

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ADJUSTMENT OF)	
AVOIDED COST RATES FOR NEW PURPA)	CASE NO. GNR-E-10-01
CONTRACTS FOR AVISTA CORPORATION)	
DBA AVISTA UTILITIES, IDAHO POWER)	NOTICE OF SCHEDULING
COMPANY, AND PACIFICORP DBA ROCKY)	
MOUNTAIN POWER)	ORDER NO. 31057
)	

On March 16, 2010, the Commission issued final Order No. 31025 in Case No. GNR-E-10-01 approving a revised and updated calculation of the published avoided cost rates for Avista Corporation dba Avista Utilities, Idaho Power Company, and PacifiCorp dba Rocky Mountain Power. In our final Order we stated:

Presented in this case for Commission approval are revised published avoided cost rates incorporating the [Northwest Power and Conservation] Council's March 8, 2010 medium natural gas price forecast. The methodology for calculation of avoided cost rates was established in Case No. GNR-E-02-01, Order No. 29124. We find that the method for revising the fuel cost adjustment to published avoided cost rates is a simple arithmetic calculation. We find that the Council's new natural gas price forecast was approved on March 2, 2010, and posted on the Council's website on March 8, 2010. Sixth Power Plan, Appendix A. We find that the change in avoided cost rates depicted in Attachments 2-4 to this Order accurately incorporate the Council's revised natural gas price forecast and are consistent with the Commission-approved SAR methodology. We find it reasonable to issue an Order implementing new published avoided cost rates without further notice or procedure.

Order No. 31025 at 2.

On April 6, 2010, Windland, Inc. (Windland) and AgPower Jerome, LLC (AgPower) (collectively Petitioners) filed a Petition for Reconsideration of Order No. 31025. *Idaho Code* § 61-626; IDAPA 31.01.01.331. An Answer to the Petition for Reconsideration was filed by PacifiCorp on April 13, 2010. A reply to PacifiCorp's Answer was filed by Petitioners on April 15, 2010.

The Commission in this Order, and as further clarified below, grants reconsideration and establishes a filing schedule for Petitioners' comments on the accuracy of the revised and updated calculation. *Idaho Code* § 61-626(2).

BACKGROUND

A. PURPA

Out of the nationwide energy crisis of the late 1970s, Congress enacted the Public Utility Regulatory Policies Act of 1978 (PURPA). Sections 201 and 210 of PURPA require electric utilities to purchase power produced by co-generators or small power producers that obtain qualifying facility (QF) status. Under PURPA Section 210(b), the rate to be paid for such power is not to exceed “the incremental cost to the utility of alternative electric energy.”

Pursuant to Congressional directive, the Federal Energy Regulatory Commission (FERC) promulgated rules implementing Sections 201 and 210 of PURPA. Under FERC rules, the utility requirement to purchase power from QFs is set out in 18 C.F.R. § 292.303(a). The rate a qualifying facility is to receive for the sale of its power is generally referred to as the “avoided cost” rate – the incremental cost to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility, such utility would generate itself or purchase from another source. 18 C.F.R. § 292.101(b)(6). PURPA Section 210(b) and related FERC regulations provide that the rates for QF purchases shall: (1) be just and reasonable to the electric consumers of the electric utility and in the public interest; and (2) not discriminate against qualifying co-generators or small power producers. 18 C.F.R. § 292.304(a)(1)(i), (ii).

There are two general caveats under PURPA: (1) electric utilities are not required to pay more than the utility’s avoided costs for purchases of QF capacity and energy (PURPA Section 210(b), 18 C.F.R. § 292.304(a)(2)); and (2) co-generators and small power producers in their sales to utilities are not to be subjected to pervasive utility type regulations, i.e., regulation respecting (i) the rates of electric utilities and (ii) the financial and organizational regulation of electric utilities. PURPA Section 210(e); 18 C.F.R. § 292.602(c)(1)(i)(ii).

