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Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFICORP'S	)	
APPLICATION FOR APPROVAL OR	)	CASE NO. PAC-E-22-18
REJECTION OF THE POWER PURCHASE	)	
AGREEMENT WITH OJA, LLC	)	COMMENTS OF THE
	)	COMMISSION STAFF
	)	

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

### BACKGROUND

On November 14, 2022, Rocky Mountain Power, a division of PacifiCorp ("Company") applied to the Commission for approval or rejection of a Power Purchase Agreement ("PPA") between the Company and Larry and Christie Oja ("Sellers") for energy produced by Sellers' small-hydro facility ("Facility") located in Oneida County, Idaho. The Facility is a qualifying facility ("QF") under the Public Utility Regulatory Policies Act of 1978 ("PURPA"). The proposed PPA is a 20-year contract and contains non-seasonal hydro avoided cost rates.

### STAFF ANALYSIS

Staff's review has focused on the nameplate capacity rating, capacity payments, avoided cost rates, signature date of the 1986 contract, and the 90/110 Rule. Staff recommends that the

Commission approve the PPA, conditioned on the parties correcting the signature date information of the original 1986 contract stated in the PPA.

### **Nameplate Capacity Rating**

The original 1986 contract, which included a one-year extension approved in Order No. 35383, listed the nameplate capacity rating of the Facility at 260 kilowatts (“kW”). However, the proposed PPA states that the nameplate capacity rating of the Facility is 188 kW. The Company stated that the actual nameplate capacity rating has been 188 kW since the Facility was built, and the Company also provided a photograph of the Facility’s data plate, which verified it. *See Response to Staff’s Production Request No. 2.* Staff agrees that the PPA should be developed based on the actual nameplate capacity rating of 188 kW. Because it is a reduction from the nameplate capacity rating listed in the original 1986 contract, capacity payments would not be affected under the PPA.

### **Capacity Payments**

Staff believes that the immediate capacity payments proposed in the PPA is in accordance with past Commission Orders. In Order No. 32697, the Commission stated that “if a QF project is being paid for capacity at the end of the contract term and the parties are seeking renewal/extension of the contract, the renewal/extension would include immediate payment of capacity.” The original 1986 contract contained capacity payments at the end of the contract term; thus, Staff believes it is reasonable to include capacity payments for the entire contract term of the PPA.

The PPA lists both the nameplate capacity and the maximum delivery rate of the Facility as 188 kW. Staff believes the Facility should be granted immediate capacity payments for its entire generation amount over the term of the PPA.

### **Avoided Cost Rates**

Staff verified that the avoided cost rates contained in the PPA are correct.

### **Signature Date of 1986 Contract**

Section 2.2 (b) of the PPA mistakenly states that the original 1986 contract was signed on January 3, 1985. The signature date of the original 1986 contract was March 4, 1986. *See* Response to Staff's Production Request No. 1. Staff recommends that the parties correct the signature date listed within the PPA.

### **90/110 Rule**


Staff confirmed the PPA contains the 90/110 Rule as required by Commission Order No. 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. The Seller expected zero energy delivery for the month of May, and Staff believes this expectation is reasonable.

Diversion of water to run the generator at this Facility occurs when two requirements are met: (1) there is a minimum flow of 3.5 cubic feet per second, and (2) there is a 48-day seasonal measured, graduated flushing flow. The Seller believes these requirements cannot be met in the month of May, and thus the expected energy delivery is zero for that month. *See* Response to Staff's Production Request No. 3. Staff believes this is reasonable.

### **STAFF RECOMMENDATION**

Staff recommends that the Commission approve the PPA and declare all payments for purchase of energy and capacity under the PPA be allowed as prudently incurred expenses for ratemaking purposes, conditioned on the parties correcting the signature date of the original 1986 contract stated in the PPA.

Respectfully submitted this 4<sup>th</sup> day of January 2023.

  
Michael Duval  
Deputy Attorney General

Technical Staff: Yao Yin

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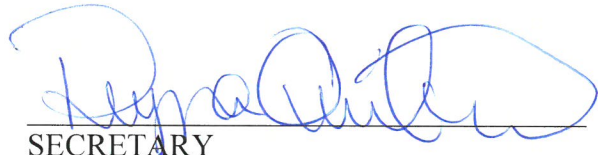
## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 4<sup>th</sup> DAY OF JANUARY 2023, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-22-18, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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