

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	CASE NO. PAC-E-17-13
OF ROCKY MOUNTAIN POWER TO	)	
UPDATE THE LOAD AND GAS	)	NOTICE OF APPLICATION
FORECASTS USED IN THE INTEGRATED	)	
RESOURCE PLAN AVOIDED COST	)	NOTICE OF
MODEL	)	MODIFIED PROCEDURE
	)	
	)	ORDER NO. 33924

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On October 13, 2017, Rocky Mountain Power, a division of PacifiCorp, filed its annual update to certain components of its avoided cost rate calculation for qualifying facilities (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, Rocky Mountain Power updated the load forecast, natural gas forecast, and contract information components that it uses to calculate avoided cost rates under the incremental cost Integrated Resource Plan (IRP) method. Rocky Mountain Power asks the Commission to issue an Order approving the updated information for inclusion in the Company's IRP avoided cost calculations with an October 15, 2017 effective date. With this Order, the Commission provides notice of the Company's Application and notice that interested persons may file written comments about the Application.

### BACKGROUND

Under PURPA, electric utilities must purchase electric energy from QFs at rates approved by the applicable state agency—in Idaho, this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 780, 316 P.3d 1278, 1287 (2013). The purchase or “avoided cost” rate shall not exceed the “‘incremental cost’ to the purchasing utility of power which, but for the purchase of power from the QF, such utility would either generate itself or purchase from another source.” Order No. 32697 at 7, citing *Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 917 P.2d 781 (1996); 18 C.F.R. § 292.101(b)(6)(defining “avoided cost”).

The Commission has established two methods of calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (SAR) method, and (2) the IRP method. See Order No. 32697 at 7-8. The Commission uses the SAR method to establish what are commonly referred to as “published” avoided cost rates. *Id.* Published rates are available for

wind and solar QFs<sup>1</sup> with a design capacity of up to 100 kilowatts (kW), and for QFs of all other resource types with a design capacity of up to 10 average megawatts (aMW). On the other hand, if a QF's design capacity is above the published rate eligibility caps, the utility must use the IRP method to negotiate a project-specific avoided cost rate with the QF. *Id.* at 2; Order No. 32176. The IRP method accounts for "many different variables and produces a[n avoided cost] result based on each individual utility's need for energy." Order No. 32697 at 17. The IRP method's variables are at issue here.

With respect to the IRP method, the Commission requires utilities to update fuel price forecasts and load forecasts each year on October 15. Order No. 32802 at 3. All other IRP method variables and assumptions remain fixed between the biennial IRP filings. Order No. 32697 at 22. The Commission expects the utility's load and resource balance to account for long-term contract commitments, and PURPA contracts that have terminated or expired. *Id.*

#### **NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that, with this Application, Rocky Mountain Power updates its load forecast, natural gas forecast, and contract information. The Company explains that if the Commission approves the updates, the Company will incorporate them into its IRP avoided cost model and use the model to begin negotiating contractual avoided cost rates as of October 15, 2017. Application at 2.

YOU ARE FURTHER NOTIFIED that Rocky Mountain Power's updated load forecast is from July 2017 and "shows a slight decrease in load compared to the July 2016 load forecast provided in Case No. PAC-E-16-15 and approved by the Commission in Order No. 33647." *Id.* Rocky Mountain Power provides both the July 2017 and the July 2016 load forecasts for years 2017 through 2037. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that Rocky Mountain Power's updated natural gas forecast was prepared on September 29, 2017 and "indicates, on average, a slight increase in the average natural gas forecast prices over the next 20 years in comparison to" the 2016 natural gas forecast used in its last update. *Id.* at 4. Rocky Mountain Power provides both the 2017 and the 2016 forecasts for years 2017 through 2036. *Id.* at 5.

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<sup>1</sup> See Order No. 33785 (regarding battery storage facilities).

YOU ARE FURTHER NOTIFIED that, regarding contract additions and terminations, Rocky Mountain Power explains that it has signed 19 long-term contracts, 18 of which are with QFs, for a total nameplate capacity of 672.2 megawatts (MW). *Id.* at 4. Two long-term contracts with a combined nameplate capacity of 4.8 MW have terminated. *Id.* The Company provides a list of the contract additions and terminations in Attachment A to the Application. The Company indicates it continuously includes new power purchase agreements, terminated or expired contracts, and new contract pricing in its avoided cost IRP model. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that the Company's Application has been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under "File Room" and then "Electric Cases."

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-.204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this filing may file a written comment with the Commission **no later than December 1, 2017**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing may be mailed to the Commission and Rocky Mountain Power at the addresses reflected below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5918

Ted Weston  
Idaho Regulatory Affairs Manager  
Rocky Mountain Power  
1407 West North Temple, Suite 330  
Salt Lake City, UT 84116  
E-mail: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)  
[Idahodockets@pacificorp.com](mailto:Idahodockets@pacificorp.com)

Daniel E. Solander  
Senior Counsel  
Rocky Mountain Power  
1407 West North Temple, Suite 320  
Salt Lake City, UT 84116  
E-mail: [daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if any, **no later than December 15, 2017**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and specifically *Idaho Code* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.


YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

### **ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Interested persons shall have until December 1, 2017 to

file written comments. The Company shall have until December 15, 2017 to file reply comments, if any.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *31<sup>st</sup>* day of October 2017.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary

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