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2014 FEB 28 AM 11: 43

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Attorneys for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER FOR APPROVAL OF ITS CAPACITY DEFICIENCY PERIOD TO BE UTILIZED IN THE COMPANY'S SAR METHODOLOGY.

CASE NO. PAC-E-13-12

COMMENTS OF THE COMMISSION STAFF

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, to submit the following comments in response to the Notice of Modified Procedure issued on January 24, 2014, Order No. 32970.

BACKGROUND

In Order No. 32697, the Commission directed that a case be initiated outside of each utility's Integrated Resource Plan (IRP) filing to establish a capacity deficiency period to be utilized in the utility's Surrogate Avoided Resource (SAR) methodology for computing avoided cost rates to be included in PURPA power purchase agreements. On October 15, 2013, PacifiCorp dba Rocky Mountain Power (Rocky Mountain Power) filed an Application requesting that the Commission approve its updated capacity deficiency periods to be utilized in its SAR avoided cost methodology.

STAFF ANALYSIS

On April 30, 2013, Rocky Mountain Power filed its 2013 IRP with the Commission. The Commission accepted and acknowledged the Company's 2013 IRP on September 11, 2013. (*See* Order No. 32890).

Attachment A is a copy of Table 5.12 from PacifiCorp's 2013 IRP showing the results of the Company's capacity balance. The capacity balance is calculated for summer peak loads only. The capacity balance is developed by determining firm resource capacity available at the annual system peak load hour, plus a 13 percent planning reserve margin. The capacity balance shows that the Company is capacity deficit beginning in 2013. The capacity deficit is 824 MW starting in 2013 with the deficit increasing to 2,308 MW by 2022.

Attachment B is a copy of Figure 5.5 from the 2013 IRP showing the Company's energy balance. The figure shows a snapshot of how existing system resources could be used to meet forecasted load across on-peak and off-peak periods given IRP planning assumptions and wholesale power and natural gas prices. It shows expected monthly energy production from resources in relation to load assuming no additional resources are added to PacifiCorp's system. Periods where all available resource energy falls below forecasted loads are indicative of short energy positions absent the addition of incremental resources to the portfolio. The Company states, "During on-peak periods, the first energy shortfall appears in July 2018 and by 2022 available system energy falls short of monthly loads in January, July, August, and October." (*See* p. 102 of the 2013 IRP).

In its Application, PacifiCorp states that updating the peak and energy balances to reflect the Company's most recent load forecast and for recent changes in long-term contracts would not alter the identified deficit years. Consequently, Staff's analysis focused on the information contained in the IRP, described above.

Staff reviewed the capacity and energy deficits proposed by the Company, and agrees that they are accurate and correctly determined for purposes of avoided cost computations. Using the proposed capacity and energy deficits, Staff computed the SAR methodology avoided cost rates. The rates are shown on Attachment C for wind, solar, non-seasonal hydro, seasonal hydro, and other project types.

STAFF RECOMMENDATION

Staff recommends approval of a 2013 first deficit year assumption for capacity and a 2018 first deficit year assumption for energy as proposed by the Company. Staff further recommends

approval of the SAR Methodology avoided cost rates as contained in Attachment C to Staff's comments. Finally, Staff recommends that the rates be effective as of the date of Commission approval.

Respectfully submitted this 28^{\pm} day of February 2014.

