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May 14, 2020

Ms. Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

Re: PAC-E-20-02

Dear Ms. Hanian:

Please find enclosed for filing the original and seven copies PacifiCorp Idaho Industrial Customers Comments filed today in the above referenced case.

Thank you for your assistance in this matter. Please feel free to give me a call should you have any questions.

Sincerely,
/s/ Ron Williams
Ronald L. Williams
Williams Bradbury, P.C.
Attorneys for PIIC

RLW
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN POWER REQUESTING APPROVAL OF $21.2 MILLION NET POWER COST DEFERRAL	Case No. PAC-E-20-02 COMMENTS OF PACIFICORP IDAHO INDUSTRIAL CUSTOMERS

COMES NOW the PacifiCorp Idaho Industrial Customers ("PIIC") regarding the Application of Rocky Mountain Power ("PacifiCorp" or the "Company") to increase rates through the 2020 Energy Cost Adjustment Mechanism ("ECAM") to recover deferred costs from the deferral period of January 1, 2019 through December 31, 2019 ("Deferral Period"). PIIC represents large volume electricity consumers of PacifiCorp in Idaho and appreciates the opportunity to submit comments.

In its filing PacifiCorp requests Commission authorization to collect $22,315,565 in deferred Net Power Costs from ratepayers through its Schedule 94, which will result in an ECAM balance of $27,209,505. Relative to current rates, the proposed net ECAM rate increase is $8,615,359 million or 3.0%.

PIIC's review of PacifiCorp's 2019 ECAM filing was limited in scope and not comprehensive. Given the very short 16 day period of time between the date of Notice of the case (April 28, IPUC Order No. 34648) and the date for comments (May 14), PIIC was limited in its ability to analyze the filing and perform adequate discovery. PIIC was able to submit one round of discovery and appreciated the Company's short turn-around off PIIC discovery requests.

Based on PIIC's review of its discovery, PIIC provides the following comments.

COMMENTS

A. *Repowering Lost Energy*

In Data Request No. 06 PIIC asked PacifiCorp for its best estimate of the cost of acquiring replacement power associated with each wind plant taken out of service for repowering. The Company's response was "The requested information is not available. The Company does not track megawatt-hours (MWh) not produced by its wind generation resources." The Company's answer did not speak to whether it could have "estimated" this value, as was the intent of the request.

The lost energy from repowering is a key cause of the difference between PacifiCorp's actual net power costs and the ECAM base. Yet, the Company claims it is unable to estimate this value. Nor did the Company mention the cost of lost energy associated with repowering as a recoverable component of the Resource Tracking Mechanism (RTM) in its initial filing in Case No. IPC-E-PAC-E-17-06.

PIIC was disappointed by PacifiCorp's response to Data Request No. 6. PacifiCorp is requesting a significant rate increase through the ECAM as a result of its actual net power costs being higher than the ECAM base. However, PacifiCorp suggests that it has not tracked the lost value of energy from repowering, which is a material component of this ECAM cost increase. This implies that PacifiCorp is not concerned with this material cost driver, nor with passing a material rate increase onto customers.

PacifiCorp was not able to identify any place in testimony, or in the economic models used in PAC-E-17-06, where the lost energy associated with repower was discussed. In response to PIIC Data Request 8, PacifiCorp states that reduced generation was included in the models in the repowering proceeding. Notwithstanding, PIIC has no record of the reduced generation being considered in the repowering proceeding. Since the Stipulation in Case No. PAC-E-17-06 did not address this issue, PIIC requests the Commission consider whether it is appropriate to include costs of repowering lost energy in the ECAM.

B. *Repowering Test Energy*

In PIIC Data Request 07 PacifiCorp identified $4,906,847 of test energy costs included in the deferral period. This test energy is associated with PacifiCorp's repowering activities and represents energy from a facility that is delivered before it reaches its commercial operation date. Any electricity produced while a facility has been taken out of service for repowering was considered test energy by the Company.

