

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN ) CASE NO. PAC-E-21-11**  
**POWER’S APPLICATION FOR APPROVAL )**  
**OR REJECTION OF THE AMENDED )**  
**POWER PURCHASE AGREEMENT ) ORDER NO. 35123**  
**BETWEEN PACIFICORP AND )**  
**GEORGETOWN IRRIGATION )**  
**)**

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On April 8, 2021, Rocky Mountain Power, a division of PacifiCorp (“Company”), requested the Idaho Public Utilities Commission (“Commission”) approve or reject an amendment to a power purchase agreement (the “Amended PPA”) with Georgetown Irrigation (“Georgetown”) for energy generated by a 330-kilowatt hydroelectric facility (“Facility”).

On April 29, 2021, the Commission issued Notice of Modified Procedure and set deadlines for interested persons to comment on the Application, and for the Company to reply. The Commission Staff (“Staff”) filed comments on May 26, 2021, and the Company filed reply comments and an amendment to the Amended PPA on June 2, 2021.

Having reviewed the record, the Commission issues this Order approving the Amended PPA.

**APPLICATION**

The Facility has been delivering energy to the Company under a power purchase agreement dated July 2, 1984, which expired on March 31, 2021. The Company represents that the Amended PPA extends the term of the original power purchase agreement for one year, from April 1, 2021, until March 31, 2022, and contains energy-only payment for that period. The Company also states that the Amended PPA does not contain the 90/110 contract provision. The Company requests the Commission declare all payments for purchases of energy under the Amended PPA be allowed as prudently incurred expenses for ratemaking purposes.

**STAFF COMMENTS**

Staff recommended approval of the Amended PPA contingent on the parties filing an update that includes the correct execution date. Staff’s review has focused on the 90/110 rule, capacity payments, the lapsed contract period, the avoided cost rates, and the contracting date.

Staff believed it is acceptable to not include the 90/110 provision in the Amended PPA for the limited period during which it is effective. However, when the long-term renewal contract is submitted for Commission approval, Staff asserted the parties need to include the 90/110 provision in it.

Staff noted that although this Facility is paid for capacity at the end of the original 1984 contract and has contributed to meeting the Company's need for capacity during its contract term, the parties agreed to only use avoided cost rates of energy with no capacity payments. Staff believed this arrangement is reasonable and incentivizes the Seller to finalize the transmission interconnection agreement between these parties. Staff also recommended that the same rate structure be used during the period between the expiration of the original contract and Commission approval of the Amended PPA (the "Lapse Period"). Staff also reviewed the non-seasonal hydro avoided cost rates in the Amended PPA and believed the rates are correct. The Amended PPA was signed on March 30, 2021, and the parties used the rates authorized at that time.

Page 5 of the Application states that the Seller provided a signed copy of the Amended PPA on March 25, 2021, and the Company executed the agreement on March 30, 2021. Staff verified that the Amended PPA was executed on March 30, 2021, based on the Company's signature. However, the opening paragraph of the Amended PPA is dated March 25, 2021. Staff believes the date should be corrected to March 30, 2021, the execution date of the Amended PPA.

Staff recommended approval of the Amended PPA contingent on the parties filing an updated Amended PPA that includes the correct execution date. Staff also recommended that the Commission declare that the avoided cost prices in the Amended PPA be allowed as prudently incurred expenses for ratemaking purposes.

### **COMPANY REPLY COMMENTS**

On June 2, 2021, the Company filed reply comments that included an amendment to the Amended PPA with a March 30, 2021, execution date and requested that it be approved or rejected as requested in the Application.

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. 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 Federal Energy Regulatory Commission (“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.

Having reviewed the record, including the Company’s Application, the Amended PPA, Staff’s comments, and the Company’s reply comments, the Commission finds that the Amended PPA, as modified by the amendment filed by the Company to correct the execution date, contains Commission-approved terms for which the Facility is eligible based on characteristics like fuel source, project size, generation output profile, and renewal contract status. Further, although this Facility has been receiving capacity payments, the Commission finds that the use of avoided cost rates for energy with no capacity payments is appropriate for the short term of the Amended PPA. The Commission finds this will incentivize the Seller to finalize the transmission interconnection agreement between these parties. The Commission also finds it appropriate that this same rate structure be used during the Lapse Period. Further, although the 90/110 rule has become standard in PURPA contracts presented to this Commission, we find the absence of this term acceptable in the short term Amended PPA. Last, the Commission declares that the avoided cost rates in the Amended PPA be allowed as prudently incurred expenses for ratemaking purposes.

### **ORDER**

IT IS HEREBY ORDERED that the Company’s Amended PPA with Georgetown Irrigation is approved.

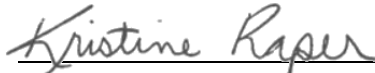
IT IS FURTHER ORDERED that all payments made by the Company for purchases of energy under the Amended PPA are allowed as prudently incurred expenses for ratemaking purposes.

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 regarding 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 2<sup>nd</sup> day of August 2021.



PAUL KJELLANDER, PRESIDENT

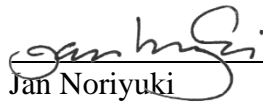


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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