 customers. Qualified customers may apply for or terminate from Schedule 70 anytime during the year. The Company will not accept enrollments for customer accounts that have a time payment agreement in effect or have received one or more disconnect notices or have been disconnected within the last 12 months.

Under the Company's proposed tariff, PacifiCorp plans to purchase tradable renewable credits (green tags) and/or bundled power to satisfy the requirements. Including both

purchase options, the Company states, is beneficial to customers as it allows the Company to pass along lower prices. In addition, it is beneficial to the Company, as it allows for the more efficient balancing of purchases and sales and will minimize the risk of not achieving a zero net gain or loss at the program life. Green tags represent an amount of renewable kilowatt/hours sent to grid, displacing less environmentally friendly energy.

As set forth in the tariff Schedule, new wind, geothermal or solar power energy will be delivered within two years of when the energy is purchased by the customer. Tradable renewable credits will be delivered within 18 months of when energy is purchased by the customer. PacifiCorp will keep interested parties informed of purchases for the program on a twice per year basis. If there is not availability at the right price to purchase at a level (capped within the \$1.95 retail price) then PacifiCorp will attempt to make purchases at the next level. The reports will summarize purchases and note reasons for choosing a "tier" and, if applicable, foregoing more preferred options in light of available tag supply.

As reflected in its filing, PacifiCorp states that several environmental organizations including Renewable Northwest Projects and the Land and Water Fund of the Rockies endorse the Company's program which meets Renew 2000 standards. Renew 2000 standards were established by a collaboration of interested regional utilities and environmental organizations to ensure that optional renewable energy products offered to consumers in the Northwest met minimum content standards, thus protecting and assuring consumers that such products provide benefit to the environment.

The wind energy purchased on behalf of the Company's Blue Sky customers is in addition to renewable energy investments PacifiCorp has made to serve all its customers. Currently, Blue Sky wind energy purchases come from Foot Creek IV in Wyoming; from wind farms in Condon and Klondike, Oregon; and from the Stateline Wind Facility on the Oregon-Washington border. All renewable energy generation linked to the program at minimum will come from facilities that went online post-January 2000.

COMMISSION DECISION

PacifiCorp requests approval of a proposed optional renewable energy tariff for residential and non-residential customers. Under the tariff, customers can purchase 100 kilowatt hour blocks of new wind, geothermal or solar power for a charge per block of \$1.95 per month. The Company has recommended an effective date of September 1, 2003. Staff recommends that

the Company's filing be processed pursuant to Modified Procedure. Does the Commission find Modified Procedure acceptable in this case?

Scott D. Woodbury

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