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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN POWER'S APPLICATION TO UPDATE CONTRACTS, LOAD AND GAS FORECASTS USED IN THE INTEGRATED RESOURCE PLAN AVOIDED COST MODEL	**CASE NO. PAC-E-20-16** **COMMENTS OF THE COMMISSION STAFF**

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Edward Jewell, Deputy Attorney General, submits the following comments.

BACKGROUND

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").

The Company's updated load forecast anticipates a slight decrease in load over the first three years of the forecast, but an overall increase in load compared to the load forecast approved in PAC-E-19-18. The Company's natural gas price forecast shows a slight increase over its 2019 forecast over the next five to ten years, but a slight decrease over its 2019 forecast in the years thereafter. The Company states it has signed 24 long-term contracts, including 13 long-term contracts with QFs, for a total of 916.1 megawatts ("MW") of nameplate capacity since its last update in PAC-E-19-18. In that timeframe, ten long-term contracts have expired without renewal and seven long-term QF contracts were terminated with a total nameplate capacity of 462.4 MW. The Company states it has 30 non-PURPA contracts with a nameplate capacity of 2,532 MW, and 157 PURPA QF contracts with a nameplate capacity of 2,348 MW.

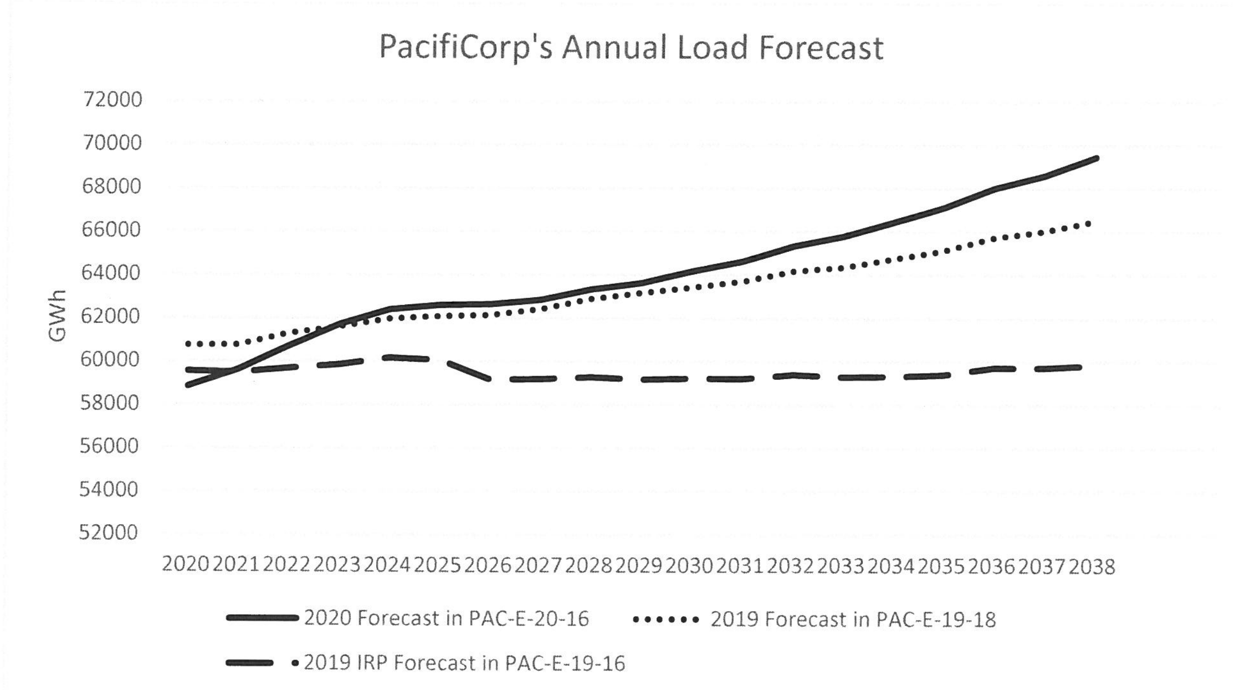
STAFF ANALYSIS

Staff has reviewed the Company's Application and recommends approval of the updated load forecast, natural gas forecast, and long-term contracts to be used in the IRP methodology for avoided costs.

Updated Load Forecast

Staff calculated the average of annual load from 2020 through 2038 and compared the Company's annual system load forecast in this filing to the Company's forecasts in last year's filing in Case No. PAC-E-19-18 and in the Company's 2019 IRP in Case No. PAC-E-19-16. This year's forecast is 1.25% higher than last year's forecast and is 7.72% higher than the forecast in the 2019 IRP. The 2020 load forecast has slightly decreased in the first few years of the time horizon since last year's forecast. The Company explained in its Response to Staff's Production Request No. 3 that it is due to adverse economic impacts resulting from the COVID-19 pandemic. The Company further explained that a higher forecast in the later years is driven by projected residential demand, transportation electrification, and commercial customer demand from data centers. Staff believes this load forecast is reasonable, especially for the first few years, which is the time period that will be used for determining avoided cost rates in new/renewal IRP-based contracts due to contract term lengths limited to two years. The comparison of the three forecasts is shown in Figure No. 1 below.