a. Sasser_ Kristine A. Sasser

Deputy Attorney General

Technical Staff: Rick Sterling

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Calendar Vear	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fast	2013	2014	2013	2010	2017	2010	2017	2020	2021	2022
Thermal	6 200	6.626	6.460	6 454	6.454	6.454	6 454	6.454	6.454	6 454
Hydroelectric	137	140	140	135	125	122	125	125	125	125
Beneurable	157	140	140	133	155	152	155	155	155	155
Durchase	1 005	65	65	208	205	295	205	295	82	257
Purchase	1,005	011	011	398	285	285	285	285	257	257
Qualifying Facilities	83	73	73	73	73	73	73	73	73	25
Sale	(1.032)	(732)	(730)	(724)	(638)	(638)	(638)	(639)	(158)	(158)
Non-Owned Reserves	(103)	(103)	(138)	(138)	(138)	(138)	(138)	(138)	(138)	(138)
Transfers	750	829	737	672	678	683	1,124	1,122	1,124	706
East Existing Resources	7,125	7,529	7,236	6,953	6,932	6,934	7,378	7,375	7,829	7,361
Load	6,920	7.061	7,188	6,994	7.105	7.217	7.337	7,455	7.584	7,697
Existing Resources	- 1	.,	.,	-,	.,	.,	.,	.,	.,	.,
Interruntible	(141)	(143)	(155)	(155)	(155)	(155)	(155)	(155)	(155)	(155)
DSM	(370)	(370)	(370)	(370)	(379)	(100)	(370)	(370)	(370)	(370)
LOIVI Fast obligation	6 400	6 530	6 654	6 460	6571	6683	6 803	6 021	7 050	7 162
East obligation	0,400	0,339	0,034	0,400	0,3/1	0,005	0,005	0,921	7,050	7,105
Planning Reserves (13%)	832	850	865	840	854	869	884	900	917	931
East Reserves	832	850	865	840	854	869	884	900	917	931
East Obligation + Reserves	7,232	7,389	7,519	7,300	7,425	7,552	7,687	7,821	7,967	8,094
Fast Position	(107)	140	(283)	(347)	(493)	(618)	(309)	(446)	(138)	(733)
Fast Reserve Margin	11.3%	15.1%	8 7%	7.6%	5 5%	3 8%	8 5%	6.6%	11.0%	2 8%
West	11.570	10.170		1.070	5.570	5.070	0,570	0.070	11.070	2.070
Thermal	2 524	2 524	2 524	2 520	2 503	2 503	2 503	2 503	2 503	2 500
Incinal Undra electric	2,524	751	2,524	792	790	790	72,505	2,505	617	2,500
nyaroelectric	770	751	26	102	780	780	125	720	047	050
Renewable	36	36	36	36	36	36	36	36	36	19
Purchase	482	225	231	13	13	13	2	2	2	2
Qualifying Facilities	88	99	99	89	89	89	88	89	89	89
Sale	(260)	(260)	(160)	(110)	(110)	(110)	(110)	(110)	(109)	(103)
Non-Owned Reserves	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Transfers	(752)	(830)	(737)	(672)	(678)	(683)	(1, 124)	(1.124)	(1, 124)	(706)
West Existing Resources	2,885	2,536	2,760	2,649	2,624	2,619	2,109	2,113	2,035	2,442
Load	3 2 1 6	3 269	3 307	3 365	3 407	3 470	3 479	3 516	3 549	3.583
Evisting Resources:	5,210	5,205	5,501	5,505	5,107	5,170	5,115	5,510	5,5 15	0,000
Internatible	0	0	0	0	0	0	0	0	0	0
DSM	(30)	100	120	(30)	(29)	(20)	(38)	(28)	(78)	(39)
	(_0)	(20)	(10)	(20)	(20)	2 4 4 2	(20)	(20)	(20)	(20)
west obligation	3,188	3,241	3,279	3,337	3,3/9	3,442	5,451	3,400	3,341	3,333
Planning Reserves (13%)	414	421	426	434	439	447	449	453	458	462
West Reserves	414	421	426	434	439	447	449	453	458	462
West Obligation + Reserves	3.602	3.662	3.705	3.771	3.818	3.889	3.900	3.941	3.979	4.017
West Position	(717)	(1.126)	(945)	(1.122)	(1.194)	(1.270)	(1.701)	(1.828)	(1.944)	(1.575)
West Deserve Margin	(0.50%)	(21.8%)	(15.802)	(20.6%)	(72 30%)	(33.00%)	(38.00%)	(30 40%)	(12 20%)	(31 30.4)
west Keserve Margin	(7	(21.070)	(1.2.070)	(20.0%)	(_2.370)	(7>0)	(00.7?0)	(27,470)	("(0)	(01.0.10)
System Tetal Da	10.010	10.065	0.006	0.602	0.556	0.552	0 497	0.499	0.864	0.802
I otal Resources	10,010	10,005	9,990	9,002	9,330	9,555	9,48/	9,488	9,804	9,803
Obligation	9,588	9,780	9,933	9,797	9,950	10,125	10,254	10,409	10,571	10,/18
Reserves	1,246	1,271	1,291	1,274	1,294	1,316	1,333	1,353	1,374	1,393
Obligation + Reserves	10,834	11,051	11,224	11,071	11,244	11,441	11,587	11,762	11,945	12,111
System Position	(824)	(986)	(1,228)	(1,469)	(1,688)	(1,888)	(2.100)	(2,274)	(2.081)	(2.308)
Kesel ve iviai gin	4.40/	2 9%	0.6%	(2.0%)	(4.0%)	(5.6%)	(7 50%)	(0.00.)	(6.7%)	(8.2%0)

Table 5.12 – Updated Format: System Capacity Loads and Resources without Resource Additions

Figures 5.2 through 5.4 charts the table above for annual capacity position (resource surplus or deficits) for the system, west balancing area, and east balancing area, respectively. The east increase in 2014 is primarily due to the addition of Lake Side 2 natural gas plant.

