

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF UPDATES TO
PUBLISHED AVOIDED COST RATES**

) **CASE NOS. AVU-E-19-05**
) **IPC-E-19-13**
) **PAC-E-19-05**
)
) **NOTICE OF APPLICATIONS**
)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **ORDER NO. 34318**

Pursuant to the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and the implementing regulations of the Federal Energy Regulatory Commission (“FERC”), the Idaho Public Utilities Commission (“Commission”) uses the Surrogate Avoided Resource (“SAR”) methodology to calculate published avoided cost rates. The Commission has used the SAR method since Idaho began implementing PURPA in the early 1980’s. Order No. 32697 at 7. QFs in Idaho that are ineligible for published avoided cost rates may individually negotiate PURPA contracts with the utilities using the Integrated Resource Plan (“IRP”) pricing method. *See id.* at 17.

The Commission’s SAR model currently uses a natural gas combined cycle combustion turbine as the surrogate resource for determining the marginal cost of energy. *Id.* Because published avoided cost rates are based on the costs that would be incurred by a natural gas facility, the natural gas price forecast is a key input in the SAR model. The natural gas forecast price is updated annually in the SAR model following the release of the Annual Energy Outlook by the Energy Information Administration (“EIA”). Order Nos. 32697, 32802.

Additionally, Staff proposes updating the SAR model for each utility to reflect changes in the federal and state corporate tax rates. Staff also proposes updating Avista’s SAR model to reflect the cost of capital approved in Avista’s last general rate case.

On April 12, 2019, Commission Staff sent letters to Idaho Power, Avista, and Rocky Mountain Power (“Companies”) explaining the proposed updates to the SAR method. Staff included the updated published avoided cost rates, and asked the Companies to file comments with the Commission on the Applications by no later than May 16, 2019. Staff’s letters to the utilities serve as Applications in these dockets. *See* Commission Rules 51 and 52.

NOTICE OF APPLICATIONS
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ORDER NO. 34318

The Commission now issues this Notice of Applications and Notice of Modified Procedure setting comment and reply deadlines in each docket.

NOTICE OF APPLICATIONS

YOU ARE HEREBY NOTIFIED that Staff proposes to update inputs to the SAR model, which will update the published avoided cost rates for the Companies.

YOU ARE FURTHER NOTIFIED that Staff proposes to update the natural gas price input using the EIA's 2019 Annual Energy Outlook forecast for the Mountain Region.

YOU ARE FURTHER NOTIFIED that Staff proposes to update the federal and state corporate tax rates applicable to the Companies using the tax rates established in the federal Tax Cuts and Jobs Act of 2017 and Idaho House Bill 463.

YOU ARE FURTHER NOTIFIED that Staff proposes to update Avista's cost of capital, as established in AVU-E-17-01.

YOU ARE FURTHER NOTIFIED that copies of the proposed updated rates were sent to each utility for verification. The proposed updated rates are attached to the Applications in these dockets, and are available for public review.

YOU ARE FURTHER NOTIFIED that the Applications are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, then select "Electric Cases" and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in these cases will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-502 and 61-503.

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

NOTICE OF MODIFIED PROCEDURE

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

NOTICE OF APPLICATIONS

NOTICE OF MODIFIED PROCEDURE

ORDER NO. 34318

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on these Applications **may file a written comment in support or opposition with the Commission by no later than May 16, 2019.** 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 these Applications shall be mailed to the Commission and the Companies at the addresses reflected below:

**For the Idaho Public Utilities
Commission:**

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

For Idaho Power Company:

Donovan E. Walker
Michael Darrington
Idaho Power Company
1221 West Idaho Street 83702
P.O. Box 70
Boise, ID 83707-0070
E-Mail: dwalker@idahopower.com
MDarrington@idahopower.com

For Avista Corporation:

Michael Andrea
Clint Kalich
Avista Utilities
1411 E. Mission
PO Box 3727
Spokane, WA 99220-3727
michael.andrea@avistacorp.com
clint.kalich@avistacorp.com

For Rocky Mountain Power:

Yvonne Hogle
Ted Weston
Daniel MacNeil
PacifiCorp dba Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, UT 84116
yvonne.hogle@pacificorp.com
ted.weston@pacificorp.com
daniel.macneil@pacificorp.com

These comments should contain the case captions and case numbers 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. Click the "Consumers" tab then click the "Case Comment or Question Form" and complete the comment form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that Staff shall file reply comments, if necessary, **by no later than May 23, 2019.**

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.

ORDER

IT IS HEREBY ORDERED that the Applications of Staff be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by May 16, 2019. Staff may file reply comments by no later than May 23, 2019.

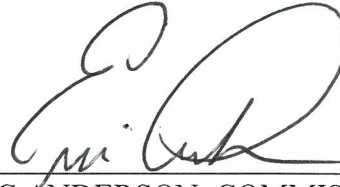
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *22nd*
day of April 2019.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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