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IDAHO PUBLIC
UTILITIES COMMISSION

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

May 25, 2021

VIA ELECTRONIC FILING

Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

**Re: CASE NO. PAC-E-21-06
IN THE MATTER OF THE APPLICATION OF PACIFICORP FOR APPROVAL
OR REJECTION OF THE PURCHASE POWER AGREEMENT WITH
CHESTER DIVERSION HYDRO PROJECT**

Dear Ms. Noriyuki:

Please find attached Rocky Mountain Power's Reply Comments 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

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION
IN THE MATTER OF THE APPLICATION OF) CASE NO. PAC-E-21-06
PACIFICORP FOR APPROVAL OR)
REJECTION OF THE PURCHASE POWER) REPLY COMMENTS OF
AGREEMENT WITH CHESTER DIVERSION) ROCKY MOUNTAIN POWER
PROJECT

Pursuant to Rule 202.01(d) of the Rules of Procedure of the Idaho Public Utilities Commission (“Commission”), Rocky Mountain Power, a division of PacifiCorp (the “Company”) hereby submits reply comments in the above-referenced case.

On March 10, 2021, the Company submitted its Application for Approval or Rejection of the Purchase Power Agreement with Chester Diversion Project (“Chester”). The agreement at issue is a Power Purchase Agreement (“PPA” or “Agreement”) executed February 26, 2021, under which Chester agrees to use its existing facility, a qualifying facility under the Public Utility Regulatory Policies Act of 1978, to provide power to the Company.

Commission Staff filed corrected comments on May 6, 2021 (“Staff Comments”),¹ and made recommendations for three modifications to the Agreement. First, Commission Staff recommends that the estimated net output should increase from 5,481,400 kilowatt-hours (“kWh”) to 6,580,300 kWh based on a mistake in the forecasted energy for June. Second, Commission Staff recommended that the Agreement be modified to correct the “Maximum Delivery Rate” to

¹ Commission Staff filed comments on May 4, 2021, and filed corrected comments on May 6, 2021.

2.0 megawatts from 2.0 megawatt-hours, which was a typographical error in the PPA. The Company is willing to make these modifications and understands that Chester is also amenable.

Commission Staff also recommends using the updated capacity deficiency date that was issued on February 9, 2021, two days before Chester executed the PPA and two and a half weeks before the Company executed it on February 26, 2021. Specifically, Commission Order No. 34918 updated the Company's projected capacity deficiency from July 2028 to July 2029. The Commission updated the capacity deficiency based on the Company's application, which was filed on October 6, 2020 and identified in the Company's 2019 Integrated Resource Plan. Commission Staff recommends that for 2028, one year of a twenty-year contract term, Chester's compensation be reduced to account for this update. The Company leaves this pricing decision to the Commission and provides the following background as context for that decision.

While Chester initially reached out to the Company for a draft PPA in September of 2019, the proposed project was not typical. Because of Chester's location and interconnection issues, Chester decided to proceed as an off-system resource. Chester requested a draft PPA for an off-system resource on May 11, 2020, and the parties exchanged several drafts over the next months. On January 5, 2021, Chester proposed a final change to the PPA that required Company approval. After the Company reviewed the revised PPA the contract was sent to Chester on February 11, 2021, which they signed and returned to the Company that day.

The Commission has previously acknowledged that "QFs are paid based on the costs that the utility avoids" and that avoided cost rates must be "just and reasonable to electric consumers of the utility"² If customers are required to pay for a capacity contribution that Chester is not

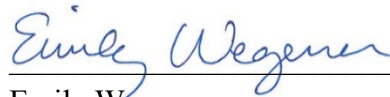
² *In the Matter of Rocky Mountain Power Company's Petition to Modify Terms and Conditions of PURPA Purchase Agreements*, PAC-E-15-03, Order No. 33357, 2015 WL 5002133 at *19 (August 20, 2015).

actually making, they are paying more than the utility's avoided cost. That said, negotiations on this PPA were complete at the time the updated capacity deficiency period was put in place.

For these reasons, and with the modifications noted above, the Company respectfully requests that the Commission approve or reject the Agreement as requested in the Company's Application, subject to the correction of the errors noted by Commission Staff and any amendment to capacity contribution payments required by the Commission's decision.

Dated this 25th day of May 2021.

Respectfully submitted by,
ROCKY MOUNTAIN POWER



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