

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. PAC-E-18-09
OF ROCKY MOUNTAIN POWER TO)
UPDATE THE LOAD AND GAS) NOTICE OF APPLICATION
FORECASTS USED IN THE INTEGRATED)
RESOURCE PLAN AVOIDED COST) NOTICE OF
MODEL) MODIFIED PROCEDURE
)
)
) ORDER NO. 34185

On October 15, 2018, Rocky Mountain Power, a division of PacifiCorp, filed its annual update to certain components of its avoided cost rate calculation for qualifying facilities (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA). Specifically, Rocky Mountain Power updated the load forecast, natural gas forecast, and contract information components that it uses to calculate avoided cost rates under the incremental cost Integrated Resource Plan (IRP) method. Rocky Mountain Power asks the Commission to issue an Order approving the updated information for inclusion in the Company’s IRP avoided cost calculations with an October 15, 2018, effective date. With this Order, the Commission provides notice of the Company’s Application and notice that interested persons may file written comments related to the Application.

BACKGROUND

Under PURPA, electric utilities must purchase electric energy from QFs at rates approved by the applicable state agency—in Idaho, this Commission. 16 U.S.C. § 824a-3; *Idaho Power Co. v. Idaho PUC*, 155 Idaho 780, 780, 316 P.3d 1278, 1287 (2013). The purchase or “avoided cost” rate shall not exceed the “‘incremental cost’ to the purchasing utility of power which, but for the purchase of power from the QF, such utility would either generate itself or purchase from another source.” Order No. 32697 at 7, *citing Rosebud Enterprises v. Idaho PUC*, 128 Idaho 624, 917 P.2d 781 (1996); 18 C.F.R. § 292.101(b)(6)(defining “avoided cost”).

The Commission has established two methods of calculating avoided cost, depending on the size of the QF project: (1) the surrogate avoided resource (SAR) method, and (2) the IRP method. *See* Order No. 32697 at 7-8. The Commission uses the SAR method to establish what are commonly referred to as “published” avoided cost rates. *Id.* Published rates are available for

wind and solar QFs¹ with a design capacity of up to 100 kilowatts (kW), and for QFs of all other resource types with a design capacity of up to 10 average megawatts (aMW). On the other hand, if a QF's design capacity is above the published rate eligibility caps, the utility must use the IRP method to negotiate a project-specific avoided cost rate with the QF. *Id.* at 2; Order No. 32176. The IRP method accounts for “many different variables and produces a[n avoided cost] result based on each individual utility's need for energy.” Order No. 32697 at 17. The variables in Rocky Mountain Power's IRP method are at issue here.

With respect to the IRP method, the Commission requires utilities to update fuel price forecasts and load forecasts each year on October 15. Order No. 32802 at 3. All other IRP method variables and assumptions remain fixed between the biennial IRP filings. Order No. 32697 at 22. The Commission expects the utility's load and resource balance to account for long-term contract commitments, and PURPA contracts that have terminated or expired. *Id.*

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that, with this Application, Rocky Mountain Power updates its load forecast, natural gas forecast, and contract information. The Company explains that if the Commission approves the updates, the Company will incorporate them into its IRP avoided cost model and use the model to begin negotiating contractual avoided cost rates as of October 15, 2018. Application at 2.

YOU ARE FURTHER NOTIFIED that Rocky Mountain Power's updated load forecast is from July 2018 and “shows a slight decrease in load compared to the July 2017 load forecast provided in Case No. PAC-E-17-13 and approved by the Commission in Order No. 33952.” *Id.* Rocky Mountain Power provides both the July 2018 and the July 2017 load forecasts for years 2018 through 2038. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that Rocky Mountain Power's updated natural gas forecast was prepared on September 29, 2018, and “indicates gas prices [in the Company's most recent Official Forward Price Curve] are down slightly initially then a little higher over the remaining years compared to” its 2017 Official Forward Price Curve. *Id.* at 3. Rocky Mountain Power provided both its 2018 and the 2017 forecasts for years 2018 through 2037. *Id.* at 5.

¹ See Order No. 33785 (regarding battery storage facilities).

YOU ARE FURTHER NOTIFIED that, regarding contract additions and terminations, Rocky Mountain Power explains that it has signed 16 long-term contracts, 8 of which are with QFs, for a total nameplate capacity of 535.3 megawatts (MW). *Id.* at 3. Eleven long-term contracts have expired and two were terminated, for a total nameplate capacity of 201.1 MW. *Id.* The Company provides a list of the contract additions and terminations in Table 3 to the Application. The Company indicates it continuously includes new power purchase agreements, terminated or expired contracts, and new contract pricing in its avoided cost IRP model. *Id.*

YOU ARE FURTHER NOTIFIED that the Company's Application has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission's Website at www.puc.idaho.gov under "File Room" and then "Electric Cases."

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-.204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this filing may file a written comment with the Commission **no later than November 27, 2018**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this filing may be mailed to the Commission and Rocky Mountain Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, UT 84116
E-mail: ted.weston@pacificorp.com
Idahodockets@pacificorp.com

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Rocky Mountain Power
1407 West North Temple, Suite 320
Salt Lake City, UT 84116
E-mail: daniel.solander@pacificorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if any, **no later than December 4, 2018.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and specifically *Idaho Code* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

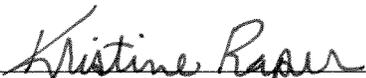
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Interested persons shall have until November 27, 2018, to file written comments. The Company shall have until December 4, 2018, to file reply comments, if any.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *2nd*
day of November 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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