

## **DECISION MEMORANDUM**

**TO:           COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF**

**FROM:       DAPHNE HUANG  
DEPUTY ATTORNEY GENERAL**

**DATE:       JANUARY 15, 2016**

**SUBJECT:   ROCKY MOUNTAIN POWER’S APPLICATION TO APPROVE  
ELECTRIC SERVICE SCHEDULE NO. 38, QUALIFYING FACILITY  
AVOIDED COST PROCEDURES, CASE NO. PAC-E-16-01**

In Order No. 33357, the Commission directed PacifiCorp dba Rocky Mountain Power Company (Company or Rocky Mountain) to file a tariff schedule outlining the Company’s negotiating process under the Public Utility Regulatory Policies Act of 1978 (PURPA). On January 13, 2016, pursuant to that directive, Rocky Mountain filed an Application for an Order authorizing it to implement Electric Service Schedule No. 38 – Qualified Facility Avoided Cost Procedures. Schedule No. 38 will govern the Company’s negotiating practices and queue management related to power purchase agreements (PPAs) executed under PURPA. The Company asked that its Application be processed by Modified Procedure.

### **BACKGROUND**

In February 2015, Rocky Mountain petitioned the Commission for approval to modify terms and conditions related to PURPA PPAs, and – as relevant here – to modify the Company’s “indicative” or “incremental” pricing practice in its Integrated Resource Plan Avoided Cost methodology. Application at 2; Order No. 33357 at 26. As to the indicative pricing practice, the Commission found it reasonable and appropriate to create “a queue to track the order in which QF projects have entered negotiations with a utility, so that incremental pricing can be calculated to reflect the actual impacts of each project.” Order No. 3357 at 28. Accordingly, the Commission directed Rocky Mountain “to file a tariff schedule . . . which outlines its PURPA negotiating process.” *Id.* The Commission further provided, “The schedule should include specific criteria for management of the queue to eliminate uncertainty and to

facilitate negotiations between Rocky Mountain and [qualifying facilities (QFs) under PURPA].”  
*Id.*

### **ELECTRIC SERVICE SCHEDULE NO. 38**

Rocky Mountain states that the purpose of proposed Schedule No. 38 is “to efficiently provide the steps and schedule for both the Company and developers that will govern the determination of indicative avoided cost pricing for a proposed QF project.” Application at 2. “Schedule 38 lists the information required by the Company to prepare indicative prices for a proposed QF project, includes a timeline and actions to be followed by developers to receive a PPA as well as the consequences for failure to comply with the tariff.” *Id.* In support of its Application to approve Schedule No. 38, the Company attached testimony by Kyle T. Moore, Originator/Power Marketer for Rocky Mountain, further explaining the purpose and development of Schedule 38.

### **STAFF RECOMMENDATION**

Staff recommends that the Application be processed by Modified Procedure with a 21-day comment period.

### **COMMISSION DECISION**

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure with a 21-day comment period?

*/s/ Daphne Huang*  
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Daphne Huang  
Deputy Attorney General

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