In implementing PURPA, the Idaho Commission has developed a body of regulatory decisions in generic ratesetting and complaint actions since 1980 that set out the general principles and framework under which Idaho electric utilities are to purchase power from qualifying facilities.

B. The Current Avoided Cost Methodology

The current administrative Surrogate Avoidable Resource (SAR) methodology for calculating the published avoided cost rates for QFs smaller than 10 aMW was approved in Case No. GNR-E-02-01, Order No. 29124 (September 26, 2002). One of the key input variables in

the computation of avoided cost rates under this methodology is a long-term natural gas price forecast; i.e., the medium natural gas price forecast developed by the Northwest Power and Conservation Council (NPCC; Council).

In our 2002 Order approving the present methodology, we noted the then recent extreme volatility in gas prices, acknowledged that gas prices had returned to more normal levels and expressed concern that our failure to adjust avoided cost rates to reflect the lower gas costs could result in unreasonable and unfair high costs being borne by the regulated utility. If left in place, these higher than reasonable avoided costs ultimately would be paid by utility ratepayers. Order No. 29124 at 4.¹

The Commission considered many gas price proposals and in the end adopted the “medium” fuel price forecast prepared by the Northwest Power Planning Council (now the Northwest Power and Conservation Council) along with the method for establishing the starting year gas price and escalation rate proposed by the Idaho Independent Energy Producers (IIEP).

In doing so, we stated:

[w]e express confidence in the source and the use of a medium forecast which we believe has the highest probability of being right. We acknowledge that the Power Council does not issue its forecast on a regular basis. This will preclude a regular updating of the fuel price. Natural gas prices can be updated when a new NWPPC forecast becomes available. A proceeding to review . . . the starting gas price can also be initiated at any time by the Commission on its own motion or by petition of any utility or QF.

Order No. 29124 at 10-11.

Based on subsequent changes in the natural gas price forecasts issued by the Council, the Commission pursuant to the SAR methodology issued Orders revising and updating the calculation of published avoided cost rates: Order No. 29391 (December 5, 2003 – gas price change); Order No. 29646 (December 1, 2004 – gas price change and Idaho Power and Avista cost of capital changes); and Order No. 30744 (March 12, 2009 – gas price changes; Idaho Power cost of capital changes; changes to non-fuel variables).

C. The 2009 Avoided Cost Order

In our 2009 Order No. 30744, we revised published avoided cost rates incorporating the Council’s December 29, 2008 medium case (East-Side Delivered) natural gas price forecast

¹ In particular, the Order stated that the “Commission cannot expose ratepayers to avoided cost rates that rely too heavily on uncharacteristically high [natural] gas prices in combination with a high escalation rate.” *Id.*

(draft fuel prices for the Sixth Power Plan). In the case, PacifiCorp contended that use of the Council's medium natural gas price curves resulted in avoided cost prices that were too high and recommended that there be no change in the published rate until the Council's draft fuel prices became final. We denied the relief requested by PacifiCorp. The Commission found that under the current avoided cost methodology "rates are changed when the Council issues a new gas price forecast." Order No. 30744 at 3. We reiterated that the change in natural gas prices resulted in changes in avoided cost rates [which are] a simple arithmetic calculation. *Id.* at 3-4.

In our Order No. 30744, we took notice of the draft nature of the Council's planning assumptions and fuel forecast and expressed confidence that the numbers and values would be used by the Council in its Sixth Power Plan. In doing so, we stated "[h]owever, should the numbers and values change appreciably in the Council's final Sixth Power Plan document we will adjust the rates accordingly for prospective QF contracts." Order No. 30744 at 4. Again, a change in the fuel gas forecast would cause the avoided cost rates to change. Calculating new rates "is a simple arithmetic calculation." *Id.* The appreciable decrease in the gas price forecast included in the Council's final Sixth Power Plan precipitated our downward adjustment of the avoided cost rates in Order No. 31025.

