BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP DBA)	
ROCKY MOUNTAIN POWER'S)	CASE NO. PAC-E-15-11
APPLICATION TO APPROVE ITS POWER)	
PURCHASE AGREEMENT WITH)	ORDER NO. 33405
CONSOLIDATED IRRIGATION COMPANY)	

On September 18, 2015, PacifiCorp dba Rocky Mountain Power (the Company) filed an Application asking the Commission to approve its Power Purchase Agreement with Consolidated Irrigation Company (CIC). Under the Agreement, CIC would sell, and the Company would purchase, electric energy generated from CIC's facility – a qualifying facility under the Public Utility Regulatory Policies Act – in Preston, Idaho.

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

On September 11, 2015, Rocky Mountain entered into its Agreement with CIC pursuant to the terms and conditions of various Commission Orders, and under PURPA. Application at 2-3, *citing*, Order Nos. 33305, 30480, Errata to 30480. Under PURPA, electric utilities must purchase electric power from "qualifying facilities" (QFs) at rates approved by 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"). Rocky Mountain states CIC's facility is a hydroelectric QF under PURPA with a capacity rating of 481 kilowatts (kW). Application at 2.

THE AGREEMENT

"Under the terms of the Agreement, [CIC] elected to contract with the Company for a term of approximately 20 years." *Id.* Rocky Mountain agreed to pay non-levelized, Conforming Energy or Non-Conforming Energy Purchase Prices for the power provided by CIC. *Id.* The Agreement 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 and in the public interest, and that all of the costs incurred by [Rocky Mountain] for purchasing capacity and energy from CIC are legitimate expenses." *Id.* at 3. Rocky Mountain anticipates CIC will achieve its commercial operation date before its effective date. *Id.*

STAFF COMMENTS

Staff reviewed the Application and attachments. Staff confirmed that the proposed rates are correct and that all other terms and conditions in the proposed Agreement are consistent with prior Commission Orders. Staff therefore recommended the Commission approve all of the Agreement's terms and conditions and declare that all payments made by the Company to CIC 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, 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 CIC 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's Application to approve its Power Purchase Agreement with CIC is approved without change or condition. We further declare that all payments made by PacifiCorp to CIC 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 27^{th} day of October 2015.

PAUL KJELLANDER PRESIDENT

MARSHA H. SMITH, COMMISSIONER

KRISTINE RAPER, COMMISSIONER

ATTEST:

Jehn D. Jewell/ Commission Secretary

O:PAC-E-15-11_djh2