

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE PETITION OF) CASE NOS. IPC-E-20-24
COMMISSION STAFF TO UPDATE INPUTS)
TO THE COLSTRIP METHOD AND TO) AVU-E-20-04
DISCONTINUE THE SUMAS METHOD)
)
) ORDER NO. 34716**

On May 14, 2020, Commission Staff filed a Petition requesting a Commission Order (1) implementing the annual update to the adjustable rate portion of avoided costs for the Colstrip Method of calculating avoided-cost rates, and (2) discontinuing the Sumas Method because no Idaho utility has an existing contract using the Sumas Method.

On May 21, 2020, the Commission issued a Notice of Petition and Notice of Modified Procedure establishing comment deadlines. Order No. 34674.

BACKGROUND

The Commission calculates avoided-cost rates available for qualifying facilities (“QF” or “QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). In Case No. GNR-E-99-1, the Commission established the Colstrip Method for the annual adjustable rate portion of avoided costs for those QF contracts using variable costs associated with Colstrip, a coal-fired generating facility in southeast Montana. Order No. 28708. The Colstrip adjustments apply only to contracts executed before January 30, 1995. For those QF contracts with Colstrip-related fuel costs and variable operations and maintenance (“O&M”) costs, future Colstrip variable cost adjustments are calculated using Federal Energy Regulatory Commission (“FERC”) Form 1 Colstrip Unit Coal Costs per megawatt hour (“MWh”) and adding \$2.00/MWh (the average variable O&M cost of Colstrip plus 20¢/MWh for generation taxes plus a five percent (5%) adjustment for line loss). As computed by Commission Staff, the Colstrip-related adjustable rate for 2020-2021 changes from 16.17 mill/kWh to 16.55 mill/kWh. Avista Corporation and Idaho Power Company currently have existing contracts with QFs that use the Colstrip Method.

The adjustable portion of the avoided-cost rates under the Sumas Method was based on annual average gas prices indexed at Sumas, Washington. *See* Order No. 26135. The Sumas adjustments applied to all Surrogate Avoided Resource (“SAR”) methodology contracts executed

between January 31, 1995 and September 26, 2002. No Idaho utility or QF has an existing contract using the Sumas Method.

THE PETITION

This year, Commission Staff petitioned the Commission to make the annual update to the Colstrip Method and to discontinue the Sumas Method. Historically, Commission Staff initiated the Colstrip Method and Sumas Method updates via a letter to the Idaho utilities requesting confirmation that Commission Staff correctly applied the updated data to the preexisting methodology. This year Commission Staff initiated this case with a petition, similar to other annual avoided-cost rate updates. *See Order No. 34628, GNR-E-20-01.*

THE COMMENTS

Idaho Power Company (“Idaho Power”) and Avista Corporation dba Avista Utilities (“Avista”) filed separate comments agreeing that Staff calculated the annual update to the Colstrip Method correctly and each confirmed that it no longer has an existing contract that utilizes the Sumas Method and that it supports discontinuing pricing requirements related to the Sumas Method. Idaho Power stated that it currently has six contracts that utilize the Colstrip Method; the last of which will expire in September 2030.

COMMISSION FINDINGS AND DECISION

The Idaho Public Utilities Commission has jurisdiction over Avista and Idaho Power under the authority and power granted it under Title 61 of the Idaho Code and PURPA. The Commission has authority under PURPA and the FERC’s implementing regulations 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 has reviewed and considered the record. Avista and Idaho Power confirm Staff’s application of updated data to the preexisting methodology. We find, based upon our review of the calculations for the adjustable portion of the avoided costs calculated using the Colstrip Method, that the resulting adjustable rates for existing contracts are fair, just, and reasonable. We also find it is reasonable to discontinue the Sumas Method because there are no existing QF contracts that use this methodology. We therefore end all pricing requirements related to the Sumas Method, including the requirement on Avista to provide Sumas gas prices and Commission Staff’s obligation to annually update the inputs and recalculate the adjustment.

ORDER

IT IS HEREBY ORDERED that the adjustable portions of the avoided-cost rates for existing PURPA contracts using the Colstrip Method are changed effective July 1, 2020, from 16.17 mill/kWh to 16.55 mill/kWh.

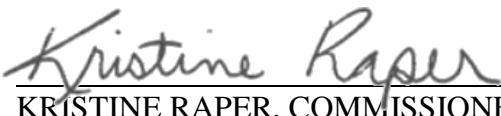
IT IS FURTHER ORDERED that all requirements related to the Sumas Method are discontinued.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 1st day of July 2020.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary