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Attorney for the Commission Staff

## **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF ROCKY MOUNTAIN</b>	)	
<b>POWER'S APPLICATION FOR APPROVAL</b>	)	<b>CASE NO. PAC-E-21-13</b>
<b>OR REJECTION OF THE POWER</b>	)	
<b>PURCHASE AGREEMENT BETWEEN</b>	)	
<b>PACIFICORP AND DRY CREEK LLC</b>	)	<b>COMMENTS OF THE</b>
	)	<b>COMMISSION STAFF</b>
	)	

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

### **BACKGROUND**

On May 11, 2021, Rocky Mountain Power, a division of PacifiCorp ("Company"), requested the Commission approve or reject a Power Purchase Agreement ("PPA") with Dry Creek LLC for energy generated by a 3.4-megawatt hydroelectric facility ("Facility"). The Facility is a qualifying facility under the Public Utility Regulatory Policies Act of 1978.

The Facility is in Butte County, Idaho. The Facility has been delivering energy to the Company under a power purchase agreement dated May 2, 1986, which expires April 30, 2022. The Company states that the PPA contains published, non-seasonal, non-levelized avoided cost rates for a 20-year term. The PPA's effective date is May 1, 2022.

## STAFF ANALYSIS

Staff recommends approval of the PPA between the Company and Dry Creek LLC. Staff's review has focused on the 90/110 Rule, capacity payment eligibility, avoided cost rates, and the long-range forecasting.

### 90/110 Rule

Staff confirmed the PPA contains the 90/110 Rule as required by Commission Order 29632. The 90/110 Rule requires a QF to provide utilities with a monthly estimate of the amount of energy the QF expects to produce. If the QF delivers more than 110 percent of the estimated amount, then the utility must buy the excess energy for the lesser of 85 percent of the market price or the contract price. If the QF delivers less than 90 percent of the estimated amount, then the utility must buy total energy delivered for the lesser of 85 percent of the market price or the contract price. *See* Order No. 29632 at 20.

The PPA uses a 10-day advanced notice to revise future monthly estimates. If the Company develops a web-based or other electronic noticing or scheduling system for the Seller to provide estimates, the timeframe will be revised to a 5-day advanced notice. Staff believes any timeframe between a month in advance and 5 days in advance is reasonable. The Commission allowed a month-ahead timeframe in Order No. 33103, which states:

The intent of a QF providing generation estimates has always been to assist the utility in forecasting and operational planning so that the utility can provide the most reliable service possible to its customers. We find that a provision allowing for monthly generation estimate updates is consistent with that purpose.

Later, the Commission also allowed a 5-day timeframe in several cases, recognizing that monthly estimates provided closer to the time of delivery can improve the accuracy of input used for short-term operational planning. *See, e.g.*, Order Nos. 34263 and 34870.

The Company uses the Palo Verde Hub to establish market prices for the purpose of the 90/110 Rule. Staff believes the Company's determination of market prices is fair and reasonable.

### Capacity Payment Eligibility

Staff is confident that the project has contributed to meeting the Company's need for capacity during the term of the original 1985 contract and should receive full capacity payments in the PPA for all generation from the Facility.

This QF was paid for capacity at the end of the original contract term. According to Commission Order No. 32697, a QF only receives compensation for capacity when the utility is capacity deficient, unless it is a renewal/extension project that was paid for capacity at the end of the original contract. In addition, during the QF's original contract term, the Company has added significant resources to meet its capacity deficiencies, which also qualifies it for immediate capacity payments as in Case Nos. IPC-E-19-04, IPC-E-19-30, and IPC-E-19-35.

### Avoided Cost Rates

Staff reviewed the avoided cost rates proposed in the PPA and verified that the proposed rates are correct.

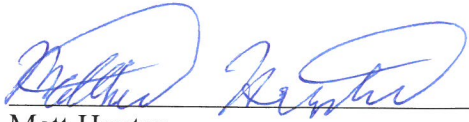
### Long-Range Forecasting

The Seller agrees to provide an annual update to the 12X24 generation profile in Section 6.7.1. Although the Commission does not require 12X24 generation profiles for contracts that use published rates, Staff does not oppose to this provision agreed upon by the parties.

## **STAFF RECOMMENDATION**

Staff recommends approval of the PPA between the Company and Dry Creek LLC. Staff also recommends that the Commission declare that the avoided cost prices set forth in the PPA are just and reasonable, in the public interest, and that the Company's incurrence of such costs are legitimate expenses.

Respectfully submitted this 20<sup>th</sup> day of July 2021.



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Matt Hunter  
Deputy Attorney General

Technical Staff: Yao Yin

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20<sup>TH</sup> DAY OF JULY 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF** IN CASE NO. PAC-E-21-13, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE