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IDAHO PUBLIC
UTILITIES COMMISSION

1407 W. North Temple, Suite 330
Salt Lake City, Utah 84116

June 8, 2020

VIA ELECTRONIC FILING

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
1131 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

**Re: CASE NO. PAC-E-20-09
IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE POWER
PURCHASE AGREEMENT BETWEEN PACIFICORP AND COMMERCIAL
ENERGY MANAGEMENT, INC.**

Dear Ms. Hanian:

Please find enclosed for filing Rocky Mountain Power's Application in the above-referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Joelle R. Steward
Vice-President of Regulation

Enclosures

Adam Lowney (ISB#10456)
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. PAC-E-20-09
FOR APPROVAL OF THE POWER)	
PURCHASE AGREEMENT BETWEEN)	APPLICATION OF
PACIFICORP AND COMMERCIAL)	ROCKY MOUNTAIN POWER
ENERGY MANAGEMENT, INC.)	
)	

Comes now, Rocky Mountain Power, a division of PacifiCorp, (“Company”), and hereby respectfully requests, pursuant to RP 52 and the applicable provisions of the Public Utility Regulatory Policies Act of 1978 (“PURPA”), that the Idaho Public Utilities Commission, (“Commission”), issue an order approving or rejecting the amendment to extend for nine months the Power Purchase Agreement (“Amendment”) between PacifiCorp and the Commercial Energy Management, Inc., (“Seller”) dated March 19, 2020. In support of this Application, Rocky Mountain Power states as follows:

I. INTRODUCTION

1. Rocky Mountain Power provides electric service to retail customers in the states of Idaho, Wyoming, and Utah. Rocky Mountain Power is a public utility in the state of Idaho and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers pursuant to Idaho Code 61-129. Rocky Mountain Power provides retail electric service to approximately 84,000 customers in the state of Idaho.

2. Seller owns, operates, and maintains a small hydro-electric power plant located in Bannock County, Idaho with a nameplate capacity rating of 900 kilowatts (the "Facility"). Seller operates the Facility as a Qualifying Facility ("QF") under the applicable provisions of PURPA.

3. Sections 201 and 210 of PURPA, and pertinent regulations of the Federal Energy Regulatory Commission ("FERC") require that regulated electric utilities purchase electricity produced by co-generators or small power producers that obtain QF status. The rate a QF receives for the sale of its electricity is generally referred to as the avoided cost and must reflect the incremental cost to an electric utility of electric energy or capacity or both, which, but for the purchase from the QF, such utility would generate itself or purchase from another source. The Commission has authority under PURPA, Sections 201 and 210 and FERC regulations, 18 C.F.R.S 292, to set avoided costs, order electric utilities to enter into fixed-term obligations for the purchase of electricity from QFs, and implement FERC rules.

4. On December 18, 2012, the Commission issued Order No. 32697, which established parameters for published and negotiated avoided cost rate calculations. The Commission further established and defined numerous contract terms and conditions for standard purchase power agreements ("PPA") entered into between regulated utilities and QFs. On January 2, 2013, the Commission issued an Errata to Order No. 32697, which corrected published avoided cost rates to include energy payments not discounted by transmission and line loss. Subsequently the Commission issued reconsideration Orders Nos. 32737 and 32802 on February 5, 2013 and May 5, 2013, respectively, which further clarified certain terms and conditions of PPAs. The energy service agreement ("ESA") contains published rates for projects of 10 average megawatts ("aMW") or less pursuant to Commission Order No. 34350. The Facility is an existing QF that is seeking a replacement agreement. The replacement ESA contains capacity payments for the entire

term of the Amendment, with no sufficiency period. See Order No. 32697 at 21-22, Order No. 32737 at 5, and Order No. 32871. Pursuant to the Commission's direction in its Reconsideration Order No. 32737, the rates were calculated by Commission Staff for a QF in the "non-seasonal hydro" category based on the surrogate avoided resource avoided cost methodology.

II. THE AMENDMENT TO THE POWER PURCHASE AGREEMENT

5. The Seller's current PURPA contract is dated November 21, 1991. The current PURPA contract was entered into prior to PacifiCorp's separation of its energy supply and transmission functions as required by federal law and regulations. For this reason, the contract includes provisions that address both energy sales and interconnection requirements. The current contract was scheduled to expire on May 31, 2020, and the Seller expressed a desire to continue to make sales from the Facility to PacifiCorp consistent with the requirements of PURPA as implemented in the State of Idaho. The Seller has demonstrated to PacifiCorp that the Facility remains a QF as defined by PURPA and as implemented in the State of Idaho. The Seller and PacifiCorp are in the process of securing a new stand-alone interconnection agreement that, once executed and all distribution system upgrades are constructed and in-service, will replace the interconnection provisions in the current PURPA contract. During the period that the necessary distribution system upgrades are being completed, PacifiCorp and the Seller have agreed to a limited extension to the term of the current PURPA contract, with updated pricing for energy sales during the extended term. The extension of the term is from June 1, 2020, through February 28, 2021, and total nameplate capacity of the facility remains unchanged at 900 kW.

6. The Seller has demonstrated to the Company's reasonable satisfaction that: (1) the Facility's net energy will equal the energy delivery schedules for the extended term of this Amendment; and (2) the likelihood that the Facility, under average design conditions, will generate

at no more than 2.5 aMW in any calendar month. The Facility's estimated net output over the extended term is 397 megawatt-hours.

7. The Amendment submitted herewith, as Attachment 1, complies with the Commission's orders.

8. Except as otherwise indicated, the Company will pay the Seller the price set forth in Exhibit A to the Amendment.

9. Paragraph 2.1 of the Amendment provides that the contract will not become effective until the Commission has approved it and determined that the prices paid for energy and capacity are just and reasonable, in the public interest, and that costs incurred by the Company for purchasing energy and capacity are legitimate expenses, all of which the Commission will allow the Company to recover in Idaho rates in the event other jurisdictions deny recovery of their proportionate share of said expenses.

