



2007 JUN 18 AM 10:00  
IDAHO PUBLIC  
UTILITIES COMMISSION

201 South Main, Suite 2300  
Salt Lake City, Utah 84111

June 15, 2007

**VIA OVERNIGHT DELIVERY**

Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

Attention: Jean D. Jewell  
Commission Secretary

Re: PAC-E-07-13  
In the Matter of Rocky Mountain Power's Petition to Revise the Published  
Avoided Cost Rates to Include Monthly Price Multipliers to Differentiate for  
Energy Delivered During Heavy Load Hours and Light Load Hours

Dear Ms. Jewell:

Rocky Mountain Power, a division of PacifiCorp, hereby submits for filing an original and seven copies of its Petition in the above referenced matter. Rocky Mountain Power requests that Attachment 2 to the enclosed Petition be treated as confidential. Attachment 2 is provided separately on yellow colored paper, and Attachment 3 contains an attorney's certificate citing the specific grounds and legal authority for such confidential treatment.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

Dean Brockbank  
Senior Counsel  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
[Dean.Brockbank@PacifiCorp.com](mailto:Dean.Brockbank@PacifiCorp.com)

Brian Dickman  
Manager, Idaho Regulatory Affairs  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
[Brian.Dickman@PacifiCorp.com](mailto:Brian.Dickman@PacifiCorp.com)

It is respectfully requested that all formal correspondence and Staff requests regarding this material be addressed to one or more of the following:

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

By regular mail:

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon, 97232

By fax:

(503) 813-6060

Sincerely,

Handwritten signature of Jeffrey K. Larsen in black ink, including the initials "P.R." at the end.

Jeffrey K. Larsen  
Vice President, Regulation

Enclosures

Dean Brockbank  
Senior Counsel  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-4568  
FAX: (801) 220-3299  
Dean.Brockbank@PacifiCorp.com

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Attorney for Rocky Mountain Power

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN )  
POWER'S PETITION TO REVISE THE )  
PUBLISHED AVOIDED COST RATES TO ) CASE NO. PAC-E-07-13  
INCLUDE MONTHLY PRICE )  
MULTIPLIERS TO DIFFERENTIATE FOR ) PETITION OF  
ENERGY DELIVERED DURING HEAVY ) ROCKY MOUNTAIN POWER  
LOAD HOURS AND LIGHT LOAD HOURS )**

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Rocky Mountain Power, a division of PacifiCorp ("RMP" or the "Company"), pursuant to Rule of Procedure 53, hereby requests that the Idaho Public Utilities Commission (the "Commission") issue its order revising RMP's published avoided cost rates for qualifying facilities ("QFs") under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 ("PURPA") to include monthly price multipliers to recognize the monthly difference in value between energy delivered by QFs during heavy load hours and energy delivered by QFs during light load hours. This revision would not change the computation of annual avoided costs but could change the total revenues received by QFs depending on which month and when during the day they deliver energy. This Petition is based on the following:

## I. BACKGROUND

Idaho Power Company ("Idaho Power"), in its Petition dated February 6, 2007, Case No. IPC-E-07-03, has requested that the Commission issue an order revising Idaho Power's published avoided cost rates paid to QFs to recognize the difference in value between energy delivery by QFs during heavy load hours and energy delivered during light load hours. Idaho Power already has in place the recognition of their seasonal load.

Avista Corporation requested, and the Commission approved, a similar daily shape adjustment (Commission Order No. 301111 issued in Case No. AVU-E-06-04).

Rocky Mountain Power's comments filed in Case No. IPC-E-07-03 stated RMP's support of Idaho Power's Petition, and advised that it too would be seeking approval from the Commission for similar changes, which it stated "are necessary to protect its Idaho customers from paying too much for wind QF generation." RMP agrees with Idaho Power that energy has a different value based on season and time of day deliveries.