Figure No. 1: Comparison of Load Forecasts.



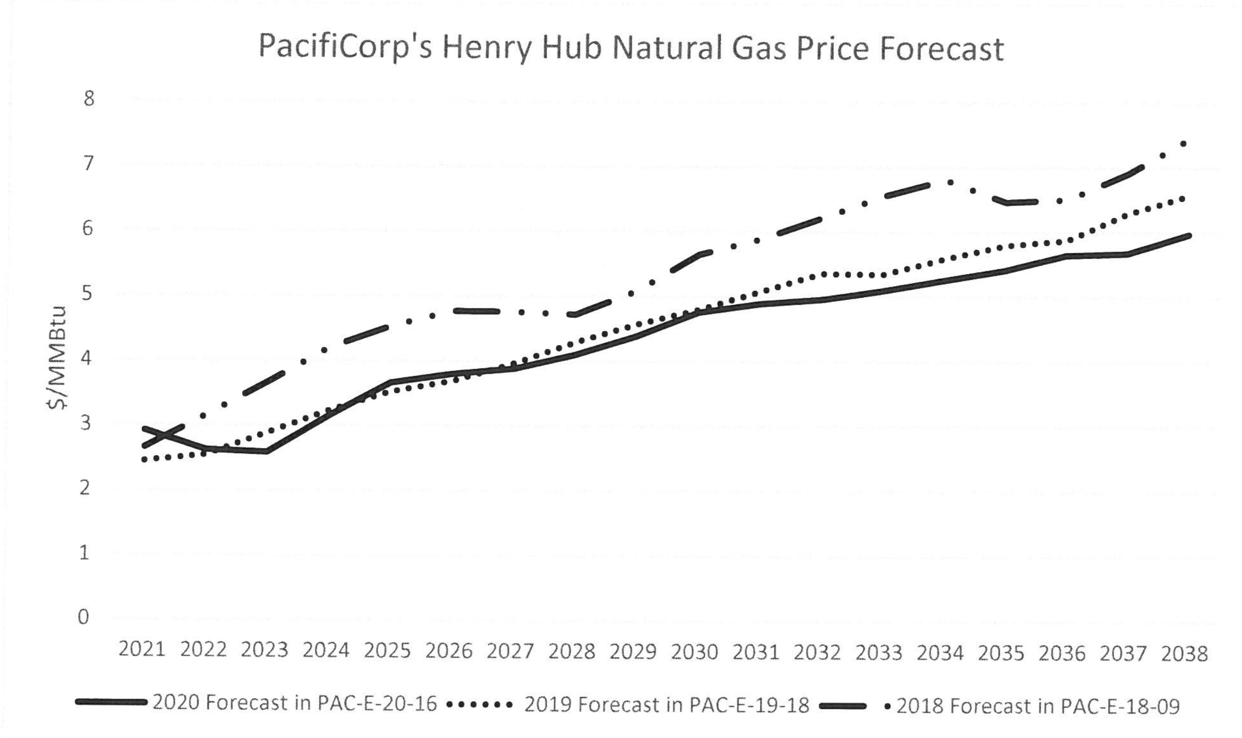
Updated Natural Gas Forecast

Staff believes that the Company's proposed natural gas price forecast is reasonable based on performing two types of comparisons: one comparing this year's forecast to historical PacifiCorp forecasts and a second that compares this year's forecast to recent forecasts by Idaho's two other regulated electric utilities.

Staff compared this year's Henry Hub natural gas price forecast to the Company's 2019 annual filing in Case No. PAC-E-19-18 and to the Company's 2018 annual filing in PAC-E-18-09.[1] Overall, this year's forecast is lower than the 2018 forecast and the 2019 forecast. Although this year's forecast is higher than last year's forecast in 2021 and 2022, Staff believes it is reasonable because the Company uses forward market prices for the first 36 months of the forecast. Staff believes that forward market prices are the best indicator of natural gas prices in the short-term. *See* Figure No. 2.

