

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION STAFF’S APPLICATION TO UPDATE INPUTS TO THE SURROGATE AVOIDED RESOURCE (“SAR”) MODEL AND SAR-BASED AVOIDED COST RATES)))))))	CASE NO. PAC-E-25-06 ORDER NO. 36611
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On April 9, 2025, Commission Staff (“Staff”) applied to the Idaho Public Utilities Commission (“Commission”) requesting the Commission issue an order updating inputs to the Surrogate Avoided Resource (“SAR”) Model and approving the SAR-based avoided cost rates submitted with the Application.

On April 15, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, setting comment and reply comment deadlines. Order No. 36543. PacifiCorp dba Rocky Mountain Power (“Company”) filed comments on April 24, 2025. No comments were filed by the public. Staff did not file reply comments.

Having reviewed the record in this case we now issue this Final Order updating the inputs to the SAR Model and SAR-Based avoided cost rates for the Company.

BACKGROUND

The Commission calculates and publishes SAR rates for qualifying facilities that are under the applicable resource type project eligibility cap.¹ In Order No. 32697, the Commission found that the final release of U.S. Energy Information Administration’s (“EIA”) Annual Energy Outlook automatically triggers a re-calculation of published avoided cost rates. In Order No. 32802, the Commission clarified that an update should occur on June 1, 2023, or within 30 days of the final release of the Annual Energy Outlook, whichever is later. Following the issuance of Orders No. 32697 and 32802, Staff annually updated natural gas price inputs into the SAR Model and a Staff attorney sent a letter to the Company requesting the Company verify that Staff had correctly updated and calculated the published avoided cost rates. The letter was filed with the Commission and served to open the docket for the annual updates. Historically, Notices of Application were not issued for these cases because “this annual update is a simple arithmetic re-calculation to an

¹ For projects that exceed the eligibility cap for SAR rates the Commission uses Integrated Resource Plan rates.

established methodology that is accomplished administratively as a matter of course.” Order No. 34350 at 1 citing Order Nos. 33305, 33538, and 33773.

In 2020, the Commission approved a more formal process to update inputs to the SAR Model. Order No. 34628. The Commission stated, “[s]ubsequent annual SAR updates will be initiated with an Application to the Commission. Despite the change in procedure to allow for better tracking and transparency, this update is still intended to be a simple arithmetic calculation to an established methodology.” *Id.* at 1.

THE APPLICATION

Staff represented that it updated the SAR Model and its avoided cost rates based on the proposed natural gas price forecast and the updated capacity deficiency information. Application at 2. Specifically, Staff stated that the updates to the natural gas price forecast used the same method approved in Case No. GNR-E-24-01, which calculates the average of AECO Hub prices, Stanfield Hub prices, Sumas Hub prices, and Opal Hub prices from the 2025 natural gas price forecast published by Northwest Power and Conservation Council. *Id.*

Staff represented that it used the capital structure and the component costs from Case No. PAC-E-10-07, except for the return on equity (“ROE”). *Id.* at 3. Staff stated that it used these assumptions to impute a ROE of 8.51 percent to calculate the rate of return of 7.25 percent approved in Commission Order No. 36452. *Id.*

COMPANY COMMENTS

The Company reviewed Staff’s calculation of the new published avoided cost rates and agreed that the published avoided cost rates were calculated correctly. Company Comments at 1.

COMMISSION FINDINGS AND DISCUSSION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission has the power to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* § 61-501. The Commission also has authority under the Public Utility Regulatory Policies Act and the implementing of regulations of the Federal Energy Regulatory Commission (“FERC”) to set avoided costs, to order electric utilities to enter fixed-term obligations for the purchase of energy from qualifying facilities, and to implement FERC rules.

Having reviewed the record, we find that Staff correctly calculated the annual updates using the Commission-approved method, and we find that the updated published avoided cost rates are fair, just, and reasonable.

ORDER

IT IS HEREBY ORDERED that the updated SAR Model and SAR-Based avoided cost rates contained in the Application for the Company are approved, effective June 1, 2025.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon 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 29th day of May 2025.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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