

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN	)	CASE NO. PAC-E-19-18
POWER'S APPLICATION TO UPDATE)	
THE LOAD AND GAS FORECASTS USED	)	NOTICE OF APPLICATION
IN ITS INTEGRATED RESOURCE PLAN)	
AVOIDED COST MODEL	)	NOTICE OF
	)	MODIFIED PROCEDURE
)	
	)	ORDER NO. 34496

On November 7, 2019, Rocky Mountain Power ("Company"), a division of PacifiCorp, applied to the Commission to update its load forecast, natural gas forecast, and contract information components of the incremental cost Integrated Resource Plan ("IRP") avoided cost methodology for qualifying facilities ("QF") under the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Application at 1. The Company indicates that the filing complies with Commission Order Nos. 32697 and 32802. *Id.* The Company asked the Commission to issue an order approving the updated information for inclusion in the Company's IRP avoided cost calculations with an October 15, 2019 effective date.

The Commission now issues this notice of the Company's Application and Notice of Modified Procedure, setting public and Company reply comment deadlines.

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

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN	)	CASE NO. PAC-E-19-18
POWER'S APPLICATION TO UPDATE)	
THE LOAD AND GAS FORECASTS USED	)	NOTICE OF APPLICATION
IN ITS INTEGRATED RESOURCE PLAN)	
AVOIDED COST MODEL	)	NOTICE OF
	)	MODIFIED PROCEDURE
)	
	)	ORDER NO. 34496

On November 7, 2019, Rocky Mountain Power (“Company”), a division of PacifiCorp, applied to the Commission to update its load forecast, natural gas forecast, and contract information components of the incremental cost Integrated Resource Plan (“IRP”) avoided cost methodology for qualifying facilities (“QF”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). Application at 1. The Company indicates that the filing complies with Commission Order Nos. 32697 and 32802. *Id.* The Company asked the Commission to issue an order approving the updated information for inclusion in the Company’s IRP avoided cost calculations with an October 15, 2019 effective date.

The Commission now issues this notice of the Company’s Application and Notice of Modified Procedure, setting public and Company reply comment deadlines.

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 QFs¹ 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.

Regarding 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 Company’s 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 the Company’s Application provides Commission Ordered updates to 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 negotiate contractual avoided cost rates as of October 15, 2019. Application at 2.

YOU ARE FURTHER NOTIFIED that the Company’s updated load forecast is from July 2019 and “shows a slight increase in load compared to the July 2018 load forecast provided in Case No. PAC-E-18-09 and approved by the Commission in Order No. 34213.” *Id.* at 3. The Company provides both the July 2019 and the July 2018 load forecasts for years 2019 through 2039. *Id.* at 5; *See* Table 1.

YOU ARE FURTHER NOTIFIED that the Company’s updated natural gas forecast was prepared on September 30, 2019 using the Official Forward Price Curve (“OFPC”) as reference, which indicates a slight decrease in the average natural gas forecast prices over the next 20 years compared to the September 28, 2018 OFPC. *Id.* at 3. The Company provides both the 2019 and the 2018 forecasts for years 2019² through 2038. *Id.* at 6; *See* Table 2.

¹ See Order No. 33785 (regarding battery storage facilities).

² The OFPC provided in the Company’s Application forecasts 2019 gas prices for November and December only.

YOU ARE FURTHER NOTIFIED that, regarding contract additions and terminations, the Company explains that it has signed 19 long-term contracts, 15 of which are with QFs, for a total nameplate capacity of 680.8 megawatts (“MW”). *Id.* at 3. Four long-term contracts, with a combined nameplate capacity of 57.4 MW, have terminated. *Id.* The Company provides a list of the contract additions and terminations in its Application. *See* Table 3. 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 is available for public inspection during regular business hours at the Commission’s office. The Application is also available on the Commission’s Website at www.puc.idaho.gov under “File Room” and then “Electric Cases.”

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.*

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 the Company’s Application **may file a written comment in support or opposition with the Commission by December 17, 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 this filing may be mailed to the Commission and the Company at the addresses reflected below:

For Idaho PUC:

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

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For Rocky Mountain Power:

Ted Weston
Daniel Solander
1407 West North Temple, Suite 330
Salt Lake City, UT 84116
E-mail: ted.weston@pacificorp.com
daniel.solander@pacificorp.com
datarequest@pacificorp.com

Data Request Response Center
PacifiCorp
825 Multnomah, Suite 2000
Portland, OR 97232

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. 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.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, **by December 24, 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

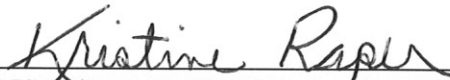
IT IS HEREBY ORDERED that the Company's Application be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by December 17, 2019. The Company must file any reply comments by December 24, 2019.

///

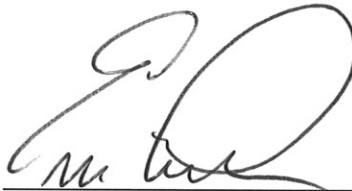
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *03rd*
day of December 2019.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

I:\Legal\ELECTRIC\PAC-E-19-18\orders\PACE1918_Ntc app mod_dh.docx