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**IDAHO PUBLIC**  
**UTILITIES COMMISSION**

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May 14, 2020

VIA E-Mail

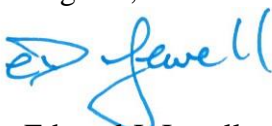
Diane M. Hanian, Secretary  
Idaho Public Utilities Commission  
[secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

**Re: Case No. IPC-E-20-24 and AVU-E-20-04**  
**In the Matter of Commission Staff's Petition to Update Inputs to the Colstrip Method and to Discontinue the Sumas Method**

Dear Ms. Hanian:

Enclosed for electronic filing in the above matter, please find Commission Staff's Petition to Update Inputs to the Colstrip Method and to Discontinue the Sumas Method. Please let me know if you have any questions.

Regards,



Edward J. Jewell

EJ:kh  
Enclosure(s)  
I:\Legal\ELECTRIC\AVUE2004\_IPCE2024\Cover Letter.docx

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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF COMMISSION STAFF’S ) CASE NOS. IPC-E-20-24**  
**PETITION TO UPDATE INPUTS TO THE )**  
**COLSTRIP METHOD AND TO ) AVU-E-20-04**  
**DISCONTINUE THE SUMAS METHOD )**  
**\_\_\_\_\_ ) PETITION**

Commission Staff of the Idaho Public Utilities Commission (“Commission Staff”), in accordance with *Idaho Code* §§ 61-501, -502, and -503, and applicable provisions of the Public Utility Regulatory Policies Act of 1978 (“PURPA”) and pursuant to Commission Rule of Procedure 37 and 51, respectfully petitions the Idaho Public Utilities Commission (“Commission”) for an order updating inputs used in the Colstrip Method and eliminating all requirements related to the Sumas Method.

In support of its Petition, Commission Staff states as follows:

**I. BACKGROUND**

1. The Commission establishes published avoided cost rates for Avista Corporation (“Avista”), Idaho Power Company (“Idaho Power”), and PacifiCorp dba Rocky Mountain Power (“Rocky Mountain Power”) (collectively, “Idaho utilities”). Over the years, the Commission has ordered different methods to calculate published avoided cost rates.

2. Each July 1, the Commission updates QF contracts that are calculated based on the Sumas Method and the Colstrip Method. Historically, Commission Staff initiated the Colstrip Method and the Sumas Method updates via a letter to the Idaho utilities requesting confirmation

that Commission Staff correctly applied the updated data to the preexisting methodology. The Idaho utilities would each file a letter with the Commission indicating whether it agreed with Staff's updated computation. Finding this to be an administrative function and a relatively simple arithmetic update to a preexisting methodology, the Commission would then issue an order updating the published avoided cost rates. *See e.g.*, GNR-E-19-01.

3. This year, Commission Staff is initiating these annual updates with this Petition rather than a letter to the utilities. In a similar annual update that takes effect June 1 of each year, Commission Staff initiated this year's update with a Decision Memorandum rather than a letter. In its Notice of Modified Procedure, the Commission stated, "For purposes of this docket, Staff's Decision Memo will operate as its Application to the Commission. Subsequent annual SAR updates will be initiated with an Application to the Commission. Despite the change in procedure to allow for better tracking and transparency, this update is still intended to be a simple arithmetic calculation to an established methodology." Order No. 34628 at 1, GNR-E-20-01. Staff believes the rationale of Order No. 34628 applies equally to these July 1 annual updates as it does to the June 1 annual updates.

4. In addition to the annual update to the Colstrip Method, Commission Staff also requests the Commission remove all requirements related to the Sumas Method because none of the Idaho utilities currently has an effective contract utilizing the Sumas Method.

## **II. COLSTRIP METHOD**

5. Idaho Power and Avista each indicated they are still parties to effective contracts with Colstrip Method rates. Rocky Mountain Power indicated it no longer has effective contracts with Colstrip Method rates.

6. The Idaho Public Utilities Commission established the Colstrip Method in Order No. 28708, Case No. GNR-E-99-1. The Colstrip Method is calculated using variable costs such as fuel and operations and maintenance ("O&M") associated with operating Colstrip, a coal-fired generating facility in southeast Montana. The Colstrip Method is calculated using FERC Form 1, which is attached hereto as Attachment A, Colstrip Unit Coal Costs per megawatt hour (MWh) and adding \$2.00 per MWh (the average variable O&M cost of Colstrip plus 20¢ per MWh for generation taxes plus a five percent adjustment for line losses).

7. As computed by Commission Staff and shown below, this year’s update to the Colstrip Method will result in a change from 16.17 mill/kWh to 16.55 mill/kWh effective July 1, 2020.

<b>COLSTRIP ADJUSTABLE RATE CALCULATION</b>		Updated
Rates For Period 7/1/20-6/30/21		
Colstrip Fuel Cost from Avista FERC Form 1 for CY 2019		
line 12	Net Generation (kwh)	1,582,048,000
line 20	Fuel	\$23,017,352
	Fuel cost per kwh	\$0.014549
Fuel Cost per MWh		\$14.5491
Variable O&M, Gen. Tax, 5% line loss per MWh		\$2.0000
Total Colstrip Adjustable Rate		\$16.5491

### **III. SUMAS METHOD**

8. Each of the Idaho utilities indicated that they no longer have an effective contract utilizing the Sumas Method. The Sumas Method was established by the Commission in Order Nos. 25882, 25883, and 25884. Under the Sumas Method, the adjustable portion of the rates was based on annual average gas prices indexed at Sumas, Washington. Each year, Avista was required to provide the Commission with gas price data. Because the Sumas Method is no longer in use, Staff requests the Commission discontinue the responsibility for Avista to provide Sumas fuel price data annually, the last vestigial remnant of the Sumas Method.

### **IV. PROCEDURE**

9. Commission Staff believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Petition be processed under Modified Procedure; i.e., by written submissions rather than by hearing. Commission Rule of Procedure 201, *et seq.*

### **V. COMMUNICATIONS AND SERVICE OF PLEADINGS**

10. Communications and service of pleadings, exhibits, orders, and other documents relating to this proceeding should be sent to the following:

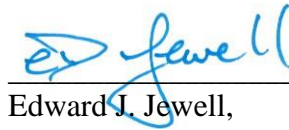
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**VI. REQUEST FOR RELIEF**

11. Commission Staff respectfully requests that the Commission issue an order making the annual update to the Colstrip Method and discontinuing the Sumas Method.

Respectfully submitted this 14<sup>th</sup> day of May 2020.



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Edward J. Jewell,  
Deputy Attorney General  
Idaho Public Utilities Commission

**CERTIFICATE OF SERVICE**


I HEREBY CERTIFY THAT I HAVE THIS 14<sup>TH</sup> DAY OF MAY 2020, SERVED THE FOREGOING **PETITION**, IN CASE NOS. AVU-E-20-04 / IPC-E-20-24, BY ELECTRONICALLY MAILING A COPY THEREOF TO THE FOLLOWING:

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Keri J. Hawker  
Assistant to Edward J. Jewell

# **ATTACHMENT “A”**

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as shown on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)		
2	Type of Constr (Conventional, Outdoor, Boiler, etc)		
3	Year Originally Constructed		
4	Year Last Unit was Installed		
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	0.00	0.00
6	Net Peak Demand on Plant - MW (60 minutes)	0	0
7	Plant Hours Connected to Load	0	0
8	Net Continuous Plant Capability (Megawatts)	0	0
9	When Not Limited by Condenser Water	0	0
10	When Limited by Condenser Water	0	0
11	Average Number of Employees	0	0
12	Net Generation, Exclusive of Plant Use - KWh	0	0
13	Cost of Plant: Land and Land Rights	0	0
14	Structures and Improvements	0	0
15	Equipment Costs	0	0
16	Asset Retirement Costs	0	0
17	Total Cost	0	0
18	Cost per KW of Installed Capacity (line 17/5) Including	0	0
19	Production Expenses: Oper, Supv, & Engr	0	0
20	Fuel	0	0
21	Coolants and Water (Nuclear Plants Only)	0	0
22	Steam Expenses	0	0
23	Steam From Other Sources	0	0
24	Steam Transferred (Cr)	0	0
25	Electric Expenses	0	0
26	Misc Steam (or Nuclear) Power Expenses	0	0
27	Rents	0	0
28	Allowances	0	0
29	Maintenance Supervision and Engineering	0	0
30	Maintenance of Structures	0	0
31	Maintenance of Boiler (or reactor) Plant	0	0
32	Maintenance of Electric Plant	0	0
33	Maintenance of Misc Steam (or Nuclear) Plant	0	0
34	Total Production Expenses	0	0
35	Expenses per Net KWh	0.0000	0.0000
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)		
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)		
38	Quantity (Units) of Fuel Burned	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000



UTILITY ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 17 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: <i>Kettle Falls</i> (d)			Plant Name: <i>Colstrip</i> (e)			Plant Name: <i>Rathdrum</i> (f)			Line No.
	Steam			Steam			Gas Turbine		1
	Conventional			Conventional			Not Applicable		2
	1983			1984			1995		3
	1983			1985			1995		4
	50.70			233.40			166.50		5
	100			235			156		6
	6887			7923			1663		7
	54			222			167		8
	54			222			0		9
	54			222			0		10
	29			306			1		11
	316112000			1582048000			176180000		12
	2289077			1321965			621682		13
	28656948			111103126			3580204		14
	80124261			216249590			60844532		15
	323787			16702865			0		16
	111394073			345377546			65046418		17
	2197.1218			1479.7667			390.6692		18
	154779			200708			920		19
	7834090			23017352			4409644		20
	0			0			0		21
	592550			3168489			0		22
	0			0			0		23
	0			0			0		24
	794284			83229			231050		25
	440623			2461320			29647		26
	0			15079			0		27
	0			0			0		28
	99292			398065			28756		29
	146467			614683			12679		30
	1657964			4147938			0		31
	431938			205474			88017		32
	747243			476576			103039		33
	12899230			34788913			4903752		34
	0.0408			0.0220			0.0278		35
WOOD	GAS		COAL	OIL		GAS			36
TON	MCF		TON	BBL		MCF			37
99986	8854	0	970451	2075	0	2087852	0	0	38
500000	1020000	0	16970000	5880000	0	1020000	0	0	39
5.632	2.082	0.000	23.512	96.412	0.000	2.112	0.000	0.000	40
5.632	2.082	0.000	23.512	96.412	0.000	2.112	0.000	0.000	41
.818	2.041	0.000	1.386	16.397	0.000	2.071	0.000	0.000	42
.025	0.025	0.000	0.014	0.000	0.000	0.025	0.000	0.000	43
3634.000	0.000	0.000	10417.000	0.000	0.000	12088.000	0.000	0.000	44