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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
PACIFICORP d/b/a UTAH POWER & LIGHT)	CASE NO. PAC-E-05- <u>03</u>
COMPANY FOR APPROVAL OF A)	
VOLUNTARY RENEWABLE ENERGY BULK-)	APPLICATION
PURCHASE OPTION TARIFF)	
_____)	

Pursuant to Idaho Code §§ 61-301, -307, -622, and -623, PacifiCorp, d/b/a Utah Power & Light Company (“PacifiCorp” or the “Company”), applies to the Idaho Public Utilities Commission (the “Commission”) for approval of a new, optional program that would allow PacifiCorp to offer large-usage customers the ability to purchase renewable energy at a bulk rate. PacifiCorp submits that this proposed voluntary option provides a more cost effective way for businesses to make significant renewable energy purchases and meet their own environmental goals. Thus, the Company seeks to add Schedule No. 73 to its Tariff I.P.U.C. No. 28. In support of its Application, PacifiCorp states:

1. PacifiCorp is an electrical corporation and public utility in the state of Idaho and is subject to the jurisdiction of the Commission with regard to its public utility operations. PacifiCorp also provides retail electric service in the states of Utah, Oregon, Wyoming, Washington, and California.

2. This Application is filed pursuant to the Idaho statutes referenced above. In particular, Idaho Code § 61-623 empowers the Commission to address the propriety of requested rate schedule increases, §§ 61-307 and -622 require Commission approval prior to any increase in rates, and § 61-301 requires Idaho retail electric rates to be just and reasonable.

3. **STANDARD BLUE SKY OPTION:** In August 2003, the Commission issued Order No. 29329 authorizing PacifiCorp to offer renewable energy to residential and non-residential customers in 100 kilowatt-hour blocks (hereafter referred to as “the standard Blue-Sky option”) beginning September 1, 2003. Customer response to that offering has been positive, and a number of residential and business customers are now choosing to purchase renewable energy. Since April 2004, nearly 700 Idahoans, approximately 1% of our Idaho customer base, have signed up for PacifiCorp’s voluntary Blue Sky option. PacifiCorp has informed customers of the standard Blue Sky option through a mix of communication vehicles including bill inserts, bang tails (tear-off response panels on envelopes), direct mail, and customer newsletters.

At this time, only 10 non-residential customers are enrolled in the program with price being the greatest obstacle to increasing the base of business participants. In this Application, PacifiCorp seeks approval to offer an additional option that offers a less expensive alternative for bulk purchases of renewable energy.

4. **PROPOSED BULK-PURCHASE OPTION:** The purpose of the bulk-purchase Blue Sky option is to allow customers to support renewable energy purchases above and beyond what the Company would otherwise do as a regulated investor-owned utility. The renewable energy purchased on behalf of PacifiCorp’s Blue Sky customers is

in addition to the renewable energy generated and purchased on behalf of all PacifiCorp customers, as well as the resource needs outlined in the Company's Integrated Resource Plan ("IRP"). Thus, the Blue Sky program seeks to create an even larger market for renewable energy.

More specifically, revenues received from Blue Sky customers are used to further market the program and to purchase Green Tags – certificates of generation from renewable resources. The Green Tag purchases do not provide electric power to serve customer loads, nor do they directly displace PacifiCorp generation. However, the purchases do foster markets for new renewable resources, and the program has now grown to the point that it will soon be able to cause new renewable resources to be built on the power system specifically dedicated to the program. Participating customers create more demand for renewable energy generating facilities both now and in the future. Individually and collectively, Blue Sky purchases support the production of renewable energy by bolstering the market value of renewable resources.

- Minimum Bulk Purchase: The bulk purchase option requires a minimum annual purchase of 121.2 megawatt-hours (121,200 kWh or 1,212 blocks/year or 101 blocks/month). This requirement is the result of a break-even analysis that combines the \$7/MWh commodity cost, the costs associated with extending the program to customers (e.g., communications, program support enrollment, and fulfillment), as well as the anticipated number of customers subscribing to the program. Customers with multiple sites within Utah Power's Idaho service territory will be able to aggregate their purchases to meet the

minimum purchase level. Customers choosing to buy less than 101 blocks per month can choose PacifiCorp's standard Blue Sky option.