At the present time, the Company would pay the same price to a QF that delivers entirely during light load hours as a QF that delivers entirely during heavy load hours. Likewise, it would pay the same price to a QF that delivers entirely in a peak load month as a QF that delivers entirely in a non-peak load month. The Company believes that the existing payment structure is inappropriate as it does not provide proper incentives to QFs, and is neither fair to customers nor to the QF because it could result in either under or overpayments for the value of the power.

## **II. PUBLISHED AVOIDED COST RATES TO DIFFERENTIATE BETWEEN HEAVY LOAD HOURS AND LIGHT LOAD HOURS**

In this Petition, RMP is requesting that the Commission allow RMP to include in its published avoided cost rates a monthly price multiplier to differentiate for energy delivered during heavy load hours and energy delivered during light load hours. This revision, to reflect month and time of day shaping, does not change the computation of annual avoided costs; it merely adjusts the computed avoided costs to more appropriately value energy being delivered, based on which month and when during the day the energy is being delivered.

The Company's proposed heavy load hour and light load hour monthly price multipliers are attached to this Petition as Attachment 1. These multipliers were calculated by applying the following steps:

1. Determine the percentage of market transactions as a result of a new QF resource by month, by market. The Company prepared two production cost computer simulations (GRID scenarios) to calculate the percentage change in market transactions resulting from a new QF. The first study (the "Base Case") was a 48-month GRID study; January 1, 2007 through to and including December 31, 2010. The second study (the "Avoided Cost Case") was a copy of the Base Case, except with a 10 MW 100% capacity factor avoided cost resource added. From both studies, the Company extracted monthly system balancing market sales and purchases megawatt hours, reflecting heavy load hour and light load hour transactions at the California-Oregon Border ("COB"), Four Corners, Mid-Columbia and Palo Verde wholesale market hubs. The delta of these megawatt-hour transactions, by heavy load hour and light load hour, are used to compute the percentage of monthly market transactions at each of the above mentioned markets.

2. Determine the average monthly and annual market price based on 48-months of historical data. The Company referenced 48 months of historical daily Dow Jones firm market data for COB, Four Corners, Mid-Columbia and Palo Verde to calculate the average market price. The 48 months reflected in the Company's analysis were April 1, 2003 through March 31, 2007, inclusive. The percentage of monthly transactions, as described in subsection 1 above, was used to blend the daily prices from the four Dow Jones markets into a blended daily weighted average market price for heavy load hours and light load hours. The blended daily weighted average market price, over the 48-month period, was used to compute an average monthly price and average annual price.

3. Determine the monthly heavy load and light load monthly price multiplier. The ratio of the monthly price to the annual price, by heavy load and light load time periods, are the monthly price multipliers. These represent the monthly price multipliers that RMP is requesting the Commission to include in RMP's published avoided cost rates to more appropriately recognize the difference in value between energy delivered by QFs during heavy load hours and energy delivered by QFs during light load hours, as set out in Attachment 1.

The Company's confidential work papers are provided to the Commission as Attachment 2 to this Petition. Pursuant to Rule of Procedure No. 67, the Company requests that the Commission consider Attachment 2 as confidential information. An Attorney's Certificate attached to this Petition as Attachment 3, states that the contents of Attachment 2 constitute confidential information. Attachment 2 is printed on yellow paper and is provided separately from this Petition.

### III. RECOMMENDED PROCEDURE FOR PROCESSING THIS PETITION

RMP has provided this Petition via e-mail to all intervenors in Case No. IPC-E-05-22, and other entities that participated in the workshops that followed the issuance of Order No. 29839, advising them of this filing. If the Commission concurs, RMP proposes to expeditiously schedule and conduct at least one workshop to discuss this Petition; the Company believes that a Commission-sanctioned workshop or process could facilitate settlement discussions at an early stage of this case.

Based on all of the foregoing, RMP respectfully requests that the Commission:

1. Issue an order revising RMP's published avoided cost rates for QFs under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 to include monthly price multipliers to recognize the difference in value between energy delivered by QFs during heavy load hours and energy delivered by QFs during light load hours; as set out in Attachment 1;
2. Treat Attachment 2 to this Petition as confidential information; and
3. Such other relief as the Commission may deem appropriate.

