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IDAHO PUBLIC
UTILITIES COMMISSION

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

May 16, 2022

VIA ELECTRONIC DELIVERY

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

**Re: CASE NO. PAC-E-21-10
IN THE MATTER OF THE APPLICATION FOR APPROVAL OR REJECTION
OF THE POWER PURCHASE AGREEMENT BETWEEN PACIFICORP AND
SUNNY BAR RANCH**

Dear Ms. Noriyuki:

Please find for filing Rocky Mountain Power's supplemental 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,

A handwritten signature in black ink that reads "Joelle Steward". The signature is fluid and cursive.

Joelle R. Steward
Senior Vice-President of Regulation and Customer Solutions

Enclosures

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION
IN THE MATTER OF THE APPLICATION) CASE NO. PAC-E-21-10
FOR APPROVAL OR REJECTION OF THE)
POWER PURCHASE AGREEMENT) MOTION FOR LEAVE TO
BETWEEN PACIFICORP AND SUNNY) SUPPLEMENT REPLY COMMENTS
BAR RANCH)

Rocky Mountain Power, a division of PacifiCorp, (“Company”) respectfully requests, pursuant to the Commission’s Rules of Procedure (“RP”) 56, that the Idaho Public Utilities Commission (“Commission”) grant permission for the Company to supplement its reply comments filed on June 8, 2021, by accepting the proposed supplemental reply comments for filing. The Company believes Commission Order Nos. 35262¹ and 35223², justifies the Company’s supplemental reply comments and change in position in this matter.

BACKGROUND

1. During calendar year 2021 the Company had three pending qualified facility (“QF”) power purchase agreements (“PPA”) before the Commission with similar circumstances:

- 1) Case No. PAC-E-20-18, Amy Family Holdings (“Amy Family”), filed on December 3, 2020;
- 2) Case No. PAC-E-21-10, Sunny Bar Ranch (“Sunny Bar”), filed on April 1, 2021; and
- 3) Case No. PAC-E-21-14, Mink Creek Hydro (“Mink Creek”), filed on June 10, 2021.

¹ *In the Matter of Rocky Mountain Power’s Application for Approval or Rejection of an Energy Sales Agreement with Amy Family Holdings, LLC. PAC-E-20-18.*

² *In the Matter of Rocky Mountain Power’s Application for Approval or Rejection of the Power Purchase Agreement Between PacifiCorp and Mink Creek Hydro, LLC. PAC-E-21-14.*

2. All three of the original PPAs in these cases were expiring and the QFs had negotiated amendments or new agreements with the Company. During negotiations, the Company identified that the nameplate capacity listed in all three of the original PPAs was smaller than the actual nameplate capacity of the generation facility.

3. The PPA amendment filed for Amy Family contained a single rate for all generation output. The new Sunny Bar and Mink Creek PPAs contained two sets of avoided cost rates to apply until the Company's first capacity deficiency date. The first rate included a payment for energy and capacity while the second rate included payment for energy only. The second rate applied to the energy produced above the capacity listed in the original contract.

PROPOSED SUPPLEMENTAL REPLY COMMENTS

4. On April 1, 2021, the Company filed an application for approval or rejection of the PPA between the Company and Sunny Bar. On April 23, 2021, Order No. 35012 provided Notice of the Application and Notice of Modified Procedure ("Notice") pertaining to this matter applying Modified Procedure pursuant to RP 201 through 204 and setting a comment deadline for June 1, 2021, and a reply comment deadline for June 8, 2021.

5. Sunny Bar's original PPA, entered into on June 27, 1985, designated the facility as a 350-kilowatt ("kW") hydro facility. While renegotiating the PPA the Company verified that Sunny Bar's facility's nameplate capacity was actually 450 kW.

6. On June 1, 2021, Commission Staff filed comments recommending that the Commission direct the parties to file an amended PPA using one set of avoided cost rates with immediate capacity payments for the entire 450 kW and to implement the 90/110 Rule based on that rate structure, rather than Weighted-Average Conforming Energy Purchase Price based on two sets of rates, one with capacity payments for up to 350kW listed in original PPA and one without

for any amount above 350kW up to 450kW until the Company's first capacity deficiency date, as filed by the Company.

7. On June 8, 2021, the Company filed reply comments agreeing to amend the agreement with Sunny Bar. However, on July 29, 2021, shortly after the Company filed reply comments in the Sunny Bar proceeding, Commission staff filed comments in the Mink Creek case recommending the Commission approve that PPA with two set of rates. Staff recommended immediate capacity and energy payments up to the 2.7 MW listed in the original PPA and energy only payments above that amount until the Company's next capacity deficiency period.

8. On November 12, 2021, Commission Order No. 35223 approved the Mink Creek PPA with two sets of rates: *"one set of rates with avoided cost of capacity and avoided cost of energy for up to 2.70 MWh each hour, and the second only with avoided cost of energy for production above that level until the Company's first capacity deficiency date."*³

9. On November 22, 2021, Staff filed comments in the Amy Family case, consistent with Commission Order No. 35223 in the Mink Creek case, recommending approval of the PPA with *"provisions that describe the use of two sets of avoided cost rates. One set of rates uses avoided cost of capacity and avoided cost of energy as contained in the Amendment and approved in Order No. 34683 for up to 600 kilowatt-hours ("kWhs") each hour. The second set of rates uses avoided cost of energy only, as approved in Order No. 34683 and effective November 18, 2020, when the Amendment was signed by both parties, for production greater than 600 kWhs until the Company's first capacity deficiency date."* On December 20, 2021, Commission Order No. 35262 approved the Amy Family amendment subject to the dual rate structure, and the Company and Amy Family revised the amendment consistent with such order.

³ Mink Creek, Order No. 35223 at 3.

10. With Commission approval of the dual rate structures in both the Mink Creek and Amy Family cases, the Company is concerned about consistent treatment of the QF contracts. Therefore, rather than accepting the recommendation of Commission Staff to amend the Sunny Bar PPA, the Company now requests the Commission accept the PPA between the Company and Sunny Bar, which reflects the dual rate approach, as filed with the Company's April 1, 2021, application.

REQUEST FOR RELIEF

The Company respectfully requests permission to supplement its reply comments filed on June 8, 2021, with the above supplemental reply comments and for the Commission to approve or reject the Sunny Bar purchase power agreement as filed.

DATED this 16th day of May 2022.

Respectfully submitted,
ROCKY MOUNTAIN POWER



Emily L. Wegener

Attorney for Rocky Mountain Power