Our characterization of the change in rates to be "a simple arithmetic calculation" is not a mischaracterization. The recalculation process consists of (1) copying (or cutting as the computer function is often called) the column of numbers (prices) set forth in the Council's medium case fuel price forecast (East-Side Delivered), (2) pasting them into the avoided cost calculation model (whereupon an instantaneous recalculation occurs), and (3) pushing the print button. See Attachments to this Order.

On March 2, 2010, the Council approved a new natural gas price forecast in conjunction with the Council's approval and release of its Sixth Power Plan (Plan). The approved forecast was posted on the Council's website on March 8, 2010. In accordance with the Commission-approved methodology, the Commission issued Order No. 31025 on March 16, 2010, implementing new published avoided cost rates. Given the nature of the published avoided cost rate as defined by PURPA and FERC rules and the fact that the simple arithmetic recalculation was executed pursuant to a Commission-approved methodology, we found it reasonable to publish the revised and updated calculation "without further notice or procedure."

PETITION FOR RECONSIDERATION

Petitioners, Windland and AgPower, contend that issuing Order No. 31025 changing published avoided cost rates “without notice or further procedure” violated their “statutory and constitutional rights to notice and opportunity to be heard.” Petitioners contend that the published avoided cost rates established in Order No. 30744 are a government-created, statutory entitlement and that QFs pursuing the published rates have an entitlement to those rates protected by the Due Process Clause. *Citing Idaho Code* § 61-307 (Schedules – Change in Rate and Service); Article I, § 13 of the Idaho Constitution and the 14th Amendment of the United States Constitution (the right to procedural due process of law).

Petitioners contend that each were engaged in developing PURPA projects and in perfecting eligibility for power contracts at the published rates and interconnection for their respective projects. They also assert they made financial expenditures in reliance on the higher published rates set forth in Order No. 30744.

Had the Commission provided Windland and AgPower with an opportunity to review Staff’s calculations and to comment on what they allege was a significant reduction in avoided cost rates, Petitioners state they may have advocated for additional changes to the SAR methodology. Petition at 10. These changes, Petitioners opine, may have included alterations to carry forth what they contend is PURPA’s objective, i.e., to promote renewable energy development.

Petitioners request that the Commission delay the effective date of Order No. 31025 pending hearing and final Order on Reconsideration. *Id.* at 2.

In its Answer, PacifiCorp requests that the Commission deny the Petition for Reconsideration contending that the Commission’s Order No. 31025 violates neither *Idaho Code* § 61-307 nor the procedural due process clauses of the Idaho or United States Constitutions. Should reconsideration be granted, PacifiCorp requests that the avoided cost rates adopted in Order No. 31025 remain in effect unless and until found to be unjust or unreasonable.

COMMISSION FINDINGS

The Commission has reviewed and considered the filings of record in Case No. GNR-E-10-01 including our final Order No. 31025 approving a revised and updated calculation of published avoided cost rates. We have reviewed the current SAR methodology approved initially in Order No. 29124 and our subsequent Orders approving fuel cost adjustments pursuant

to that methodology. The Commission has reviewed the Petition for Reconsideration of Order No. 31025 filed by Windland, Inc. and AgPower Jerome, LLC. We have also reviewed the answer of PacifiCorp and Petitioners' reply.

As reflected in our Order No. 31025, this change in published avoided cost rates was triggered by a new fuel price forecast issued by the Northwest Power and Conservation Council. The avoided cost methodology did not change and the adjustment of the rates was a simple arithmetic calculation. As noted in Order No. 30744, avoided cost "rates are changed when the Council issues a new gas price forecast." The change in published rates is an implementation of approved methodology and is not an opportunity to revise methodology. The Commission has an open docket for review of the SAR methodology, Case No. GNR-E-09-03.

Petitioners contend that they have not had an opportunity to review the calculations revising the published avoided cost rates or to provide comment on them. We find it reasonable to grant limited reconsideration and establish a filing date of **WEDNESDAY, APRIL 28, 2010**, to allow Petitioners the opportunity to file written comments on whether the adjustment was correctly calculated and whether the approved methodology was correctly implemented. *Idaho Code* § 61-626(2). It is not an opportunity to comment on the methodology or to propose changes to the methodology.

