

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NO. PAC-E-17-09</b>
<b>OF PACIFICORP DBA ROCKY</b>	)	
<b>MOUNTAIN POWER COMPANY TO</b>	)	<b>NOTICE OF APPLICATION</b>
<b>APPROVE ITS CAPACITY DEFICIENCY</b>	)	
<b>PERIOD FOR AVOIDED COST</b>	)	<b>NOTICE OF</b>
<b>CALCULATIONS</b>	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 33869</b>

---

On August 18, 2017, PacifiCorp dba Rocky Mountain Power Company filed an Application asking the Commission to approve its updated capacity deficiency period for use in its avoided cost calculations under the Public Utility Regulatory Policies Act (PURPA), using the Surrogate Avoided Resource (SAR) methodology. The Company asked that the Application be processed under Modified Procedure.

**BACKGROUND**

Under PURPA, electric utilities must purchase electric energy 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 Co. 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 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) methodology, and (2) the integrated resource plan (IRP) methodology. *See* Order No. 32697 at 7-8. At issue in this case is the SAR methodology, which the Commission uses to establish “published” avoided cost rates. *Id.* Published rates are available for wind and solar QFs 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). *Id.*

In calculating avoided cost, the Commission found it “reasonable, appropriate and in the public interest to compensate QFs separately based on a calculation of not only the energy

they produce, but the capacity that they can provide to the purchasing utility.” *Id.* at 16. As to the capacity calculation, the Commission found it appropriate “to identify each utility’s capacity deficiency based on load and resource balances found in each utility’s IRP.” *Id.* The Commission elaborated:

In calculating a QF’s ability to contribute to a utility’s need for capacity, we find it reasonable for the utilities to only begin payments for capacity at such time that the utility becomes capacity deficient. If a utility is capacity surplus, then capacity is not being avoided by the purchase of QF power. By including a capacity payment only when the utility becomes capacity deficient, the utilities are paying rates that are a more accurate reflection of a true avoided cost for the QF power.

*Id.* at 21.

The Commission directed that “when a utility submits its [IRP] to the Commission, a case shall be initiated to determine the capacity deficiency to be utilized in the SAR Methodology.” *Id.* at 23. The Commission also stated “utilities must update fuel price forecasts and load forecasts annually – between IRP filings. . . . We find it reasonable that all other variables and assumptions utilized within the IRP Methodology remain fixed between IRP filings (every two years).” *Id.* at 22.

#### **NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Rocky Mountain’s Application states it filed its 2017 IRP (Case No. PAC-E-17-03) with the Commission on April 4, 2017. The Company’s 2017 IRP includes the results of its capacity balance, which is “calculated for summer peak loads only.” Application at 3. Also, the 2017 IRP “shows that the Company first becomes capacity deficient in 2028.” *Id.*

YOU ARE FURTHER NOTIFIED that Rocky Mountain identifies two factors affecting the capacity deficit period reflected in its 2017 IRP: (1) power purchase agreements with QFs signed since preparation of the 2017 IRP; and (2) termination of a power purchase agreement originally included in the 2017 IRP. *Id.* at 4. After accounting for these factors, Rocky Mountain states that its “capacity deficit still first occurs in the summer of 2028.” *Id.*

YOU ARE FURTHER NOTIFIED that Rocky Mountain’s Application includes Table 2, which shows “updated system capacity loads and resources.” *Id.* Table 2 reflects the inclusion of 460 MW of nameplate capacity from nine additional QF contracts, as well as the removal of one QF contract, thus eliminating five MW of nameplate capacity. *Id.* at 4-5. The

Company asks the Commission to approve a capacity deficiency period, for calculating SAR based avoided cost rates, of summer 2028.

### 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 through .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 Application may file a written comment in support or opposition with the Commission within **twenty-one (21) days from the service date of this Order**. 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 Application shall be mailed to the Commission and Rocky Mountain at the addresses reflected below:

Commission Secretary	Ted Weston
Idaho Public Utilities Commission	Yvonne R. Hogle
PO Box 83720	Rocky Mountain Power
Boise, ID 83720-0074	1407 West North Temple, Ste. 330
	Salt Lake City, UT 84116
Street Address for Express Mail:	E-mail: <a href="mailto:ted.weston@pacificorp.com">ted.weston@pacificorp.com</a>
	<a href="mailto:yvonne.hogle@pacificorp.com">yvonne.hogle@pacificorp.com</a>
472 W. Washington Street	
Boise, ID 83702-5918	Ron Scheirer
	PacifiCorp
	825 NE Multnomah, Ste. 600
	Portland, OR 97232
	E-mail: <a href="mailto:ron.scheirer@pacificorp.com">ron.scheirer@pacificorp.com</a>

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 comment form using the case number as it appears on the front of this document. These comments must also be sent to Rocky Mountain at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company may file reply comments by **no later than 7 days after the deadline for written comments.**

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 the Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on the case number shown on the front of this document.

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 the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities and to implement FERC rules. The Commission may enter any final Order consistent with its authority under Title 61 and PURPA.

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**

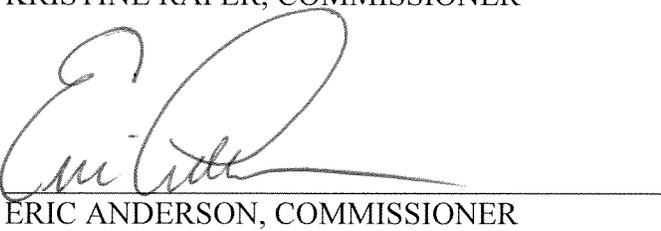
IT IS HEREBY ORDERED that the Application shall be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so no later than 21 days from the service date of this Order.

IT IS FURTHER ORDERED that reply comments by Rocky Mountain Power, if any, shall be due seven (7) days after the deadline for written comments.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this <sup>7<sup>th</sup></sup>  
day of September 2017.

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Diane M. Hanian  
Commission Secretary

O:PAC-E-17-09\_djh