Attachment A Staff Comments Case No. PAC-E-13-12 2/28/14





Attachment B Staff Comments Case No. PAC-E-13-12 2/28/14

PACIFICORP AVOIDED COST RATES FOR WIND PROJECTS March XX, 2014 \$/MWh

New Contracts and Replacement Contracts without Full Capacity Payments

Eligibility for these rates is limited to projects 100 kW or smaller.

		L	NON-LEVELIZED					
CONTRACT LENGTH			ON-LIN	CONTRACT	NON-LEVELIZED			
(YEARS)	2014	2015	2016	2017	2018	2019	YEAR	RATES
1	31.88	33.21	38.16	40.79	44.22	46.66	2014	31.88
2	32.52	35.59	39.42	42.44	45.39	47.60	2015	33.21
3	34.26	37.19	40.90	43.74	46.38	48.85	2016	38.16
4	35.71	38.75	42.18	44.82	47.55	50.25	2017	40.79
5	37.16	40.10	43.27	45.99	48.85	51.60	2018	44.22
6	38.45	41.26	44.42	47.24	50.12	52.67	2019	46.66
7	39.59	42.43	45.63	48.46	51.17	53.60	2020	48.61
8	40.73	43.63	46.80	49.50	52.09	54.42	2021	51.66
9	41.89	44.79	47.82	50.41	52.91	55.13	2022	55.18
10	43.01	45.80	48.72	51.23	53.62	55.81	2023	58.13
11	44.00	46.71	49.54	51.96	54.31	56.49	2024	59.48
12	44.89	47.54	50.26	52.65	54.98	57.15	2025	60.92
13	45.70	48.27	50.95	53.32	55.63	57.82	2026	62.30
14	46.43	48.96	51.62	53.97	56.29	58.50	2027	63.28
15	47.12	49.63	52.26	54.61	56.96	59.20	2028	65.05
16	47.77	50.27	52.89	55.27	57.63	59.93	2029	67.01
17	48.40	50.90	53.53	55.92	58.34	60.72	2030	69.02
18	49.02	51.53	54.17	56.61	59.09	61.54	2031	71.50
19	49.64	52.15	54.83	57.33	59.88	62.40	2032	74.37
20	50.24	52.79	55.52	58.08	60.69	63.30	2033	77.39
							2034	81.39
							2035	86.41
							2036	91.67
							2037	97.11
							2038	103.33
							2039	107.02

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at http://www.eia.gov/oiaf/aeo/tablebrowser/.

PACIFICORP Page 1

Attachment C Staff Comments Case No. PAC-E-13-12 2/28/14 Page 1 of 5

PACIFICORP AVOIDED COST RATES FOR SOLAR PROJECTS March XX, 2014 \$/MWh

New Contracts and Replacement Contracts without Full Capacity Payments

Eligibility for these rates is limited to projects 100 kW or smaller.

		L	NON	-LEVELIZED				
CONTRACT LENGTH			ON-LIN	IE YEAR			CONTRACT	NON-LEVELIZED
(YEARS)	2014	2015	2016	2017	2018	2019	YEAR	RATES
1	57.72	59.43	64.76	67.78	71.60	74.44	2014	57.72
2	58.54	61.99	66.21	69.62	72.97	75.58	2015	59.43
3	60.46	63.78	67.87	71.10	74.15	77.02	2016	64.76
4	62.08	65.51	69.33	72.37	75.51	78.61	2017	67.78
5	63.71	67.04	70.60	73.71	76.99	80.14	2018	71.60
6	65.17	68.37	71.92	75.15	78.43	81.40	2019	74.44
7	66.47	69.70	73.30	76.54	79.66	82.50	2020	76.80
8	67.77	71.07	74.64	77.75	80.75	83.50	2021	80.26
9	69.09	72.39	75.82	78.83	81.73	84.38	2022	84.21
10	70.37	73.56	76.89	79.81	82.62	85.23	2023	87.58
11	71.51	74.62	77.86	80.69	83.46	86.07	2024	89.36
12	72.55	75.60	78.74	81.54	84.29	86.89	2025	91.23
13	73.50	76.48	79.57	82.36	85.10	87.71	2026	93.06
14	74.37	77.31	80.38	83.15	85.90	88.55	2027	94.49
15	75.20	78.12	81.17	83.95	86.72	89.39	2028	96.71
16	75.99	78.90	81.94	84.74	87.53	90.27	2029	99.14
17	76.75	79.66	82.71	85.53	88.38	91.20	2030	101.62
18	77.49	80.41	83.48	86.34	89.26	92.16	2031	104.58
19	78.23	81.16	84.27	87.19	90.18	93.15	2032	107.94
20	78.96	81.93	85.08	88.07	91.12	94.18	2033	111.44
							2034	115.94
							2035	121.47
							2036	127.25
							2037	133.21
							2038	139.96
							2039	144.19

Note: These rates will be further adjusted with the applicable integration charge.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at http://www.eia.gov/oiaf/aeo/tablebrowser/.