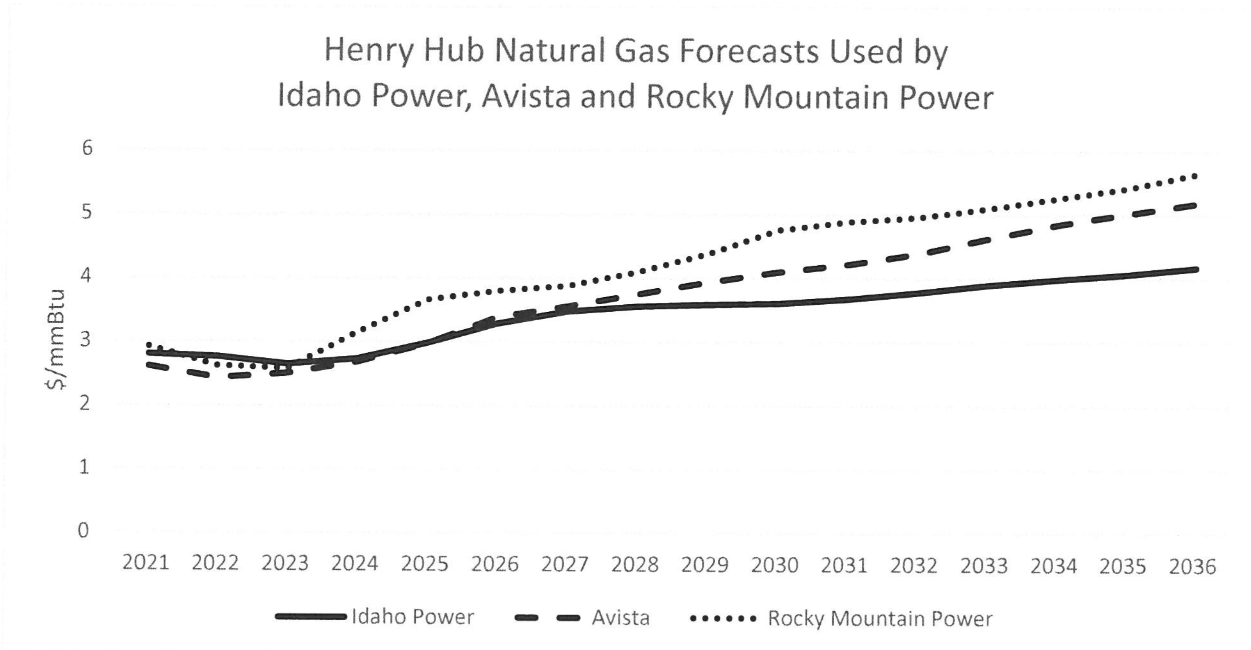
[1] The Company's 2019 IRP used the same Official Forward Price as in the 2018 annual update filing in PAC-E-18-09.

Figure No. 2: Comparison of Henry Hub Natural Gas Price Forecast over Past Three Years



Second, Staff compared Henry Hub forecasts used by Idaho Power, Avista, and Rocky Mountain Power, and the results show similar trends between the three utilities. *See* Figure No. 3. The three utilities use three different methodologies and sources to determine natural gas forecasts. Idaho Power uses EIA's High Oil and Gas Resource and Technology natural gas forecast. Avista uses a blend of two national consultants' forecasts, EIA's forecast, and forward market prices. Rocky Mountain Power uses a combination of third-party forecasts and forward market prices. For annual update filings, all three utilities include a Henry Hub forecast that Staff used for comparison. Despite different methodologies and sources, all three Henry Hub forecasts reflect a high level of similarity, especially for the first few years. This is important because new contract avoided cost rates determined using the IRP methodology only use the first two to three year of the forecast due to contract lengths limited to two years. Because of similarities to Avista and Idaho Power's Henry Hub forecasts, Staff believes Rocky Mountain Power's natural gas forecast is reasonable.

Figure No. 3: Comparison of Henry Hub Forecasts for Three Idaho Electric Utilities



Contract Terminations, Expirations, and Additions

Since last year's annual filing, Rocky Mountain Power has signed 24 long-term contracts, including 13 long-term contracts with QFs, for a total nameplate capacity of 916.1 megawatts. Ten long-term contracts have expired without renewal and seven long-term qualifying facility contracts were terminated, for a total nameplate capacity of 462.4 megawatts. New contracts, terminated contracts, or expired contracts are all updated in the IRP model on a continuous basis. Staff verified the contract information and determined it accurate.

STAFF RECOMMENDATIONS

Staff believes the load forecast, the natural gas forecast, and the contract information updated by Rocky Mountain Power comply with the Order Nos. 32697 and 32802. Staff recommends approval of the updates to be used in the Company's IRP methodology with an effective date of October 15, 2020.

Respectfully submitted this 14th day of December 2020.

Ed Jewell

Edward Jewell
Deputy Attorney General

Technical Staff: Yao Yin
Bentley Erdwurm

i:umisc/comments/pace20.16ejyybe comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14th DAY OF DECEMBER 2020, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. PAC-E-20-16, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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