The Commission recognizes that there are economic consequences to QF developers in a downward adjustment to rates. This is not the forum to present such information, nor is such information relevant in determining the timing of a decrease in rates, a rate we note that is ultimately paid by utility customers. A delay in changing avoided cost rates means that ratepayers are saddled with rates that are too high and therefore unreasonable. PURPA § 210(b); *Idaho Code* § 61-622.

Petitioners contend that the manner in which the published avoided cost rates were changed resulted in a denial of due process in contradiction of statutes, rules and constitutional rights. We find the revision and recalculation of the published avoided cost rates in this case to be an administrative and ministerial act. As set out in the Attachment, the calculation of new avoided cost rates is a simple process. We further find that no violation of notice or due process has occurred and that no cure is necessary. We find Petitioners' arguments to the contrary to be unpersuasive and without merit. The existing SAR methodology for calculating avoided cost rates was a result of a fully litigated prior proceeding. It is well established that a utility cannot

be required to pay more for QF power than its avoided cost. Under the approved methodology, with a posting of a new gas forecast, the variable component of the avoided cost rates changes. A downward adjustment of the gas forecast results in a lower avoided cost. Our explicit findings in Order No. 31025 can be read in no other way than but an implicit finding of “for good cause shown.” Reference *Idaho Code* § 61-307. We find that no persuasive argument has been advanced by Petitioners to require a stay of the Commission’s Order No. 31025.

The Commission also notes that complaints for grandfathering have been filed by Windland against PacifiCorp (Case No. PAC-E-10-05), and AgPower against Idaho Power (Case No. IPC-E-10-11) alleging entitlement to power purchase contracts under the published rates of Order No. 30744. This docket is not a forum to pursue those claims. The Petitioners will have an opportunity to pursue those claims in the other dockets.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Avista Corporation dba Avista Utilities, Idaho Power Company, and PacifiCorp dba Rocky Mountain Power, electric utilities, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Commission has authority under PURPA Sections 201 and 210 and the implementing regulations of the Federal Energy Regulatory Commission (FERC), 18 C.F.R. § 292, to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy and capacity from qualified facilities and to implement FERC rules.

ORDER

In consideration of the foregoing and as more particularly described and qualified above, IT IS HEREBY ORDERED and the Commission does hereby grant the Petition for Reconsideration filed by Windland and AgPower and establishes a schedule for filing of written comments by Petitioners regarding the calculation of the fuel cost related adjustment to published avoided cost rates. With the filing of comments by Petitioners the Commission will consider the matter to be fully submitted.

IT IS FURTHER ORDERED that the avoided cost rates published in Order No. 31025 remain in effect unless and until proven to be incorrectly calculated or changed by the Commission. *Idaho Code* § 61-626(3).

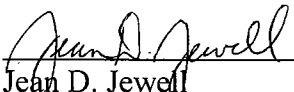
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 21st
day of April 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:GNR-E-10-01_sw2

Appendix A1: Medium Case Fuel Price Forecast Tables

Table A1-1: Natural Gas Prices at Key Hubs and Northwest Generators
2006\$/MMBtu
Medium Case

Year	Henry Hub Natural Gas Price	AECO Price	Sumas Price	West-Side Delivered	East-Side Delivered
2005	7.95	6.98	7.08	7.70	7.58
2006	6.72	5.84	5.95	6.56	6.42
2007	6.53	5.67	5.78	6.38	6.24
2008	8.12	7.08	7.72	8.41	7.68
2009	3.95	3.35	3.54	4.59	3.91
2010	4.62	3.95	4.54	5.28	4.55
2011	4.90	4.20	4.60	5.61	4.85
2012	5.20	4.47	5.07	5.90	5.19
2013	5.52	4.75	5.35	6.20	5.48
2014	5.85	5.05	5.67	6.52	5.79
2015	6.22	5.38	6.00	6.85	6.11
2016	6.32	5.48	6.09	6.95	6.22
2017	6.43	5.57	6.19	7.05	6.32
2018	6.54	5.67	6.29	7.15	6.44
2019	6.65	5.77	6.39	7.27	6.54
2020	6.77	5.87	6.50	7.38	6.64
2021	6.93	6.02	6.64	7.53	6.79
2022	7.09	6.16	6.79	7.68	6.94
2023	7.25	6.31	6.94	7.83	7.09
2024	7.42	6.45	7.09	7.99	7.25
2025	7.60	6.62	7.25	8.16	7.41
2026	7.70	6.71	7.35	8.26	7.51
2027	7.81	6.81	7.45	8.36	7.61
2028	7.92	6.91	7.55	8.47	7.71
2029	8.03	7.01	7.65	8.57	7.82
2030	8.15	7.11	7.75	8.68	7.92

Step 1: Manually Copy
Prices From Here ... or ...

Medium
13/14/09

Natural gas prices delivered to generating plants in Aurora Regions
2006\$/MMBtu

Estimated differentials (year 2000\$)
(Constant \$ Markup are in \$2000)

