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IDAHO PUBLIC  
UTILITIES COMMISSION



July 1, 2003

*PAC-E-03-10*

Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

RE: Annual notice of revision of QF variable energy prices

In accordance with the terms of the 1992 Amendments to Power Purchase Agreements between Idaho QFs and PacifiCorp, PacifiCorp is required to provide the Commission notice of changes, if any, to the variable energy price. The Amendments outline the methodology for the variable energy price in Section 3, subparagraphs (a) through (c).

Beginning July 1, 2003 and continuing throughout the term of the power purchase agreement, including any extensions, the variable energy rate shall be calculated in accordance with the following methodology:

- a) the variable energy rate shall be the sum of the Buyer's (PacifiCorp) fuel cost and the variable O&M cost.
- b) Buyer's fuel cost shall be the average cost of fuel consumed in Buyer's Utah Division, specifically the Carbon, Hale, Naughton, Huntington and Hunter generating plants. If any of the specified plants does not operate as a coal-fired power plant in any calendar year, such plant shall be excluded from the calculation of the average cost of fuel. The average cost of fuel shall be calculated using the data reported in Buyer's FERC Form 1. For 1990, Buyer's fuel costs are reported at pages 402-403, lines 12 and 21 of the FERC Form 1. In the event that the FERC Form 1 ceases to include the cost of fuel or net generation data, comparable data based upon Buyer's normal accounting practices shall be used.
- c) Buyer's variable O&M cost shall be calculated using the methodology adopted by the Idaho Public Utilities Commission in Order No. 23738 for determining the variable avoided O&M cost of the Surrogate Avoidable Resource, excluding the State of Montana generation tax and the line loss adjustment.

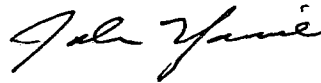
This methodology and subsequent Commission Order No. 23738 results in the following prices effective July 1, 2003:

- 1) The sum of PacifiCorp's fuel cost and variable O&M cost is \$0.01017 / kWh
- 2) PacifiCorp's calculated fuel cost for the Utah Division plants is \$0.00866/kWh
- 3) The variable O&M component results from the Idaho Public Utilities Commission Order 28708 which fixes the variable O&M component at \$0.00151/kWh

The variable energy rate applicable to deliveries commencing July 1, 2003 extending through June 30, 2004 shall be \$0.01017 /kWh.

If you have questions regarding this notice, please contact John Younie at this office at (503) 813-5960.

Sincerely,



*For* John R. Lowe, Manager  
QF Contracts