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| Application of Rocky Mountain Power for Approval of an Amendment of a Power Purchase Agreement between PacifiCorp and Tesoro Refining & Marketing Company LLC | <u>DOCKET NO. 20-035-42</u><br><u>ORDER APPROVING AMENDMENT TO QUALIFYING FACILITY POWER PURCHASE AGREEMENT</u> |
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ISSUED: December 17, 2020

### **PROCEDURAL HISTORY**

On October 14, 2020, Rocky Mountain Power (RMP) filed an application (“Application”) with the Public Service Commission (PSC) for approval of the First Amendment (“Amendment”) to the Non-Firm Power Purchase Agreement (PPA or, as amended, “Amended PPA”) between PacifiCorp and Tesoro Refining & Marketing Company LLC (“Tesoro”) that the PSC approved last year.<sup>1</sup>

The Division of Public Utilities (DPU) filed comments on November 23, 2020, recommending the PSC approve the Amendment. On December 3, 2020, the PSC’s presiding officer held a hearing on the Application. RMP and DPU testified in support of the PSC’s approval of the Amendment. No party contested their testimony or otherwise opposed the Application.

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

The Amendment extends the term of the PPA, which expires on December 31, 2020, for 12 months, through December 31, 2021 (“Extension Period”) and provides updated avoided cost

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<sup>1</sup> See *Application of Rocky Mountain Power for Approval of Power Purchase Agreement between PacifiCorp and Tesoro Refining and Marketing Company LLC*, Docket No. 19-035-38 (Order Approving Qualifying Facility Power Purchase Agreement, issued Dec. 18, 2019).

pricing and an updated line loss factor that apply during the Extension Period. All other terms and conditions of the PPA remain in full force and effect.<sup>2</sup>

RMP represents in its Application that it meets the definition of a purchasing utility and, as such, is obligated to purchase power from qualified facilities under the Public Utility Regulatory Policies Act of 1978 (PURPA), Utah Code Ann. § 54-12-2, applicable regulations, and PSC orders. RMP further represents that it calculated the purchase prices set forth in the Amendment consistent with the PSC-approved methodology and that the costs of the Amended PPA will be allocated in accordance with the 2020 Protocol.<sup>3</sup>

RMP testified that the Amended PPA is compliant with applicable PSC orders and with Electric Service Schedule No. 38 – Qualifying Facility Procedures (“Schedule 38”). RMP further testified at hearing that it agreed, pursuant to DPU’s recommendations, to (i) provide GRID outputs and spreadsheets supporting PPA pricing and avoided line loss calculations in future PPA-related filings and (ii) to continue to provide hourly power purchased reports on a quarterly basis.

DPU represents that RMP has complied with PSC orders regarding the methodology used to determine contract pricing under Schedule 38 and that the Amended PPA’s rates, terms, and conditions are in accordance with those the PSC has approved in prior dockets.

At hearing, DPU testified that the Amended PPA is similar to agreements from prior years and complies with PSC guidelines established in prior orders. DPU testified that the Amended

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<sup>2</sup> Application at 2-3.

<sup>3</sup> See *Application of Rocky Mountain Power for Approval of the 2020 Inter-Jurisdictional Cost Allocation Agreement*, Docket No. 19-035-42 (Order Approving 2020 Protocol, issued April 15, 2020).

PPA is just, reasonable, and in the public interest, and recommends that the PSC approve the Amendment. In addition, DPU also recommends RMP: (1) continue to provide GRID outputs and spreadsheets supporting PPA pricing and avoided line loss calculations, with all spreadsheet formulae intact, in future PPA-related filings; and (2) continue to provide, at least quarterly, hourly power purchased reports for contract performance monitoring purposes.

In accord with PURPA, Utah law, prior PSC orders, and RMP's tariff, the PSC reviews PPAs and associated amendments to ensure RMP has properly administered its tariff and, in particular, that it has appropriately determined avoided cost pricing based on the PSC-approved methodology.

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

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

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

**ORDER**

Pursuant to the foregoing, we order:

1. The Application, underlying Amendment, and resulting Amended PPA are approved.
2. In requesting approval of future PPAs or amendments to them, 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 Amended PPA to allow DPU to monitor contract performance.

DATED at Salt Lake City, Utah, December 17, 2020.

/s/ Michael J. Hammer  
Presiding Officer

Approved and Confirmed December 17, 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#316766

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 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 30 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 17, 2020, 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))  
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Office of Consumer Services

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Administrative Assistant