

## **DECISION MEMORANDUM**

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF

**FROM:** KRISTINE SASSER  
DEPUTY ATTORNEY GENERAL

**DATE:** FEBRUARY 28, 2011

**SUBJECT:** ROCKY MOUNTAIN POWER'S APPLICATION FOR APPROVAL OF A  
POWER PURCHASE AGREEMENT WITH CARGILL. CASE NO. PAC-  
E-11-08.

On February 16, 2011, PacifiCorp dba Rocky Mountain Power filed an Application requesting approval of a 10-year Firm Energy Sales Agreement (Agreement) between Rocky Mountain Power and Cargill, Inc. The project (Facility) is located in Jefferson County, Idaho. The project will be a "qualifying facility" (QF) under the applicable provisions of the federal PURPA.

### **THE AGREEMENT**

On February 8, 2011, Rocky Mountain Power and Cargill entered into an Agreement. Cargill intends to own, operate and maintain a biogas-fueled digester generating facility for the generation of electric power. Under the terms of the Agreement, the Facility agrees to sell electric energy to Rocky Mountain Power for a 10-year term using the current non-levelized published avoided cost rates as currently established by the Commission in Order No. 31025 for energy deliveries of less than 10 aMW. Application at 2. The nameplate rating of the Facility is 1.696 MW. Under normal and/or average conditions, the Facility will not exceed 10 aMW on a monthly basis. Should the Facility exceed 10 aMW on a monthly basis, Rocky Mountain Power will accept the energy, but will not purchase or pay for the inadvertent energy. Agreement ¶ 6.6.

The Facility has selected seven (7) days from the service date of the Commission's Order approving the Agreement as its Scheduled Commercial Operation Date. Application at 3. Rocky Mountain Power asserts that various requirements have been placed upon the Facility in order for Rocky Mountain Power to accept the Facility's energy deliveries. Rocky Mountain

Power states that it will monitor the Facility's compliance with initial and ongoing requirements through the term of the Agreement. The parties have agreed to delay liquidated damages and security provisions. Agreement ¶¶ 2.4.1, 10.1. Rocky Mountain Power states that the Facility has also been made aware of and accepted the provisions in the Agreement regarding curtailment or disconnection of the Facility should certain operating conditions develop on Rocky Mountain Power's system. Agreement ¶ 6.3.

By its own terms, the Agreement will not become effective until the Commission has approved all of the terms and conditions and declares that all payments made by Rocky Mountain Power to the Facility for purchases of energy "are just and reasonable, in the public interest, and that the costs incurred by [Rocky Mountain Power] for purchases of capacity and energy from [Cargill] are legitimate expenses, all of which the Commission will allow [Rocky Mountain Power] to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses." Agreement ¶ 2.1.

#### **STAFF RECOMMENDATION**

Staff recommends that the Application be processed by Modified Procedure with a comment deadline of April 7, 2011.

#### **COMMISSION DECISION**

Does the Commission agree with the recommendation that the Power Purchase Agreement be processed under Modified Procedure with a comment deadline of April 7, 2011?

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Kristine A. Sasser  
Deputy Attorney General

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