

DAPHNE HUANG
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 8370

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UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP'S)	
APPLICATION TO APPROVE POWER)	CASE NO. PAC-E-15-06
PURCHASE AGREEMENT WITH BRIGHAM)	
YOUNG UNIVERSITY – IDAHO.)	COMMENTS OF THE
)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, and in response to the Notice of Application and Notice Modified Procedure issued May 12, 2015, submits the following comments.

BACKGROUND

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 gas/oil fueled generating facility (Facility) in Rexburg, Idaho.

The Company entered into a Power Purchase Agreement (PPA), dated April 23, 2015, 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.

“[U]nder 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 ANALYSIS

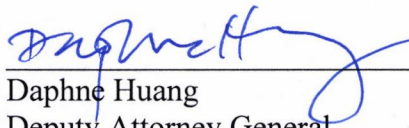
Staff has reviewed the proposed rates and confirms that they are correct and consistent with Order No. 32817¹. All other terms and conditions contained in the proposed Agreement are consistent with prior Commission orders.

¹ The rates are generated using Avoided Cost Model Order No. 32817, July 30, 2014 version.

RECOMMENDATIONS

Staff recommends that the Commission approve all of the Agreement's terms and conditions and declare that all payments made by Rocky Mountain Power to Brigham Young University – Idaho for purchase of energy will be allowed as prudently incurred expenses for ratemaking purposes.

Respectfully submitted this 2nd day of June 2015.



Daphne Huang
Deputy Attorney General

Technical Staff: Rick Sterling
Yao Yin

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 2nd DAY OF JUNE 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-15-06, 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
E-MAIL: ted.weston@pacificorp.com

YVONNE HOGLE
ROCKY MOUNTAIN POWER
201 S MAIN ST STE 2300
SALT LAKE CITY UT 84111
E-MAIL: yvonne.hogel@pacificorp.com

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


SECRETARY