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Attachment C Staff Comments Case No. PAC-E-13-12 2/28/14 Page 2 of 5

PACIFICORP

AVOIDED COST RATES FOR NON-SEASONAL HYDRO PROJECTS March XX, 2014

\$/MWh

New Contracts and Replacement Contracts without Full Capacity Payments

Eligibility for these rates is limited to projects smaller than 10 aMW.

		L	NON	-LEVELIZED				
CONTRACT LENGTH			ON-LIN	CONTRACT	NON-LEVELIZED			
(YEARS)	2014	2015	2016	2017	2018	2019	YEAR	RATES
	55.04	50.00	00.47	05.40	00.04	74.74	0011	55.04
1	55.21	56.89	62.17	65.16	68.94	/1./4	2014	55.21
2	56.02	59.43	63.61	66.98	70.29	72.86	2015	56.89
3	57.91	61.19	65.25	68.45	/1.45	74.28	2016	62.17
4	59.52	62.92	66.69	69.69	72.79	75.86	2017	65.16
5	61.13	64.42	67.95	71.02	74.26	77.37	2018	68.94
6	62.58	65.74	69.25	72.44	75.68	78.61	2019	71.74
7	63.86	67.05	70.61	73.81	76.89	79.70	2020	74.06
8	65.15	68.40	71.94	75.00	77.97	80.67	2021	77.48
9	66.45	69.71	73.10	76.07	78.94	81.54	2022	81.39
10	67.71	70.87	74.15	77.04	79.80	82.37	2023	84.72
11	68.84	71.91	75.11	77.90	80.63	83.19	2024	86.46
12	69.86	72.87	75.97	78.73	81.45	84.00	2025	88.29
13	70.81	73.74	76.80	79.54	82.24	84.81	2026	90.07
14	71.66	74.56	77.59	80.32	83.03	85.63	2027	91.46
15	72.47	75.35	78.36	81.10	83.83	86.46	2028	93.64
16	73.25	76.12	79.12	81.88	84.63	87.32	2029	96.02
17	74.00	76.87	79.88	82.66	85.46	88.24	2030	98.45
18	74.73	77.61	80.64	83.46	86.33	89.19	2031	101.37
19	75.45	78.35	81.41	84.29	87.24	90.17	2032	104.68
20	76.17	79.10	82.21	85.16	88.17	91.18	2033	108.14
							2034	112.59
							2035	118.07
							2036	123.79
							2037	129.71
							2038	136.40
							2039	140.58

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at http://www.eia.gov/oiaf/aeo/tablebrowser/.

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PACIFICORP AVOIDED COST RATES FOR SEASONAL HYDRO PROJECTS March XX, 2014

\$/MWh

New Contracts and Replacement Contracts without Full Capacity Payments

Eligibility for these rates is limited to projects smaller than 10 aMW.

inter par		. L	NON-LEVELIZED					
CONTRACT LENGTH			ON-LIN	CONTRACT	NON-LEVELIZED			
(YEARS)	2014	2015	2016	2017	2018	2019	YEAR	RATES
1	72.79	74.73	80.27	83.52	87.58	90.65	2014	72.79
2	73.72	77.39	81.84	85.47	89.05	91.90	2015	74.73
3	75.74	79.28	83.60	87.07	90.34	93.45	2016	80.27
4	77.47	81.12	85.17	88.44	91.81	95.16	2017	83.52
5	79.19	82.75	86.55	89.89	93.40	96.79	2018	87.58
6	80.75	84.18	87.96	91.42	94.95	98.16	2019	90.65
7	82.15	85.61	89.44	92.92	96.28	99.36	2020	93.25
8	83.55	87.07	90.88	94.22	97.47	100.46	2021	96.95
9	84.96	88.49	92.16	95.40	98.55	101.44	2022	101.14
10	86.32	89.75	93.31	96.48	99.53	102.39	2023	104.75
11	87.55	90.91	94.38	97.45	100.47	103.32	2024	106.79
12	88.68	91.97	95.34	98.39	101.39	104.23	2025	108.91
13	89.72	92.93	96.27	99.30	102.28	105.15	2026	111.00
14	90.67	93.85	97.16	100.18	103.18	106.07	2027	112.70
15	91.58	94.74	98.03	101.05	104.08	107.00	2028	115.18
16	92.44	95.59	98.88	101.93	104.97	107.97	2029	117.89
17	93.28	96.43	99.73	102.80	105.90	108.97	2030	120.63
18	94.10	97.26	100.58	103.69	106.86	110.02	2031	123.87
19	94.91	98.09	101.44	104.62	107.86	111.09	2032	127.52
20	95.71	98.92	102.32	105.57	108.87	112.19	2033	131.31
							2034	136.10
							2035	141.92
							2036	148.00
							2037	154.27
							2038	161.32
							2039	165.87