Wellhead to Henry Hub → HH to AECO → HH to Rockies →

	Wellhead Price Forecast	Real Growth Multiplier	Henry Hub	AECO	PNW East	E. MT	N CA	N. Nevada	AB	Sumas	PNW West	S. Idaho	BC	Rockies	Utah	Wyoming
2005	\$7.36	1.11	\$7.95	\$6.95	\$7.58	\$7.58	\$7.72	\$8.25	\$7.49	\$7.08	\$7.70	\$7.29	\$7.59	\$6.67	\$7.11	\$7.18
2006	\$6.23	1.11	\$6.72	\$5.82	\$6.42	\$6.42	\$6.59	\$7.11	\$6.35	\$5.95	\$6.56	\$6.26	\$6.46	\$5.66	\$6.11	\$6.18
2007	\$6.06	1.23	\$6.53	\$5.67	\$6.24	\$6.25	\$6.50	\$7.05	\$6.22	\$5.78	\$6.38	\$6.11	\$6.34	\$5.51	\$6.00	\$6.07
2008	\$7.47	1.23	\$8.12	\$7.03	\$7.68	\$7.69	\$7.87	\$8.47	\$7.64	\$7.72	\$8.41	\$7.33	\$8.28	\$6.67	\$7.16	\$7.23
2009	\$3.70	1.24	\$3.95	\$3.25	\$3.91	\$4.08	\$4.07	\$4.75	\$3.91	\$3.94	\$4.59	\$3.87	\$4.49	\$3.22	\$3.71	\$3.78
2010	\$4.30	1.24	\$4.62	\$3.95	\$4.56	\$4.68	\$4.68	\$5.34	\$4.51	\$4.54	\$5.28	\$4.49	\$5.10	\$3.77	\$4.26	\$4.33
2011	\$4.56	1.24	\$4.90	\$4.20	\$4.86	\$4.94	\$4.94	\$5.60	\$4.76	\$4.80	\$5.61	\$4.80	\$5.36	\$4.00	\$4.49	\$4.57
2012	\$4.83	1.25	\$5.20	\$4.47	\$5.19	\$5.22	\$5.22	\$5.87	\$5.03	\$5.07	\$5.90	\$5.07	\$5.63	\$4.25	\$4.75	\$4.82
2013	\$5.12	1.25	\$5.52	\$4.75	\$5.48	\$5.51	\$5.51	\$6.16	\$5.32	\$5.36	\$6.20	\$5.34	\$5.93	\$4.52	\$5.01	\$5.08
2014	\$5.43	1.26	\$5.86	\$5.05	\$5.79	\$5.82	\$5.82	\$6.47	\$5.63	\$5.67	\$6.52	\$5.63	\$6.24	\$4.80	\$5.29	\$5.37
2015	\$5.75	1.26	\$6.22	\$5.39	\$6.11	\$6.15	\$6.15	\$6.79	\$5.95	\$6.00	\$6.85	\$5.94	\$6.56	\$5.10	\$5.59	\$5.66
2016	\$5.85	1.26	\$6.32	\$5.48	\$6.22	\$6.25	\$6.25	\$6.89	\$6.04	\$6.09	\$6.96	\$6.03	\$6.66	\$5.19	\$5.68	\$5.75
2017	\$5.95	1.27	\$6.43	\$5.57	\$6.32	\$6.35	\$6.36	\$6.99	\$6.14	\$6.19	\$7.06	\$6.12	\$6.76	\$5.28	\$5.77	\$5.85
2018	\$6.04	1.27	\$6.54	\$5.67	\$6.44	\$6.46	\$6.46	\$7.10	\$6.24	\$6.29	\$7.16	\$6.22	\$6.86	\$5.37	\$5.87	\$5.94
2019	\$6.15	1.28	\$6.65	\$5.77	\$6.54	\$6.56	\$6.56	\$7.20	\$6.35	\$6.39	\$7.27	\$6.32	\$6.97	\$5.46	\$5.96	\$6.03
2020	\$6.25	1.28	\$6.77	\$5.87	\$6.64	\$6.67	\$6.67	\$7.31	\$6.45	\$6.50	\$7.38	\$6.41	\$7.07	\$5.55	\$6.06	\$6.13
2021	\$6.39	1.28	\$6.93	\$6.02	\$6.79	\$6.81	\$6.82	\$7.45	\$6.59	\$6.64	\$7.53	\$6.55	\$7.22	\$5.69	\$6.19	\$6.26
2022	\$6.54	1.29	\$7.09	\$6.16	\$6.94	\$6.96	\$6.97	\$7.60	\$6.74	\$6.79	\$7.68	\$6.69	\$7.37	\$5.82	\$6.32	\$6.40
2023	\$6.69	1.29	\$7.25	\$6.31	\$7.09	\$7.12	\$7.12	\$7.75	\$6.89	\$6.94	\$7.83	\$6.83	\$7.52	\$5.96	\$6.46	\$6.54
2024	\$6.84	1.29	\$7.42	\$6.46	\$7.25	\$7.27	\$7.28	\$7.91	\$7.04	\$7.09	\$7.99	\$6.98	\$7.67	\$6.10	\$6.60	\$6.68
2025	\$7.00	1.30	\$7.60	\$6.63	\$7.41	\$7.43	\$7.44	\$8.06	\$7.20	\$7.25	\$8.16	\$7.13	\$7.83	\$6.24	\$6.75	\$6.82
2026	\$7.10	1.30	\$7.70	\$6.71	\$7.51	\$7.53	\$7.54	\$8.16	\$7.30	\$7.35	\$8.26	\$7.22	\$7.93	\$6.33	\$6.84	\$6.91
2027	\$7.20	1.31	\$7.81	\$6.81	\$7.61	\$7.63	\$7.64	\$8.27	\$7.39	\$7.45	\$8.36	\$7.31	\$8.03	\$6.42	\$6.93	\$7.01
2028	\$7.30	1.31	\$7.92	\$6.91	\$7.71	\$7.74	\$7.75	\$8.37	\$7.49	\$7.55	\$8.47	\$7.41	\$8.14	\$6.51	\$7.02	\$7.10
2029	\$7.40	1.31	\$8.03	\$7.01	\$7.82	\$7.84	\$7.85	\$8.47	\$7.60	\$7.65	\$8.57	\$7.51	\$8.24	\$6.60	\$7.12	\$7.19
2030	\$7.50	1.32	\$8.15	\$7.11	\$7.92	\$7.95	\$7.96	\$8.58	\$7.70	\$7.75	\$8.68	\$7.60	\$8.34	\$6.70	\$7.21	\$7.29
Average	\$6.19	1.26	\$6.70	\$5.82	\$6.44	\$6.57	\$6.61	\$7.23	\$6.38	\$6.38	\$7.21	\$6.33	\$6.95	\$5.51	\$6.01	\$6.08
Difference between averages			\$0.51	(\$0.38)	\$0.14	\$0.76	\$0.94	\$1.41	\$0.57	\$0.56	\$0.83	(\$0.05)	\$0.57	(\$1.19)	\$0.50	\$0.57

