
Application of Rocky Mountain Power for Approval to Enter into Resource Contracts in Excess of Fifteen Years Pursuant to Commission Approved Agreements under Electric Service Schedule Number 34	<u>DOCKET NO. 20-035-37</u> <u>ORDER APPROVING SETTLEMENT</u> <u>STIPULATION</u>
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ISSUED: November 23, 2020

SYNOPSIS

The Public Service Commission approves a Settlement Stipulation that resolves Rocky Mountain Power's request for approval to enter a power purchase agreement in excess of fifteen years.

I. BACKGROUND AND PROCEDURAL HISTORY

On August 18, 2020, Rocky Mountain Power (RMP) filed an application ("Application"), requesting approval to enter into a resource commitment in excess of fifteen years.

In a recent docket, the Public Service Commission (PSC) approved RMP's application for approval of renewable energy service contracts ("Customer Contracts") with Salt Lake City Corporation; Park City Municipal Corporation; Summit County, Utah Valley University; VR CPC Holdings, Inc.; and Deer Valley Resort Company, LLC ("Schedule 34 Customers"). The Schedule 34 Customers seek to satisfy their individual renewable energy goals through the Customer Contracts.

The Customer Contracts require the Schedule 34 Customers to pay for the renewable resource RMP requires to meet their preferences through "an incremental charge equal to the difference between the cost to [RMP] to supply renewable generation to the [Schedule 34 Customers] and [RMP's] avoided costs." At present, the PSC-approved avoided cost pricing model allows for contracts up to 15 years in duration.

The Application explains that RMP has been in negotiations with a developer to enter a power purchase agreement (PPA) whereby the developer will provide renewable energy to meet the Schedule 34 Customers' requirements, but the developer is unable, in the current financing environment, to obtain financing for the project if the PPA is limited to 15 years. For the purpose of obtaining a PPA that meets the Schedule 34 Customers' requirements, the Application requests the PSC authorize RMP to enter a PPA in excess of 15 years and proposes a method to calculate the associated avoided costs for any additional years.

After holding a scheduling conference, the PSC issued a Scheduling Order on September 2, 2020, setting an adjudication schedule and noticing the matter for hearing on November 10, 2020. On October 6, 2020, the Utah School and Institutional Trust Lands Administration filed a letter with the PSC, expressing its support of RMP's Application.

On October 20, 2020, RMP filed a Settlement Stipulation ("Settlement"), executed by RMP, the Division of Public Utilities (DPU), and the Office of Consumer Services (OCS) (collectively, "Parties").

The PSC held a hearing on November 10, 2020, during which RMP, DPU, and OCS provided testimony in support of the Settlement.

a. The Settlement

The Parties expressly state in the Settlement that extenuating circumstances relating to the ongoing COVID-19 public health emergency and its related effects on the economy are key factors that underlie their agreement. Specifically, the Parties agree these extenuating circumstances provide a reasonable and rational basis for a one-time approval of a contract longer than 15 years.

The Parties agree that RMP “may use 2017 IRP Schedule 38 pricing for the first 15 years” of the Customer Contracts. “In years 16-20 (or 25 for applicable Customers) the Parties agree that [RMP] may use 2019 IRP Schedule 38 pricing to determine the Schedule 34 incremental charges to the [Schedule 34 Customers.]”¹

The Parties agree that negotiated settlement resolving these issues is in the public interest and that the results are just and reasonable.²

b. Parties’ Testimony at Hearing

At hearing, RMP summarized the key terms and conditions of the Settlement, explained the history that led to the Settlement, and opined that the Settlement is just, reasonable, and in the public interest.

The DPU testified the Settlement is in the public interest and recommended the PSC approve it. Similarly, the OCS testified that the Settlement, taken as a whole, is just and reasonable in result and is in the public interest.

The PSC heard no opposition to the Settlement, at hearing or otherwise.

II. DISCUSSION, FINDINGS OF FACT, AND CONCLUSIONS OF LAW

As set forth in Utah Code Ann. § 54-7-1, settlement of matters before the PSC is legislatively encouraged at any stage of a proceeding. The PSC may adopt a Settlement after considering the interests of the public and other affected persons, if the PSC finds it is in the public interest.

¹ Settlement at ¶ 12.

² *Id.* at ¶ 14.

Having reviewed RMP's Application, the Parties' written testimony, testimony provided at hearing, and hearing no opposition to the Settlement, we find the Settlement is just and reasonable in result. Accordingly, the PSC approves RMP's Application to enter into a resource commitment longer than fifteen years, as conditioned and defined by the Settlement.

III. ORDER

Based upon the foregoing findings and conclusions, the Settlement is approved.

DATED at Salt Lake City, Utah, November 23, 2020.

/s/ Michael J. Hammer
Presiding Officer

Approved and Confirmed November 23, 2020 as the Order of the Public Service
Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
PSC Secretary
DW#316487

Notice of Opportunity for Agency Review or Rehearing

Pursuant to §§ 63G-4-301 and 54-7-15 of the Utah Code, an aggrieved party may request agency review or rehearing of this Order by filing a written request with the PSC within 30 days after the issuance of this 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 does not grant a request for review or rehearing within 30 days after the filing of the request, 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 §§ 63G-4-401 and 63G-4-403 of the Utah Code and Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on November 23, 2020, a true and correct copy of the foregoing was delivered upon the following as indicated below:

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