

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF PACIFICORP DBA ROCKY MOUNTAIN) CASE NO. PAC-E-11-08
POWER FOR APPROVAL OF A FIRM)
ENERGY SALES AGREEMENT BETWEEN)
ROCKY MOUNTAIN POWER AND) ORDER NO. 32261
CARGILL, INC.)

On February 16, 2011, PacifiCorp dba Rocky Mountain Power filed an Application requesting approval of a 10-year Firm Energy Sales Agreement (Agreement) between Rocky Mountain Power and Cargill, Inc. The project (Facility) is located in Jefferson County, Idaho. The project will be a “qualifying facility” (QF) under the applicable provisions of the federal Public Utility Regulatory Policies Act of 1978 (PURPA). The Company requested that its Application be processed by Modified Procedure.

On March 10, 2011, the Commission issued a Notice of Application and Notice of Modified Procedure setting an April 7, 2011, comment deadline, and an April 14, 2011, deadline for reply comments. By this Order, the Commission approves the Agreement between Rocky Mountain Power and Cargill without change or condition and declares that all payments made by Rocky Mountain Power to Cargill be allowed as prudently incurred expenses for ratemaking purposes.

THE AGREEMENT

On February 8, 2011, Rocky Mountain Power and Cargill entered into an Agreement. Cargill intends to own, operate and maintain a biogas-fueled digester generating facility for the generation of electric power. Under the terms of the Agreement, the Facility agrees to sell electric energy to Rocky Mountain Power for a 10-year term using the current non-levelized published avoided cost rates as currently established by the Commission in Order No. 31025 for energy deliveries of less than 10 aMW. Application at 2. The nameplate rating of the Facility is 1.696 MW. Under normal and/or average conditions, the Facility will not exceed 10 aMW on a monthly basis. Should the Facility exceed 10 aMW on a monthly basis, Rocky Mountain Power will accept the energy, but will not purchase or pay for the inadvertent energy. Agreement ¶ 6.6.

The Facility has selected seven (7) days from the service date of the Commission’s Order approving the Agreement as its Scheduled Commercial Operation Date. Application at 3.

Rocky Mountain Power asserts that various requirements have been placed upon the Facility in order for Rocky Mountain Power to accept the Facility's energy deliveries. Rocky Mountain Power states that it will monitor the Facility's compliance with initial and ongoing requirements through the term of the Agreement. The parties have agreed to delay liquidated damages and security provisions. Agreement ¶¶ 2.4.1, 10.1. Rocky Mountain Power states that the Facility has also been made aware of and accepted the provisions in the Agreement regarding curtailment or disconnection of the Facility should certain operating conditions develop on Rocky Mountain Power's system. Agreement ¶ 6.3.

By its own terms, the Agreement will not become effective until the Commission has approved all of the terms and conditions and declares that all payments made by Rocky Mountain Power to the Facility for purchases of energy "are just and reasonable, in the public interest, and that the costs incurred by [Rocky Mountain Power] for purchases of capacity and energy from [Cargill] are legitimate expenses, all of which the Commission will allow [Rocky Mountain Power] to recover in rates in Idaho in the event other jurisdictions deny recovery of their proportionate share of said expenses." Agreement ¶ 2.1.

THE COMMENTS

Staff Comments

The Facility is expected to generate 9,450 MWh in the first year of operation and 12,600 MWh annually thereafter. Under the non-levelized rates in the Agreement, the annual energy payments by PacifiCorp for the expected generation will be approximately \$0.48 million in 2011 increasing to approximately \$1.04 million in 2020, or a cumulative total of \$8.80 million over the 10-year term of the Agreement. The net present value of the energy payments over the life of the Agreement will be approximately \$5.72 million.

This Agreement contains rates from Order No. 31025, the published rates currently in effect. The rates in the Agreement are fully in conformance with Commission Orders.¹ In addition, all other terms and conditions in the Agreement are consistent with recent Commission Orders. Consequently, Staff recommended approval of the Agreement as submitted. Staff further recommends that the costs incurred by PacifiCorp for purchasing capacity and energy

¹ On November 5, 2010, Idaho Power Company, Avista Corporation, and PacifiCorp dba Rocky Mountain Power (Utilities) filed a Joint Petition requesting that the Commission initiate an investigation to address various avoided cost issues related to PURPA. On February 7, 2011, the Commission issued Order No. 32176 which temporarily reduced the eligibility cap for published avoided cost rates from 10 aMW to 100 kW for wind and solar QFs only.

from Cargill be accepted as legitimate expenses. Staff recommended PacifiCorp be allowed to recover in rates in Idaho the appropriate allocated costs under the Revised Protocol.

FINDINGS AND CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues raised in this matter pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed-term obligations for the purchase of energy from qualified facilities (QFs) and to implement FERC rules.

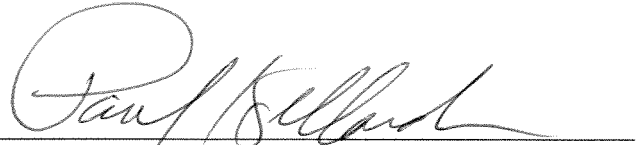
The Commission has reviewed the record in this case, including the Application, the February 8, 2011, Agreement, and the comments and recommendations of Commission Staff. As represented and pursuant to contract, under normal and/or average conditions the Facility will not exceed 10 aMW on a monthly basis. Based on the foregoing, we find that the proposed Agreement submitted in this case contains acceptable contract provisions including the non-levelized published avoided cost rates approved by the Commission in Order No. 31025. We further find it reasonable to allow payments made under the Agreement as prudently incurred expenses for ratemaking purposes.

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the February 8, 2011, Firm Energy Sales Agreement between PacifiCorp dba Rocky Mountain Power and Cargill, Inc. is approved without change or condition.

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. 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 7th
day of June 2011.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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