- *Bulk Pricing:* Like the standard Blue Sky option, the bulk pricing proposed for this new offering is based on assumptions that balance program revenue, costs and the retail price. The premium is based on the cost to purchase renewable energy Green Tags from wind sources and the costs associated with operating the program. The National Renewable Energy Laboratory ("NREL") reports that the green power programs with the lowest premiums charged a price premium between \$.006 and \$.013 per kilowatt-hour.

The fixed annual cost of this program will be \$1,500, plus \$7.00 per MWh (\$0.70 per 100 kWh block). The fixed cost of \$1,500 per year, or \$125/month, includes estimated costs for program management, customer contract, enrollment processing, fulfillment costs, materials/tools and mailings specific this option. However, the fixed cost excludes development, advertising and public relations costs to be consistent with the standard Blue Sky block product.

The charge of \$0.70 per block is based on the cost to purchase renewable energy (e.g., wind power tags can be purchased for \$7/MWh). The unit cost will vary based on the volume of the purchase; the larger the total purchase, the lower the unit price. In addition, a purchase calculator will be published on the Company's website to assist customers in determining the unit cost and comparing the bulk option to the standard Blue Sky block product. The additional charges associated with participation in this program will be added to each participating customer's utility bill and identified as a separate line-item.

- Minimum Enrollment Commitment: The NREL report, “Trends in Utility Pricing Programs,” has indicated that about 44% of the green power programs have a minimum enrollment period requirement for non-residential customers and that the most common enrollment term is one year. The one-year minimum commitment proposed in this tariff Application is based on PacifiCorp’s assumption that customers purchasing in bulk desire to get public recognition for their investment. PacifiCorp has a business partnership program that requires a one-year commitment and provides benefits such as publishing their name on the PacifiCorp web-site, in renewable power advertising, and in press releases.

- Energy Procurement: Like the standard Blue Sky block program, the revenues associated with this product will be used to: 1) purchase bundled renewable energy or tradable renewable credits; and 2) operate the program, including the provision of customer service, back-office support, administration program management, and customer education.

Power purchases made on behalf of participating customers will come from “new” generation facilities as defined by legislation or Green-e Renew 2000, and will be made in addition to the Company’s renewable energy purchases outlined in PacifiCorp’s IRP. The wind energy purchased on behalf of Blue Sky customers directly corresponds to what PacifiCorp’s Blue Sky customers buy. The location of these sources will be from the Western Electricity Coordinating Council (“WECC”), with a preference to the states within PacifiCorp’s jurisdiction. Overall, a preference will be given to buying renewable energy from

local (i.e., Oregon, Washington, or Idaho) or more recently installed projects on behalf of Blue Sky customers.

- Other Jurisdictions: PacifiCorp has offered this bulk pricing option in Oregon and Utah for several months and now has 19 participating customers (45 individual sites) across its Oregon and Utah service area. Many of PacifiCorp's standard Blue Sky customers who were participating at or above the minimum purchase threshold opted to switch to the new bulk Blue Sky pricing option and, as a result, are buying and supporting more renewable energy at a reduced cost. Five new businesses have opted to participate in the program since the introduction of Blue Sky bulk pricing option. The types of participating businesses include government, retail, service industry and manufacturing companies. PacifiCorp recently received approval to offer a bulk pricing option in Washington and Wyoming and is hopeful this new option will encourage more large businesses to enroll in the Blue Sky program.

5. **TARIFFS**: Attachment 1 to this Application contains PacifiCorp's proposed Electric Service Schedule 73: a New Wind, Geothermal and Solar Power – Bulk Purchase Option.

6. **MODIFIED PROCEDURE**: The Company believes that consideration by the Commission of the proposals contained in this Application does not require an evidentiary proceeding, and accordingly the Company requests that this Application be processed under RP 201 allowing for consideration of issues under modified procedure, i.e., by written submissions rather than by an evidentiary hearing.

7. **SERVICE OF PLEADINGS:** Communications regarding this

Application should be addressed to:

Bob Lively
PacifiCorp
201 South Main Street, Suite 2300
Salt Lake City, UT 84140
Telephone: (801) 220-4052
Facsimile: (801) 220-3116
E-mail: bob.lively@pacificorp.com

Lisa Nordstrom
PacifiCorp Office of the General Counsel
825 NE Multnomah, Suite 1800
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Facsimile: (503) 813-7252
E-mail: lisa.nordstrom@pacificorp.com

In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232

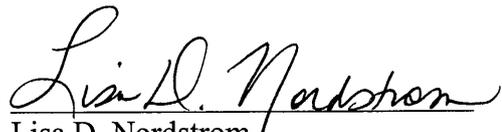
By facsimile: (503) 813-6060

Informal inquires also may be directed to Bob Lively at (801) 220-4052.

