



IDAHO PUBLIC UTILITIES COMMISSION

Case No. PAC-E-03-9, Order No. 29329

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Commission reluctantly accepts PacifiCorp "Blue Sky" program

BOISE – The Idaho Public Utilities Commission has accepted a PacifiCorp-Utah Power program that allows customers who volunteer to buy renewable energy for an additional \$1.95 per month for every 100 kilowatt-hours purchased. The renewable energy tariff becomes effective on Sept. 1.

Commissioners approved the program on a 2-1 vote, "with some degree of reluctance and disappointment." Commissioner Marsha Smith dissented. The commission said the company allocates too much of the cost of the \$1.95 premium to administration, marketing and promotion of the program rather than to green power purchases.

The commission three years ago rejected the program for Idaho because the \$4.95 per month premium was too expensive. While the commission said it was pleased the company has significantly lowered the premium since its 2000 application, it notes that the premium reduction is due primarily to changes in wind energy costs and not program redesign, as the commission had encouraged. Nearly 60 percent of the premium still goes toward administration and marketing. "Our prior admonition regarding overhead and allocation of premium dollars appears to have fallen on deaf ears," the commission said.

Commissioners were also disappointed that the company projects only 160 customers to participate in the program during the first year and 415 by year four. "We also note that the projected level of program participation in Idaho remains quite small, much lower than the company's other service area jurisdictions, and that no change in marketing is proposed to increase participation levels," the commissioners said. Currently, about 11,500 PacifiCorp customers in Oregon, Utah, Washington and Wyoming are enrolled.

Customers who voluntarily agree to pay \$1.95 per month would buy a single 100-kWh block of renewable energy and can choose to pay an additional \$1.95 for each 100-kWh block.

PacifiCorp will use two methods to secure the renewable energy.

One is buy green energy, such as from a wind farm, and to make arrangements for transmission of that energy to its eastern Idaho territory within two years of when the energy is purchased by the customer.

The other method is to purchase "green tags," or credits that allow the company to buy green energy for its use, although the actual kilowatts purchased may not directly go to the customer. However, the energy purchased becomes part of

PacifiCorp's portfolio and eliminates the need for PacifiCorp to acquire that energy from non-renewable sources. The energy from the credit must be delivered within 18 months.

Commissioners expressed concern that the two-year lapse between premium payment and a renewable energy benefit will not encourage customer acceptance of the program.

Despite those reservations, the commission agreed to accept the program because it supports renewable energy choices, the program is voluntary, the premium price is now comparable to other green tariff programs and no subsidy is required from non-participants.

PacifiCorp serves about 60,000 customers in its eastern Idaho territory, of which about 47,000 are residential customers.

A text of the commission's order and other documents applicable to this case are available on the commission's Web site at www.puc.state.id.us. Click on "File Room" and then on "Electric Cases," and scroll down to the PacifiCorp cases, case number, PAC-E-03-9.