Test energy is an additional amount added to net power costs as an expense (or as a contra-revenue), with no associated cost. The expense amount for the test energy is based the market value of the energy less the cost of fuel. For repowering there are no fuel costs, so the test energy expense is just the value of the energy produced while a facility was assumed to be removed from service. Thus, even though PacifiCorp incurred no actual variable cost associated with the production of wind test energy during repowering, PacifiCorp includes the additional test energy costs in actual NPC. In that regard, the value assigned to test energy by the Company is an estimate by the Company of that energy's value.

PIIC's understanding is that the ordinary treatment for test energy is that test energy generation is considered an offset to the plant balances of new generation. During the start-up period a power plant may dispatch in an inefficient way, so it may be appropriate for the fuel costs and the value of energy during the startup period to be capitalized.

This case is different, however. In contrast to the ordinary situation of constructing a new combined cycle power plant, the underlying assets already exist, and the repowering facilities have no fuel costs.

PacifiCorp did not undertake the effort of tracking or estimating the value of lost energy during the periods that wind facilities were taken out of service for repowering. PacifiCorp did, however, track and estimate the value of the actual energy produced during the periods that the wind facilities were taken out of service for repowering, and then removed that value from actual NPC. Viewed in this context, test energy is an imputed replacement power cost during the repowering period.

Customers are already faced with a significant amount of replacement power costs in the periods of time that wind facilities were taken out of service for repowering. Accordingly, it is not reasonable to include additional test energy expense to remove the value of the energy that was actually produced in the same period of time. As PacifiCorp noted in response to Data Request 05, there is not necessarily a clear demarcation for when a facility is in or out of service, so the test energy values are somewhat arbitrary. Further, in PIIC Data Request 02, PacifiCorp noted that it has no record of hourly electric market prices in the deferral period. Absent hourly prices, PacifiCorp would have no way to calculate the value of lost energy associated with repowering, so PIIC also has unresolved concerns over how the test energy amounts were calculated.

PIIC recommends removing the repowering test energy from the ECAM. Requiring customers to pay for the cost of lost energy, and the cost of test energy as estimated by PacifiCorp is unreasonable.

C. *CA Greenhouse Gas Allowance Purchases and UT Retail Net Metering Expense*

In its FERC Form 1, page 327.19, PacifiCorp detailed purchased power expense of $4,420,402 associated with CA Greenhouse Gas Allowance Purchases. On page 327.18, PacifiCorp also details $2,390,583 in purchased power expenses associated with the Utah Retail Solar Customers, the retail net metering program in Utah.

PIIC recommends that the cost associated with both of these programs be situs assigned to the respective states and excluded from net power costs. Idaho customers should not have to pay $88.86/MWH to pay for the output from Utah retail net metering customers. The Utah Net Metering Program is more appropriately recovered from Utah customers under the terms of the MSP agreement. Further, the cost of purchasing greenhouse gas allowances is a cost of Californians to pay, not Idaho customers.

D. *Grant Meaningful Priority Assignment*

In the footnotes to Page 300 of PacifiCorp's 2019 FERC Form 1, PacifiCorp detailed $533,333 of revenues for assigned power purchase agreements. PacifiCorp has accounted for these revenues in FERC Account 461.1 *Other Electric Revenues* but has not included the same revenues in actual NPC. The revenues are proceeds from PacifiCorp's reassignment of its interest in the Grant Meaningful Priority contract. Sine the cost of the contract would otherwise be included in NPC, it would be unreasonable to exclude the assignment revenues from the ECAM

E. *Outages*

PIIC did not conduct discovery of the outages in the deferral period. There was, however, a major Lakeside 2 outage in the Deferral Period, and PIIC requests that PacifiCorp justify the prudence of that outage in reply comments.

PIIC appreciates the opportunity to provide these comments and looks forward to working with the Commission, Commission Staff, PacifiCorp and other Intervenors in this case to resolve the above issues.

Dated this 14th day of May, 2020.

Respectfully submitted,

Ronald L. Williams

Ronald L. Williams
Williams Bradbury, P.C.
Attorneys for PIIC

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 14th day of May 2020, I caused to be served a true and correct copy of the foregoing document upon the following individuals in the manner indicated below:

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