10. Due to no fault of the Seller the Company was late filing this Application and respectfully requests if the Commission approves the Amendment the updated pricing for energy sales be applicable retroactively to June 1, 2020 as specified in the terms of the extension.

III. COMMUNICATIONS

11. Communications regarding this filing should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com
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Email: adam@mrg-law.com

In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 Multnomah, Suite 2000
Portland, Oregon 97232

Informal questions may be directed to Ted Weston, Idaho Regulatory Affairs Manager at (801) 220-2963.

IV. MODIFIED PROCEDURE

12. The Company believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing, pursuant to RP 201.

V. REQUEST FOR RELIEF

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission:

(1) Issue an order authorizing that this matter be processed by Modified Procedure;

(2) Approve or reject the Amendment to the power purchase agreement between the Commercial Energy Management, Inc. and the Company without change or condition; and

(3) Declare that the avoided cost prices set forth in the Amendment are just and reasonable, in the public interest, and that the Company's incurrence of such costs are legitimate expenses, all of which the Commission will allow Rocky Mountain Power to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses.

DATED this 8th day of June 2020.

Respectfully submitted,
ROCKY MOUNTAIN POWER



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Attorney for Rocky Mountain Power

Attachment 1

AMENDMENT
to that certain
POWER PURCHASE AGREEMENT
Between
Commercial Energy Management, Inc.
And
PacifiCorp

This AMENDMENT (the “**Amendment**”), dated March 19, 2020, amends that certain POWER PURCHASE AGREEMENT between PacifiCorp, an Oregon corporation (“**PacifiCorp**”), and Commercial Energy Management, Inc., an Idaho corporation (“**Seller**”), dated November 21, 1991 (the “**PPA**”). Capitalized terms used but not defined in this Amendment shall have the meaning set forth in the PPA.

BACKGROUND

- A. PacifiCorp and Seller entered into the PPA prior to PacifiCorp’s separation of its energy supply and transmission functions as required by federal law and regulations. For this reason, the PPA includes provisions that address both energy sales and interconnection requirements.
- B. The PPA is scheduled to expire by its terms on May 31, 2020, and Seller has expressed a desire to continue to make sales from the Facility to PacifiCorp consistent with the requirements of the federal Public Utility Regulatory Policies Act (“PURPA”), as implemented in the State of Idaho.
- C. Seller has demonstrated to PacifiCorp that the Facility remains a “Qualifying Facility” as defined by PURPA and as implemented in the State of Idaho.
- D. Seller and PacifiCorp are in the process of securing a new stand-alone interconnection agreement that, once executed and all distribution system upgrades are constructed and in-service, will replace the interconnection provisions in the PPA.
- E. During the period that the necessary distribution system upgrades are being completed, PacifiCorp and Seller have agreed to a limited extension to the term of the PPA, with updated pricing for energy sales during the extended term of the PPA as described below.

AGREEMENT

PacifiCorp and Seller agree as follows.

1. The last sentence of Section 2.1 of the PPA is amended and restated to read as follows:

“Unless terminated earlier pursuant to the terms of this Agreement, this Agreement shall expire upon the earlier of (i) the effective date of a new power purchase

agreement between PacifiCorp and Seller pertaining to the Facility; or (ii) March 1, 2021."

2. Notwithstanding any provision in the PPA to the contrary, for the period beginning June 1, 2020 through the end of the term of the Agreement, PacifiCorp shall pay Seller as provided in Exhibit A to this Amendment for the energy output of the Facility delivered to the Point of Delivery as adjusted for Losses.
3. Notwithstanding any provision in the PPA to the contrary, PacifiCorp shall not be responsible to purchase the output of the Facility during periods that the Facility is curtailed due to construction and completion of the distribution system upgrades called for in the final, new stand-alone interconnection agreement between Seller and PacifiCorp's transmission function.
4. This Amendment shall be effective once signed and delivered by both PacifiCorp and Seller and approved by the Idaho Public Utilities Commission.
5. All other terms and provisions of the PPA shall remain unchanged. Each party hereby ratifies and confirms that except as expressly amended hereby, all of the terms, conditions, covenants, representations, warranties and all other provisions of the Agreement remain in full force and effect.
6. This Amendment shall be governed by and construed in accordance with the laws of the State of Idaho (without reference to its choice of law doctrine).
7. This Amendment may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of this Amendment by electronic transmission (in .pdf form) shall be equally as effective as delivery of a manually executed counterpart.

[signature page follows]

IN WITNESS WHEREOF, the parties below have caused this Amendment to be executed in their respective names.

PacifiCorp

By: _____
Name:
Title:

Commercial Energy Management, Inc.


By: 
Name: Maher F. Wissa
Title: President

EXHIBIT A

Energy Rate

Energy Purchase Price = Energy Annual Rate * Monthly Peak Multiplier

Table 1: Energy Annual Rates

Year	Energy Annual Rate \$/MWh
2020	\$55.66
2021	\$56.35

Table 2: Monthly On-Peak/Off-Peak Multipliers

Month	On-Peak Hours	Off-Peak Hours
January	103%	94%
February	105%	97%
March	95%	80%
April	95%	76%
May	92%	63%
June	94%	65%
July	121%	92%
August	121%	106%
September	109%	99%
October	115%	105%
November	110%	96%
December	129%	120%

Where:

“Off-Peak Hours” means all hours that are not On-Peak Hours.

“On-Peak Hours” means all hours ending 07:00:00 through 22:00:00 MPT, Monday through Saturday, excluding NERC designated holidays.