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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

Applications of Rocky Mountain Power for Approval of the Power Purchase Agreements between PacifiCorp and Pavant Solar II, LLC, PacifiCorp and Iron Springs Solar, LLC, PacifiCorp and Granite Mountain Solar East, LLC, and PacifiCorp and Granite Mountain Solar West, LLC	<b>Dockets No. 15-035-40, No. 15-035-41, No. 15-035-42, and No. 15-035-43</b>  <b>REPLY COMMENTS</b>
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Pursuant to the Scheduling Order and Notice of Hearing issued by the Public Service Commission of Utah (“Commission”) April 17, 2015, Rocky Mountain Power (“Rocky Mountain Power” or “Company”) hereby files its reply comments responding to the Comments of the Office of Consumer Services (“Office”) filed with the Commission June 5, 2015.

**BACKGROUND**

Between April 9 - 10, 2015 Rocky Mountain Power filed four (4) applications with the Commission requesting approval of Power Purchase Agreements (“PPAs”) between PacifiCorp and Pavant Solar II, LLC, PacifiCorp and Iron Springs, LLC, PacifiCorp and Granite Mountain Solar East LLC, and PacifiCorp and Granite Mountain Solar West, LLC. On June 5, 2015, the Office of Consumer Services (“Office”) and the Utah Division of Public Utilities (“DPU”) submitted initial comments on each of the four applications.

## REPLY COMMENTS

The Office contends that the avoided cost pricing used in the PPAs is “outdated” and that the Company has negotiated “one-off” special pricing arrangements with these QF developers. The Company negotiated the PPAs consistent and in accordance with (1) the procedures set forth in the then-current version of Schedule 38, and (2) all other applicable Commission orders related to QF pricing and contract negotiation. The then-current version of Schedule 38 did not set forth a specific timeline or schedule for updating avoided cost pricing. The timelines for pricing and negotiation of these four PPAs are consistent with timelines that have occurred with prior QF PPAs brought before this Commission for approval. The issue related to the length of time an avoided cost price can remain usable in a QF PPA before requiring an update has been addressed in the recent settlement stipulation approved by the Commission in Docket No. 14-035-140.

The Office questions whether the QFs in this proceeding meet the PURPA and Federal Energy Regulatory Commission (“FERC”) requirements of at least one (1) mile separation between QF facilities. The Company includes in every QF PPA (including these four) a requirement that the counterparty meet the eligibility requirements to be considered a QF throughout the term of the PPA. Failure to do so is an event of default and could ultimately result in termination of the PPA. Moreover, the one (1) mile separation requirement applies to QFs that have the same parent or owner. *See* 18 C.F.R. §292.204(a)(1). In the case of the Pavant I and Pavant II PPAs, the Company is aware that the Pavant I PPA has a different ultimate parent or owner than the Pavant II PPA. In the case of the three SunEdison PPAs, the Company understands that they are at least one (1) mile apart.

The Office also states that the Granite Mountain East and West QF PPAs may be an example of “gaming the system” because the projects had a single interconnection study. FERC, however, has expressly held that a shared electrical interconnection is not relevant in determining

whether facilities satisfy the one-mile rule. In *Northern Laramie Range Alliance*, 139 FERC ¶61,190 P5 (Order Denying Rehearing, June 8, 2012), the petitioner sought to revoke a QF's certification because, among other things, "the two Wasatch facilities share a common interconnection to the grid." FERC found the argument "without merit because the regulations provide that it is the distance between the facilities' respective generating equipment that is used to determine whether the one-mile rule has been satisfied." *Id.* at 9. On rehearing, FERC emphasized: "it is the electrical generating equipment, and not other equipment, such as 'collector' lines for gathering energy, **or even the single interconnection to the grid**, that determines where a facility is for purposes of measuring the distance between facilities." *Id.* at (emphasis added). These projects have separate interconnection agreements.

### CONCLUSION

Based on the Company's application and on the foregoing, the Company recommends and requests that the Commission approve the following Power Purchase Agreements, which approval is also recommended by the DPU, and not opposed by the Office:

- (1) PacifiCorp and Pavant Solar II, LLC,
- (2) PacifiCorp and Iron Springs Solar, LLC,
- (3) PacifiCorp and Granite Mountain Solar East, LLC, and
- (4) PacifiCorp and Granite Mountain Solar West, LLC.

DATED this 12<sup>th</sup> day of June, 2015.

Respectfully submitted,

ROCKY MOUNTAIN POWER

A handwritten signature in blue ink that reads "Yvonne R. Hogle". The signature is written in a cursive style with a large initial "Y".

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