Note: A "seasonal hydro project" is defined as a generation facility which produces at least 55% of its annual generation during the months of June, July, and August. Order 32802.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at http://www.eia.gov/oiaf/aeo/tablebrowser/.

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PACIFICORP AVOIDED COST RATES FOR OTHER PROJECTS March XX, 2014 \$/MWh

New Contracts and Replacement Contracts without Full Capacity Payments

Eligibility for these rates is limited to projects smaller than 10 aMW.

		L	NON-LEVELIZED					
CONTRACT LENGTH			ON-LIN	CONTRACT	NON-LEVELIZED			
(YEARS)	2014	2015	2016	2017	2018	2019	YEAR	RATES
	40.40	10.00	FE 47	E9 0E	61 72	64.40	2014	48.40
	48.40	49.98	55.17	56.05	61.73	64.42	2014	48.40
2	49.16	52.47	50.55	59.62	63.02	65.49	2015	49.98
3	51.01	54.19	56.15	01.24	04.14	00.00	2016	55.17
4	52.57	55.86	59.54	62.44	65.43	68.39	2017	58.05
5	54.13	57.32	60.75	63.72	00.00	69.85	2018	61.73
6	55.54	58.59	62.00	65.08	68.23	71.04	2019	64.42
	56.78	59.87	63.32	66.42	69.39	72.08	2020	66.64
8	58.02	61.17	64.60	67.56	70.41	73.01	2021	69.95
9	59.28	62.44	65.73	68.58	71.34	73.83	2022	73.74
10	60.50	63.55	66.73	69.51	72.16	74.62	2023	76.96
11	61.59	64.56	67.65	70.33	72.95	75.40	2024	78.59
12	62.58	65.48	68.47	71.12	73.72	76.16	2025	80.30
13	63.48	66.31	69.26	71.89	74.47	76.93	2026	81.97
14	64.30	67.09	70.01	72.63	75.23	77.71	2027	83.24
15	65.07	67.85	70.74	73.37	75.99	78.51	2028	85.30
16	65.82	68.57	71.47	74.11	76.75	79.33	2029	87.56
17	66.53	69.29	72.19	74.86	77.55	80.21	2030	89.86
18	67.23	70.00	72.91	75.62	78.38	81.12	2031	92.65
19	67.92	70.70	73.65	76.42	79.25	82.07	2032	95.84
20	68.60	71.42	74.42	77.26	80.15	83.04	2033	99.16
							2034	103.48
							2035	108.83
							2036	114.42
							2037	120.20
							2038	126.75
							2039	130.78

Note: "Other projects" refers to projects other than wind, solar, non-seasonal hydro, and seasonal hydro projects. These "Other projects" may include (but are not limited to): cogeneration, biomass, biogas, landfill gas, or geothermal projects.

Note: The rates shown in this table have been computed using the U.S. Energy Information Administration (EIA)'s Annual Energy Outlook 2013 released May 2, 2013. See "Annual Energy Outlook 2013, All Tables, Energy Prices by Sector and Source, Mountain, Reference case" at http://www.eia.gov/oiaf/aeo/tablebrowser/.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 28TH DAY OF FEBRUARY 2014, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-13-12, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

TED WESTON ID REG AFFAIRS MANAGER ROCKY MOUNTAIN POWER 201 S MAIN ST STE 2300 SALT LAKE CITY UT 84111 DANIEL E SOLANDER SENIOR COUNSEL ROCKY MOUNTAIN POWER 201 S MAIN ST STE 2300 SALT LAKE CITY UT 84111

DATA REQUEST RESPONSE CENTER **E-MAIL ONLY:** datarequest@pacificorp.com

SECRETARY

CERTIFICATE OF SERVICE