

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
PACIFICORP FOR APPROVAL OF A NEW,)
VOLUNTARY RENEWABLE ENERGY BULK-)
PURCHASE TARIFF.)**

**CASE NO. PAC-E-05-3
ORDER NO. 29765**

On February 22, 2005, PacifiCorp dba Utah Power & Light Company filed a request with the Commission for approval of a new renewable energy tariff, Schedule 73 – New Wind, Geothermal and Solar Power Rider – Bulk-Purchase Option (“Bulk-Purchase Option”). On March 16, 2005, the Commission issued a Notice of Application and solicited comments regarding the proposed Agreement. *See* Order No. 29731. Commission Staff and the Renewable Northwest Project submitted comments; both were in favor of the new program. After reviewing the Application and the comments, the Commission approves the Application.

BACKGROUND

Under the proposed program, customers may make bulk renewable energy purchases at a reduced rate. Although the proposed program will be available to both residential and non-residential customers, PacifiCorp designed the program to provide businesses with a less expensive alternative to the standard “Blue Sky” option that is currently available.

The standard Blue Sky option, authorized by the Commission in August 2003, is a voluntary renewable energy purchase program offered to residential and non-residential customers. *See* Order No. 29329; Electric Service Schedule No. 70. Under the standard Blue Sky option, customers may purchase newly developed wind, geothermal, and solar power energy at a premium of \$1.95 per 100-kilowatt-hour block. Customers may elect to enter or exit the program at any time and choose the number of blocks of renewable energy to purchase. These purchases are made in addition to the customer’s energy bill and the renewable energy purchases resulting from the proposed program are in addition to those PacifiCorp makes under the Company’s Integrated Resource Plan.

PacifiCorp uses the revenues raised from the standard Blue Sky program to operate and market the program and to purchase either bundled renewable energy or tradable renewable credits (TRCs). TRCs, also known as green tags, green certificates, tradable renewable certificates, and renewable energy credits, are created when a renewable energy facility generates

electricity. TRCs represent the amount of renewable kilowatt/hours sent to grid, displacing less environmentally friendly energy.

Although nearly 700 of Idaho residential customers have signed up for the standard Blue Sky program since April 2004, only 10 non-residential customers are enrolled in the program. According to PacifiCorp, the biggest obstacle to increasing non-residential participation is the price of the program. The proposed Bulk-Purchase Option, although offered to both residential and non-residential customers, is an effort to present large commercial customers with a less-expensive alternative for large-scale purchases of renewable energy.

THE APPLICATION

The proposed Bulk-Purchase Option is similar to the standard Blue Sky option: PacifiCorp will charge eligible customers a premium to purchase renewable energy and then use the revenues generated to both operate and market the program as well as to purchase either bundled renewable energy or green tags. However, in contrast to the Blue Sky program, which allows customers to enter or leave the program at any time, the proposed Bulk-Purchase Option requires a minimum one-year enrollment commitment and annual purchase of 121.2 megawatt-hours (121,200 kWh or 1,212 blocks/year or 101 blocks per month). Customers with multiple sites within PacifiCorp's Idaho service territory may aggregate their purchases to meet the minimum purchase amount.

The Company estimates that the cost of the Bulk-Purchase Option includes a fixed annual cost of \$1,500 per customer (\$125 per month), plus \$7.00 per MWh (\$0.70 per 100 kWh block) purchased. The fixed cost is designed to cover costs associated with program management, customer contract, enrollment processing, fulfillment costs, materials/tools and mailings specific to this option. Fixed costs associated with development, advertising and public relations are not included to be consistent with the standard Blue Sky program. 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). Thus, the minimum annual proposed charges for the Bulk-Purchase Option is \$2,348.40 (\$1,500 fixed cost and \$848.40 for the 1,212 MWh) or \$195.70 per month.

COMMENTS

Comments were received from the Commission Staff and the Renewable Northwest Project (RNP). Both support the proposed Bulk-Purchase Option.

RNP is a coalition of energy companies, consumer groups and environmental groups that supports the development of renewable energy in the Pacific Northwest. RNP supports the proposed Bulk-Purchase Option because it creates an incentive for large energy consumers to buy more power from renewable resources. RNP identified eight large commercial customers in Oregon that have increased their renewable energy purchases as a result of the bulk Blue Sky program in Oregon.

Staff also supports the proposed Schedule 73 Bulk-Purchase Option. Staff noted that the program offers a lower cost alternative to customers desiring large amounts of renewable energy. In addition, Staff commented that the program is voluntary and self-funded, and non-participating customers should be unaffected by it. Therefore, Staff recommended approval of PacifiCorp's Application.

COMMISSION FINDINGS

The Commission has reviewed PacifiCorp's Application and the comments submitted in this case. This Application is substantially similar to that filed and approved in Case No. PAC-E-03-9, the standard Blue Sky renewable energy purchase option. *See* Order No. 29329. The central difference between the two programs is that the Bulk-Purchase Option requires a minimum annual enrollment and purchase amount, 121.2 megawatt-hours (121,200 kWh or 1,212 blocks/year or 101 blocks per month). These minimums are necessary in order to achieve the cost savings underlying the reduced rates for bulk purchases.

CONCLUSIONS OF LAW

The Commission has jurisdiction over PacifiCorp dba Utah Power & Light Company, an electric utility, pursuant to Title 61 of the Idaho Code. Pursuant to this authority, the Commission concludes that the rates PacifiCorp proposes in the bulk purchase renewable energy program are just and reasonable as required under *Idaho Code* §§ 61-301 and -307.


ORDER

IT IS HEREBY ORDERED that the Application of PacifiCorp for a new renewable energy tariff, Schedule 73 – New Wind, Geothermal and Solar Power Rider – Bulk-Purchase Option is granted.

THIS IS A FINAL ORDER. Any person interested in the Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for

reconsideration, any other person may cross-petition for reconsideration. See Idaho Code §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of April 2005.



PAUL KJELLANDER, PRESIDENT

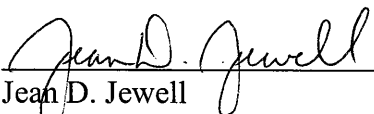


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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