Respectfully submitted this 15<sup>th</sup> day of June 2007.

By Dean Brockbank  
Dean Brockbank  
Attorney for Rocky Mountain Power

## Attachment 1

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HLH	103%	105%	95%	95%	92%	94%	121%	121%	109%	115%	110%	129%
LLH	94%	97%	80%	76%	63%	65%	92%	106%	99%	105%	96%	120%

Note: These monthly price multipliers are derived from:-

- (1) 48-months of historical daily Dow Jones firm market data for the COB, Four Corners, Mid-Columbia and Palo Verde wholesale market hubs. The 48-months reflected in this analysis is from April 1, 2003 through to and including March 31, 2007; and
- (2) 48-months of system balancing data extracted from two GRID scenarios; a Base Case and an Avoided Cost Case. The 48-months reflected in these studies is from January 1, 2007 through to and including December 31, 2010.

These multipliers are subject to change if different 48-month periods are selected.

## **ATTACHMENT 2**

**THIS ATTACHMENT ALLEGEDLY  
CONTAINS CONFIDENTIAL MATERIAL AND  
IS SEPARATELY FILED**

# **ATTACHMENT 3**

## **ATTORNEY'S CERTIFICATE**

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Dean Brockbank, Sr. Counsel  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
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Telephone: (801) 220-4568  
FAX: (801) 220-3299  
Dean.Brockbank@PacifiCorp.com  
Attorney for Rocky Mountain Power

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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INCLUDE MONTHLY PRICE )  
MULTIPLIERS TO DIFFERENTIATE FOR ) ATTORNEY'S CERTIFICATE  
ENERGY DELIVERED DURING HEAVY )  
LOAD HOURS AND LIGHT LOAD HOURS )**

STATE OF OREGON )  
 : SS  
COUNTY OF MULTNOMAH )

Dean S. Brockbank, being first duly sworn under oath, deposes and states that the following is true and correct to the best of his knowledge, information and belief:

1. I am an in-house attorney employed by Rocky Mountain Power.
2. I am familiar with certain documents, data, information, studies and other material relating to Rocky Mountain Power's calculation of avoided costs that are claimed to be trade secrets, proprietary and of a confidential nature (herein referred to as "Confidential Information").
3. This Attorney's Certificate is being filed together with that certain Petition, requesting that the Commission approve a revision of Rocky Mountain Power's published avoided cost rates for qualifying facilities ("QF") under Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978 to include monthly price multipliers

to recognize the difference in value between energy delivered by QFs during heavy load hours and energy delivered by QFs during light load hours.

4. In connection with the monthly price multipliers that Rocky Mountain Power developed, Rocky Mountain Power has certain work papers that it is including with the Petition. Rocky Mountain Power claims that those work papers are Confidential Information.

5. The work papers that were used to develop the monthly price multipliers represent confidential pricing inputs and forecasts. The disclosure of Confidential Information of Rocky Mountain Power would damage Rocky Mountain Power and its ratepayers.

6. Accordingly, within the meaning of I.C. 48-801(5), it is my opinion the work papers that were used to develop the monthly price multipliers requested in the Petition are trade secret information and should not be generally known to the public, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy.

7. Except for the work papers, the remaining terms of the Petition are not considered to be trade secrets or Confidential Information. Accordingly, pursuant to Rule of Procedure 67 a copy of the Petition will be made available and filed with only the work papers redacted as Confidential Information.

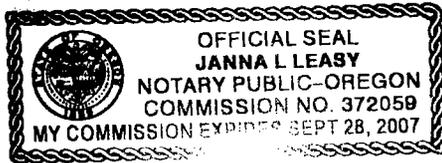
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FURTHER YOUR AFFIANT SAYETH NAUGHT.

Respectfully submitted this 15th day of June 2007.

By Dean S. Brockbank  
Dean S. Brockbank

SUBSCRIBED AND SWORN TO before me this 15th day of June, 2007.



Janna L. Leasy  
NOTARY PUBLIC FOR OREGON  
My Commission Expires 9/28/07.