Office of the Secretary
Service Date
September 7, 2007

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA 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	**CASE NO. PAC-E-07-13** **ORDER NO. 30423**

On June 18, 2007, PacifiCorp dba Rocky Mountain Power (PacifiCorp; Company) filed a Petition with the Idaho Public Utilities Commission (Commission) requesting authority to revise its 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 (HLH) and energy delivered during light load hours (LLH). As reflected in the Company's Petition, this revision would not change the computation of avoided cost but could change the total revenues received by QFs depending on which month and when during the day they deliver energy. The Commission in this Order grants PacifiCorp's Petition and approves monthly price multipliers for avoided cost rates.

PacifiCorp notes that Idaho Power Company in Case No. IPC-E-07-04 requested that its published avoided cost rates be adjusted to include a daily load shape. Idaho Power already has in place recognition of its seasonal load.[1] PacifiCorp notes further that Avista Corporation requested, and the Commission approved, a similar daily shape adjustment in Case No. AVU-E-06-04 (Order No. 30111).

As reflected in PacifiCorp's Petition, at the present time, the Company pays the same price to a QF that delivers energy entirely during light load hours as it pays to a QF that delivers entirely during heavy load hours. Likewise, the Company pays the same price to a QF that delivers entirely in a peak load month as it pays to a QF that delivers entirely in a non-peak load month. PacifiCorp believes that the existing payment structure is inappropriate, as it does not

[1] On September 7, 2007, the Commission issued Order No. 30415 approving a daily load shape adjustment for Idaho Power.

provide proper incentives to QFs, and is neither fair to customers nor to the QF because it could result in either under- or over-payments for the value of the power.

The Company's proposed heavy load hour and light load hour monthly price multipliers are reflected below.

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	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.

On June 27, 2007, the Commission issued Notices of Petition and Modified Procedure in Case No. PAC-E-07-13. The deadline for filing written comments was July 27, 2007. Commission Staff was the only party to file comments. Staff recommends approval of PacifiCorp's Petition.

Like the other two utilities, Avista in Commission Order No. 30111 issued in Case No. AVU-E-06-04 and Idaho Power in Case No. IPC-E-07-04, Staff states that PacifiCorp is seeking to implement a series of monthly price multipliers that will recognize seasonal differences in energy value as well as daily differences between heavy and light load hours.

Staff notes that PacifiCorp's proposal differs slightly from that of the other two utilities in two respects. First, rather than breaking the year into two or three seasons, PacifiCorp is proposing a different price multiplier for each month. Second, rather than a fixed difference between heavy and light load hour rates, the Company proposes monthly differences. Thus, there are two different price multipliers for each month – one for heavy load hours and one for light load hours, or a total of 24 different price multipliers throughout the year. The price multipliers have been derived from an analysis of historical price differences at four trading hubs where PacifiCorp frequently transacts business.

The price multipliers proposed by PacifiCorp, Staff observes, range from a low of 63% during light load hours in May to a high of 121% during heavy load hours in July. On average over the course of the year, the difference in heavy and light load hour prices is $7.18. This compares closely to Staff's proposed daily shape adjustment for Idaho Power of $7.28, and is not too different from the $5.00 per megawatt hour daily shape adjustment approved for Avista. Staff notes several possible disadvantages to the price multipliers proposed by PacifiCorp. First, the price multipliers could introduce greater uncertainty in the monthly payments QFs would receive because some, particularly wind generators, have no way of accurately knowing how many kilowatt hours their projects will produce either on a monthly basis or in on-peak vs. off-peak hours. Another disadvantage is the need for hourly metering capability at all future projects. Finally, the adoption of a series of 24 price multipliers introduces additional complexity into an already fairly complex system of avoided cost rates.

Despite these possible disadvantages, however, Staff is supportive of the concept of seasonal and daily price multipliers because, although only approximate, they create rates that more closely match avoided cost rates to the true value of power at the time of delivery.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. PAC-E-07-13, including comments and recommendations of Commission Staff. We have also reviewed our Order No. 30111 in Case No. AVU-E-06-04 and Order No. 30415 in Case No. IPC-E-07-04 wherein we approved daily shape adjustments for Avista Corporation and Idaho Power. Based on our review, we continue to find it reasonable to process this case and the issues presented pursuant to Modified Procedure, i.e., by written submission rather than by hearing. IDAPA 31.01.01.204.

PacifiCorp in this case is seeking to implement a series of monthly price multipliers that will recognize seasonal differences in energy value as well as daily differences between heavy and light load hours. The Company has never had either seasonal or daily adjustments in its avoided costs rates before in Idaho.

PacifiCorp proposes using a different price multiplier for each month of the year. Rather than a fixed difference between heavy and light load hour rates, the Company proposes monthly differences. What results is a series of 24 price multipliers. While this introduces additional complexity, we are persuaded that the end result is a rate that more closely matches the true value of power at the time of delivery and better serves the public interest.

CONCLUSIONS OF LAW

The Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues presented in Case No. PAC-E-07-13 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 and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

ORDER

In consideration of the foregoing, IT IS HEREBY ORDERED and the Commission does hereby approve the monthly price multipliers for published avoided cost rates proposed by PacifiCorp dba Rocky Mountain Power.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7th day of September 2007.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

MACK A. REDFORD, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

bls/N:PAC-E-07-13_sw