

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN ) CASE NO. PAC-E-20-16**  
**POWER’S APPLICATION TO UPDATE )**  
**CONTRACTS, LOAD AND GAS )**  
**FORECASTS USED IN THE INTEGRATED ) ORDER NO. 34911**  
**RESOURCE PLAN AVOIDED COST MODEL )**  
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On October 29, 2020, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”) applied to update the load forecast, natural gas forecast, and contract information it uses to calculate the incremental cost Integrated Resource Plan (“IRP”) avoided cost rates for qualifying facilities (“QF” or “QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On November 23, 2020, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 34839.

Commission Staff filed comments recommending approval of the update. No other comments were received.

Now, the Commission approves the annual update.

**BACKGROUND**

Under PURPA and the Federal Energy Regulatory Commission’s (“FERC”) implementing regulations, this Commission has approved the IRP Method to calculate avoided cost rates for QFs that are above the resource-specific project eligibility cap. QFs below the applicable project eligibility cap are eligible to receive published avoided cost rates calculated using the surrogate avoided resource (“SAR Method”). *See* Order No. 32697 at 7-8. The avoided cost rate is the purchase price paid to QFs for the energy and capacity that the QF provides to the utility. 18 C.F.R. § 292.101(b)(6) (defining “avoided cost”). To ensure that avoided costs most accurately reflect the utility’s marginal cost of energy and capacity, the Commission has directed utilities to “update fuel price forecasts and load forecasts annually – between IRP filings,” and to update the Commission about the utility’s “long-term contract commitments because of [their] potential effect . . . on a utility’s load and resource balance.” *See* Order No. 32697 at 22.

## THE APPLICATION

The Company states that its load forecast, calculated in June 2020, shows a slight decrease in usage for the first three years but an overall increase in load compared to the July 2019 load forecast in last year's update. Application at 2. The Company states that its most recent natural gas forecast, prepared in September 2020, predicts natural gas prices up over the next five to ten years compared to its September 2019 forecast, but slightly down thereafter. *Id.* at 4. The Company states that since filing its 2019 update it has signed 24 long-term contracts, including 13 long-term contracts with QFs under PURPA, for a total nameplate capacity of 916.1 MW. The Company reports that ten long-term contracts expired without renewal and seven long-term QF contracts were terminated, for a total of 462.4 MW. *Id.* at 5. Rocky Mountain Power states it has 30 non-PURPA long-term power purchase agreements with a total nameplate capacity of 2,532 MW and 157 PURPA QF contracts with a total nameplate capacity of 2,348 MW. *Id.* at 5-6.

## STAFF COMMENTS

Staff recommends approval of the update. Staff compared the load forecast in this update with last year's update and the load forecast used in the Company's 2019 IRP. Overall, Commission Staff found this year's forecast is 1.25% higher than last year's forecast and 7.72% higher than the 2019 IRP forecast. Staff Comments at 2. In response to a Staff production request, the Company explained that the decrease in the first few years of its 2020 forecast are due to anticipated impacts of the COVID-19 pandemic whereas the increase in the later years is driven by projected residential demand, transportation electrification, and commercial customer demand from data centers. *Id.* Staff believes the load forecast is reasonable, particularly in the first few years of the forecast. *Id.*

Staff compared the Company's proposed natural gas forecast to the Company's last two annual updates and to the forecasts of Idaho's other electric investor-owned utilities. *Id.* at 3. Staff states this year's forecast is overall lower than the forecast the Company used in its 2018 update and the 2019 update but higher than last year's forecast in 2021 and 2022. *Id.* Staff believes the Company's natural gas price forecast is reasonable because it uses forward market prices, which Staff states are the best indicator of short-term natural gas prices. *Id.* Staff states the Company's Henry Hub natural gas forecast shows a high level of similarity to other Idaho electric utilities despite each using different methods and sources. *Id.* at 4. Staff states that the similarity across utilities demonstrates reasonableness. *Id.*

Staff notes that new, terminated, and expired contracts are continuously updated in the IRP model. *Id.* at 5. Staff states it verified that the contract information is accurate. *Id.*

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503. In addition, the Commission has authority under PURPA and FERC regulations to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from QFs, and to implement FERC rules. The Commission may enter any final order consistent with its authority under Title 61 and PURPA.


Pursuant to this authority, we have reviewed the record, including the Application and comments. We find that the filing complies with our directives in Order Nos. 32697 and 32802. The load growth and natural gas price forecasts are reasonable given the information available at this time, and the contract information is correct.

### **ORDER**

IT IS HEREBY ORDERED that Rocky Mountain Power's annual updates to its energy load and natural gas price forecasts are reasonable and approved, effective October 15, 2020, and the updated contract status information is correct.

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.

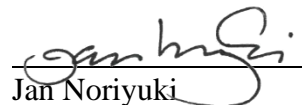
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 1<sup>st</sup>  
day of February 2021.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Jan Noriyuki  
Commission Secretary

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