

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP'S)
APPLICATION TO APPROVE ITS POWER) **CASE NO. PAC-E-15-06**
PURCHASE AGREEMENT WITH)
BRIGHAM YOUNG UNIVERSITY-IDAHO) **ORDER NO. 33317**
_____)

On May 1, 2015, PacifiCorp dba Rocky Mountain Power (the Company) filed an Application asking the Commission to approve its Power Purchase Agreement with Brigham Young University-Idaho (BYU-Idaho). Under the Agreement, BYU-Idaho would sell, and the Company would purchase, electric power generated by BYU's natural gas/oil fueled generating facility (Facility) in Rexburg, Idaho. The Company requested that the Commission process the Application under Modified Procedure, Rules 202-204 (IDAPA 31.01.01.202-.204).

On May 12, 2015, the Commission issued a Notice of Application and Notice of Modified Procedure, setting a 21-day comment period. Commission Staff was the only party to file written comments. The Company advised Staff it did not intend to file a reply. The Commission now approves the Application.

BACKGROUND

Around April 23, 2015, the Company entered into a Power Purchase Agreement (PPA) with BYU-Idaho pursuant to the terms and conditions of various Commission Orders, and under the federal Public Utility Regulatory Policies Act (PURPA). Application at 2, *citing*, Order Nos. 32697, 32737, 32802. Under PURPA, electric utilities must purchase electric power from "qualifying facilities" (QFs) at rates approved by the applicable state regulatory agency – in Idaho, this Commission. 16 U.S.C. § 824a-3; *Idaho Power v. Idaho PUC*, 155 Idaho 780, 789, 316 P.3d 1278, 1287 (2013). The purchase or "avoided cost" rate shall not exceed the "incremental cost" to the utility, defined as the cost of energy which, "but for the purchase from [the QF], such utility would generate or purchase from another source." 16 U.S.C. § 824a-3(d); 18 C.F.R. § 292.101(6) (defining "avoided cost"). The Company states that the BYU-Idaho facility is a co-generation QF under PURPA and has a nameplate rating of 5.6 MW. Application at 1-3. The parties have agreed to a two-year contract.

THE AGREEMENT

“Under the terms of the Agreement, [BYU-Idaho] elected to contract with the Company for a two-year term from the commercial operation date of the Facility.” *Id.* at 3. The Company will pay non-levelized rates for the power provided by BYU-Idaho. *Id.* The PPA provides that it will not become effective “until the Commission has approved it and determined that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by [the Company] for purchasing capacity and energy from [BYU-Idaho] are legitimate expenses.” *Id.* The PPA includes provisions regarding the curtailment or disconnection of BYU-Idaho’s Facility from PacifiCorp’s system. The Company asserts that BYU-Idaho is aware of these provisions and has accepted them. *Id.* at 4

STAFF COMMENTS

Staff reviewed the Application and attachments. Staff notes that the proposed rates were generated using the Avoided Cost Model (July 30, 2014 version) and confirms that the proposed rates are correct, and consistent with Order No. 32817. Staff Comments at 2. Staff further determined that all other terms and conditions in the proposed Agreement are consistent with prior Commission Orders. Staff therefore recommended that the Commission approve all of the Agreement’s terms and conditions and declare that all payments made by the Company to BYU-Idaho to purchase power will be allowed as prudently incurred expenses for ratemaking purposes.

DISCUSSION AND FINDINGS

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues raised in this matter under the authority and power granted it under Title 61 of the Idaho Code and PURPA. The Commission has authority under PURPA and Federal Energy Regulatory Commission (FERC) regulations to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules.

The Commission has reviewed the record in this case, including the Application, the Agreement, and the comments of Commission Staff. We find that the BYU-Idaho project is qualified to receive the non-levelized published avoided cost rates contained in the Agreement. We further find that the proposed Agreement contains acceptable contract provisions consistent with PURPA, FERC regulations, and this Commission’s prior Orders. We find it reasonable to

allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that PacifiCorp dba Rocky Mountain Power's Application to approve its Power Purchase Agreement with BYU-Idaho is approved without change or condition. We further declare that all payments made by PacifiCorp to BYU-Idaho for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

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.

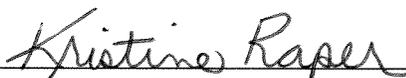
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th day of June 2015.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:PAC-E-15-06_djh2