Step 1: Electronically
Copy Prices From Here

**AVOIDED COST CALCULATION MODEL**

Version 9.2

Idaho Public Utilities Commission

4/20/2010

1. Choose Utility
2. Choose Condition
3. Copy rates to tariff sheets
(Repeat for each utility and fuel condition chosen).

Copy Rates to
Tariff Sheets

4. Print Rates

Print
Avista
Rates

Print
Idaho Power
Rates

Print
PacifiCorp
Rates

Print
All Utilities
Rates

INPUT DATA	IPCO DATA
FIRST DEFICIT YEAR:	2005
SURPLUS ENERGY COST (\$/MWh):	N/A
SURPLUS COST BASE YEAR:	2004
"SAR" PLANT LIFE (YEARS):	30
"SAR" PLANT COST (\$/kW):	1,313
BASE YEAR OF "SAR" COST:	2008
"SAR" CAPACITY FACTOR (%):	90.0%
HEAT RATE (BTU/KWH):	7,100
UTILITY WEIGHTED COST OF CAPITAL (%):	8.180%
RATEPAYER DISCOUNT RATE (%):	8.180%
"SAR" FIXED O&M (\$/kW):	14.57
"SAR" VARIABLE O&M (\$/MWh):	1.77
CURRENT YEAR GAS PRICE (\$/MMBTU):	4.93
CURRENT YEAR FUEL COST (\$/MWh):	35.01
BASE YEAR, O&M EXPENSES:	2008
BASE YEAR FUEL COST:	2006
ESCALATION RATE, "SAR" (%):	1.40%
ESCALATION RATE, SURPLUS (%):	N/A
ESCALATION RATE, O&M (%):	2.00%
ESCALATION RATE, FUEL (%):	2.00%
ADJUSTABLE PORTION (\$/MWh):	0.00
CAPITAL CARRYING CHARGE (%):	11.931%
LEVEL CARRYING COST (\$/MWh):	19.60
"TILTING" RATE (%):	1.40%
TYPE OF RATES:	NON-FUELED
CURRENT YEAR:	2010

NORTHWEST POWER AND CONSERVATION COUNCIL**Natural Gas Price Forecast**

March 8, 2010

YEAR	Real Price	Nominal Price	FUEL COST
	(East-Side Delivered) 2006 \$ per MMBtu)	by Year (\$ per MMBtu)	
2005	\$ 7.58	\$ 6.09	43.26
2006	6.42	6.42	45.55
2007	6.24	6.37	45.20
2008	7.68	7.99	56.74
2009	3.91	4.15	29.46
2010	4.56	4.93	35.01
2011	4.86	5.36	38.06
2012	5.19	5.84	41.46
2013	5.48	6.29	44.67
2014	5.79	6.78	48.13
2015	6.11	7.31	51.87
2016	6.22	7.59	53.87
2017	6.32	7.86	55.82
2018	6.44	8.16	57.96
2019	6.54	8.46	60.06
2020	6.64	8.77	62.24
2021	6.79	9.14	64.88
2022	6.94	9.53	67.64
2023	7.09	9.93	70.51
2024	7.25	10.35	73.51
2025	7.41	10.79	76.64
2026	7.51	11.16	79.23
2027	7.61	11.54	81.90
2028	7.71	11.92	84.67
2029	7.82	12.33	87.53
2030	7.92	12.74	90.48

General inflation rate: 2.0% per year

Step 2: Paste Prices Here**Step 3: Print Rates**

20-yr Levelized rate, 2009 on-line date: 79.19