



November 20, 2009

VIA OVERNIGHT DELIVERY

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702

Attn: Jean Jewell
Commission Secretary

Re: **Rocky Mountain Power's Reply Comments to Staff's position on Revising the Company's Wind Integration Rate in Case No. PAC-E-09-07**

Dear Ms. Jewell:

Please find enclosed the original and seven (7) copies, along with a compact disk, of reply comments to staff's position on the Company's petition to revise its wind integration rate.

On September 11, 2009 Rocky Mountain Power, a division of PacifiCorp ("the Company"), petitioned the Idaho Public Utilities Commission ("Commission") to issue an Order increasing the published avoided cost wind integration rate applicable to purchases by the Company for wind-powered QFs from \$5.10 to \$9.96 per MWH. On October 30, 2009 Commission staff provided comments on the Company's application. The Company respectfully request consideration of its reply comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey K. Larsen". The signature is written in a cursive style and is positioned above the printed name and title.

Jeffrey K. Larsen
Vice President, Regulation

Cc: Service List

Enclosure

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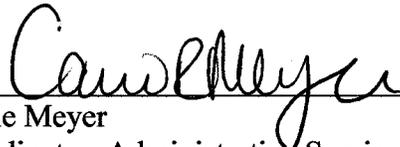
201 South Main, Suite 2300
Salt Lake City, Utah 84111

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of November, 2009, I caused to be served, via E-mail (if provided) and Overnight Delivery, a true and correct copy of Rocky Mountain Power's Reply Comments in PAC-E-09-07 to the following:

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)
ROCKY MOUNTAIN POWER FOR AN)
ORDER REVISING THE WIND) No. PAC-E-09-07
INTEGRATION RATE FOR WIND-)
POWERED SMALL POWER GENERATION) REPLY COMMENTS
QUALIFYING FACILITIES)
)
)
_____)

BACKGROUND

Rocky Mountain Power (the "Company") filed a Petition with the Commission on April 23, 2007, in Case No. PAC-E-07-07 requesting the Idaho Public Utilities Commission (the "Commission") approval of utility-specific wind integration adjustments to the published avoided costs rates. The Company currently adjusts the published avoided cost rates by \$5.10 per megawatt-hour ("MWh") to account for the cost associated with wind integration. In a subsequent Order No. 30497, Case No. PAC-E-07-07, the Commission approved Settlement Stipulation filed in Case No. PAC-E-07-07. Pursuant to that Stipulation, the Company recommended that the published avoided cost rates, for purchases by Rocky Mountain Power, be increased from \$5.10 per MWh to \$9.96 per MWh, to recover the cost associated with the integrating wind resources. This integration cost would be applied and adjusted against the scheduled avoided cost rates

for all wind projects with one exception. The exception would apply to a QF developer that agrees under the QF power purchase agreement to a firm hourly schedule using firm transmission via a third party transmission provider. When this exception applies the published avoided cost would not be adjusted for wind integration costs. The \$9.96 per MWh represents the cost associated with integrating a wind resource consistent with the analysis provided in the Company's 2008 Integrated Resource Plan, which was acknowledged by the Idaho Commission on September 15, 2009.

On October 30, 2009, Idaho Commission Staff submitted comments that support the Company raising their wind integration cost adjustment. Staff, however, recommended that the wind integration cost be capped at \$6.50 per MWh to align with the imposed cap in the individual Settlement Stipulation for both Idaho Power and Avista while acknowledging that PacifiCorp's Settlement Stipulation does not contain such a cap.

Range of Wind Integration Adjustment

Staff states that PacifiCorp's recent wind integration study is more accurate than its initial study and agrees that the Company's proposed wind integration cost of \$9.96 per MWh is in the same general range of the results from Idaho Power and Avista's wind integration study as well as the results from other regional utilities including BPA and Portland General Electric. Reviews conducted by the Company in its 2008 IRP process showed that the wind integration costs presented by other utilities in the region range from about \$6 per megawatt-hour to \$12 per megawatt-hour. The Company's wind integration costs are reasonably within the range of the ones calculated by other entities and are based on analysis that is technically sound. The evidence from the studies shows

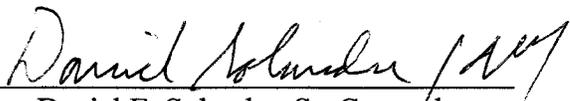
that the Company does incur costs to integrate wind on a day-ahead and hour-ahead basis and the Company should not be prohibited from recovering prudently incurred costs while it continues to develop and refine its wind integration costs.

Wind Integration Adjustment Cap

The Company's reply comments will focus on three key issues: First, the premise of each utility's settlement was to have a wind integration cost reflective of that utility's system and the impact of wind on the system. Staff has proposed capping the Company's wind integration cost adjustment at \$6.50 per MWh to be consistent with Idaho Power's and Avista's Settlement Stipulations even though PacifiCorp's Settlement Stipulation did not contain such a cap. Second, the \$6.50 cap proposed by staff is based on cost assumptions that are at least two years old. Third, the wind resources on PacifiCorp's system have quadrupled from 2007 to 2009. PacifiCorp owns or is acquiring the output from 1,300 MW of wind resources currently on-line, which by itself dwarfs the amount of wind integration of the other two utilities. Therefore, the proposed \$9.96 per MWh is much more reflective of the Company's overall system wind integration and is appropriate considering a much higher wind penetration rate.

RESPECTFULLY SUBMITTED this 20th day of November, 2009.

Rocky Mountain Power

By: 

Daniel E. Solander, Sr. Counsel

Rocky Mountain Power