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Application of Rocky Mountain Power for Approval of Power Purchase Agreement between PacifiCorp and Tesoro Refining and Marketing Company LLC	<u>DOCKET NO. 19-035-38</u> <u>ORDER APPROVING QUALIFYING FACILITY POWER PURCHASE AGREEMENT</u>
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ISSUED: December 18, 2019

**BACKGROUND AND PROCEDURAL HISTORY**

On October 15, 2019, Rocky Mountain Power (RMP), filed an application (“Application”) with the Public Service Commission (PSC) for approval of a power purchase agreement (PPA) between PacifiCorp and Tesoro Refining & Marketing Company LLC (“Tesoro”). The PPA provides for the sale of net-electric energy from a natural gas-fired cogeneration facility for a period of 12 months, beginning January 1, 2020. Tesoro represents itself to be a qualifying facility (QF) under the Public Utility Regulatory Policies Act of 1978 (PURPA), Utah Code Ann. § 54-12-1, *et seq.*, and applicable regulations. RMP seeks PSC approval of the PPA consistent with the approved pricing methodology for QFs under Rocky Mountain Power Electric Service Schedule No. 38 – Qualifying Facility Procedures (“Schedule 38”).<sup>1</sup>

The Division of Public Utilities (DPU) filed comments on November 18, 2019, recommending the PSC approve the PPA. The DPU represents RMP has complied with PSC orders regarding the methodology used to determine contract pricing under Schedule 38 and that

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<sup>1</sup> See, e.g., *In the Matter of the Application of PacifiCorp for Approval of an IRP-Based Avoided Cost Methodology for QF Projects Larger than One Megawatt*, Docket No. 03-035-14; *In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts*, Docket No. 12-035-100; *Rocky Mountain Power’s 2017 Avoided Cost Input Changes Quarterly Compliance Filing*, Docket No. 17-035-37.

the PPA's rates, terms, and conditions are in accordance with those the PSC approved in Docket Nos. 03-035-14 and 12-035-100.<sup>2</sup>

In addition, the DPU also recommends RMP: (1) continue to provide GRID outputs and spreadsheets supporting the PPA price calculations and spreadsheets showing avoided line loss calculations, with all spreadsheet formulae intact, in future PPA filings; and (2) continue to provide, at least quarterly, hourly power purchased reports for contract performance monitoring purposes.

On December 5, 2019, the PSC's designated presiding officer held a hearing to consider the Application. At the hearing, RMP and the DPU provided testimony supporting PSC approval of the PPA. The evidence supporting the Application is uncontested.

### **DISCUSSION, FINDINGS AND CONCLUSIONS**

#### **A. The PPA**

Tesoro owns, operates, and maintains a natural gas-fired cogeneration facility in Salt Lake City, Utah. The facility is operated as a QF with a nameplate capacity rating of 25.0 MW and an estimated average annual energy delivery to RMP of 10,000 megawatt-hours. All interconnection requirements have been met and the facility is fully integrated with RMP's system.

Under the PPA, Tesoro has the option, but not the obligation, to sell to RMP all of Tesoro's QF net output. While Tesoro is not permitted to sell any portion of the output to parties

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<sup>2</sup> See *supra* n.1.

other than RMP, Tesoro may offset its own retail load before selling any excess power to RMP under the PPA.

## **B. Parties' Positions**

### **1. RMP**

RMP represents in its Application that it is a “purchasing utility” and, as such, is obligated to purchase power from QFs under PURPA, Utah Code Ann. § 54-12-1, *et seq.*, applicable regulations, and PSC orders. RMP also represents it calculated the purchase prices set forth in the PPA consistent with the methodology approved in Docket No. 03-035-14.

At hearing, RMP testified the PPA is compliant with relevant PSC orders and with Schedule 38. Pursuant to the DPU’s recommendations, RMP agreed, in testimony, to provide GRID outputs and spreadsheets supporting the PPA price calculations and avoided line loss calculations in future PPA filings, and indicated it will continue to provide hourly power purchased reports on a quarterly basis.

### **2. DPU**

At hearing, the DPU testified that the agreement is similar to contracts from prior years and complies with PSC guidelines established in prior orders. The DPU further testified that the PPA is just, reasonable, and in the public interest, and recommended the PSC approve it.

## **C. Findings and Conclusions**

Based on the current regulatory framework in place as established by PURPA, Utah law, prior PSC orders, and RMP’s tariff, the PSC reviews PPAs to ensure RMP has properly

administered its tariff and, in particular, that it has appropriately determined pricing for the PPA based on the PSC-approved methodology.

The PSC notes no party opposed the Application or otherwise provided evidence challenging the PPA's rates, terms, or conditions.

Based upon our review of the Application, the PPA, the comments filed in the docket, and the testimony provided at hearing, we find and conclude the prices, terms, and conditions of the PPA are consistent with applicable law, relevant PSC orders, and Schedule 38. We also approve of RMP's agreement to provide the GRID outputs and supporting documentation as well as the quarterly hourly purchased power data.

We find and conclude that approval of the Application and the PPA is just, reasonable, and in the public interest.

**ORDER**

Pursuant to the foregoing, we order:

1. The Application and underlying PPA are approved.
2. In requesting approval of future PPAs, RMP shall provide in its applications GRID outputs and spreadsheets supporting the derivation of PPA prices and avoided line loss calculations, with all spreadsheet formulae intact.
3. Consistent with its practice, RMP shall file, at least quarterly, data reflecting the hourly power purchased under the Tesoro PPA to allow the DPU to monitor contract performance.

DATED at Salt Lake City, Utah, December 18, 2019.

/s/ Michael J. Hammer  
Presiding Officer

Approved and Confirmed December 18, 2019, as the Order of the Public Service  
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#311520

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on December 18, 2019, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

Data Request Response Center ([datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)), ([utahdockets@pacificorp.com](mailto:utahdockets@pacificorp.com))  
PacifiCorp

Jana Saba ([jana.saba@pacificorp.com](mailto:jana.saba@pacificorp.com))  
Jacob McDermott ([jacob.mcdermott@pacificorp.com](mailto:jacob.mcdermott@pacificorp.com))  
Rocky Mountain Power

Patricia Schmid ([pschmid@agutah.gov](mailto:pschmid@agutah.gov))  
Justin Jetter ([jjetter@agutah.gov](mailto:jjetter@agutah.gov))  
Robert Moore ([rmoore@agutah.gov](mailto:rmoore@agutah.gov))  
Steven Snarr ([stevensnarr@agutah.gov](mailto:stevensnarr@agutah.gov))  
Assistant Utah Attorneys General

Madison Galt ([mgalt@utah.gov](mailto:mgalt@utah.gov))  
Division of Public Utilities

Cheryl Murray ([cmurray@utah.gov](mailto:cmurray@utah.gov))  
Office of Consumer Services

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Administrative Assistant