WHEREFORE, PacifiCorp respectfully requests that the Commission enter its Order approving Schedule No. 73 to Tariff I.P.U.C. No. 28, thereby authorizing PacifiCorp to offer large-usage customers the ability to purchase renewable energy at a bulk rate.

DATED this 18th day of February, 2005.

Respectfully submitted,


Lisa D. Nordstrom
Attorney for PacifiCorp



ELECTRIC SERVICE SCHEDULES - Continued

Schedule No.	Class of Service	Sheet No.	
23	General Service - Small Power	23.1 - 23.3	
23A	General Service - Small Power (Residential and Farm)	23A.1 - 23A.4	
24	Interruptible Power Service	24.1 - 24.5	
34	Pacific Northwest Electric Power Planning and Conservation Act - Residential and Farm Kilowatt-Hour Credit	34.1 - 34.16	
35	Optional Time-of-Day General Service – Distribution Voltage	35.1 - 35.3	
35A	Optional Time-of-Day General Service – Distribution Voltage (Farm)	35A.1 - 35A.4	
36	Optional Time of Day Residential Service	36.1 - 36.3	
70	New Wind, Geothermal and Solar Power Rider – Optional	70.1 - 70.2	
71	Energy Exchange Pilot Program	71.1 - 71.5	
72	Irrigation Load Control Credit Rider	72.1 - 72.5	
73	New Wind, Geothermal and Solar Power Rider – Bulk Purchase Option	73.1 – 73.2	(N)
93	Power Cost Adjustment	93	
94	Rate Mitigation Adjustment	94	
120	Commercial Energy Services - Optional to Qualifying Customers	120.1 - 120.8	
122	Commercial Energy Services - Optional to Qualifying Customers	122.1 - 122.5	
135	Net Metering Service	135.1 - 135.3	
300	Regulation Charges	300.1 - 300.4	
400	Special Contracts	400.1 - 400.2	

Schedule numbers not listed are not currently used.

Submitted Under Case No. PAC-E-05-

ISSUED: February 18, 2005

EFFECTIVE:



UTAH POWER & LIGHT COMPANY
ELECTRIC SERVICE SCHEDULE NO. 73
STATE OF IDAHO

**New Wind, Geothermal and Solar Power
Rider – Optional**

Bulk Purchase Option

AVAILABILITY: In all territory served by the Company in the state of Idaho.

APPLICATION: To customers receiving service under Schedules 1, 6, 6A, 9, 10, 21, 23, 23A, 35, 35A or 36 who agree to purchase at least 1,212 blocks per year of New Wind, Geothermal or Solar Power under this schedule.

BLOCK: 1 block equals 100 kWh of New Wind, Geothermal or Solar Power. This program requires a one year commitment to purchase a minimum of 121.2 megawatt-hours (121,200 kWh or 1,212 blocks) per year.

CHARGE PER BLOCK: \$0.70 per month (\$7.00 per MWh per month)
Plus \$1,500.00 per year fixed charge

CHARGE: The Charge can be billed either monthly, twice yearly or annually and shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block, plus the \$1,500 yearly fixed charge divided between the customer's billing choice (monthly, twice yearly or annually) and added to the customer's standard bill. The Charge is in addition to all other charges contained in Customer's applicable tariff schedule. This rider's Charge shall be applied to the Customer's billing regardless of actual energy consumption.

NEW WIND, GEOTHERMAL AND SOLAR POWER: For the purpose of this tariff, power sources include wind, geothermal and solar sources of generation placed in service on or after January 28, 2000. Bundled energy or Tradable Renewable Credits may be used to support this product.

(continued)



ELECTRIC SERVICE SCHEDULE NO. 73 - Continued

SPECIAL CONDITIONS:

1. Customers may apply for this schedule anytime during the year.
2. The Company will not accept enrollments for accounts that have a time-payment agreement in effect or have received two or more disconnect notices or have been disconnected within the last 12 months.
3. New wind, geothermal, or solar power energy will be delivered within two years of when the energy was purchased by customer under this tariff. Tradable Renewable Credits will be delivered within eighteen months.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Idaho Public Utilities Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.

(N)