
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. 22-035-52</u> <u>ORDER APPROVING AMENDMENT TO QUALIFYING FACILITY POWER PURCHASE AGREEMENT</u>
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ISSUED: January 13, 2023

PROCEDURAL HISTORY

On November 10, 2022, Rocky Mountain Power (RMP) filed an application (“Application”) with the Public Service Commission (PSC) for approval of the Third Amendment (“Third Amendment”) to the Non-Firm Power Purchase Agreement (PPA) between PacifiCorp and Tesoro Refining & Marketing Company LLC (“Tesoro”). The PSC approved the PPA on December 18, 2019,¹ a First Amendment to the PPA on December 17, 2020,² and a Second Amendment to the PPA on February 24, 2022.³ The Division of Public Utilities (DPU) filed comments on December 13, 2022. The PSC held a virtual hearing on January 5, 2023.

THE APPLICATION

The Application describes the terms and conditions of the Third Amendment, which modifies terms of RMP’s existing PPA with Tesoro. The PPA is for the sale to RMP of up to 25 MW of energy generated by a Tesoro-owned gas-fired cogeneration facility located in Salt Lake City, Utah that meets all interconnection requirements and is fully integrated with RMP’s system.

¹ See *Application of Rocky Mountain Power for Approval of the 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.

² See *Application of Rocky Mountain Power for Approval of an Amendment of a Power Purchase Agreement between PacifiCorp and Tesoro Refining & Marketing Company LLC*, Docket No. 20-035-42, Order Approving Amendment to Qualifying Facility Power Purchase Agreement issued Dec. 17, 2020.

³ See *Application of Rocky Mountain Power for Approval of an Amendment of a Power Purchase Agreement between PacifiCorp and Tesoro Refining & Marketing Company LLC*, Docket No. 21-035-68, Order Approving Amendment to Qualifying Facility Power Purchase Agreement issued Feb. 24, 2022.

RMP asserts it is obligated to purchase power from Tesoro under the PPA because Tesoro is a qualifying power producer⁴ under the Public Utility Regulatory Policies Act of 1978 (PURPA) and Utah Code Ann. § 54-12-1.

The Third Amendment extends the term of the PPA until December 31, 2023, and establishes pricing, including an updated line loss factor, for the extended term. In addition, RMP states the Third Amendment includes power purchase prices that RMP calculated using the PSC-approved pricing methodology for PPAs related to certain qualifying facilities. RMP states the cost of the Amended PPA will be allocated in accordance with the 2020 Protocol,⁵ and that all other terms and conditions of the PPA will remain in effect.

PARTIES' COMMENTS

The DPU filed comments on December 13, 2022, recommending the PSC approve the Third Amendment. In support of its recommendation, DPU comments that RMP's GRID outputs show prices set forth in the Third Amendment reflect the "correct facts" of Tesoro's Facility and appear to accord with PSC-approved pricing methodology. DPU also comments that the avoided line loss percentage RMP uses in the Third Amendment is based on a calculation method agreed upon by DPU, RMP, and Tesoro in previous years. DPU further states the non-price terms of the Third Amendment are consistent with agreements from prior years and appear to be reasonable.

RMP and DPU testified in support of the Third Amendment at a virtual hearing held by the PSC on January 5, 2023. RMP testified it will continue to make necessary changes to improve

⁴ Utah Code Ann. § 54-2-1(25).

⁵ Application at 4. The 2020 Protocol is an interjurisdictional cost allocation agreement. *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 Apr. 15, 2020.

timeliness of future amendment applications. DPU testified the Amended PPA is just, reasonable, and in the public interest, and recommended the PSC approve the Amendment.

No party opposed the Application.

DISCUSSION, FINDINGS, AND CONCLUSIONS

In accordance 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 finds the Third Amendment uses (1) PSC-approved pricing and avoided line loss calculation methodologies and (2) otherwise complies with PURPA and Utah law. In addition, no party opposed the Application or otherwise provided evidence challenging the Amended PPA's rates, terms, or conditions.

Based on those findings and on DPU's comments and recommendations, the PSC concludes approval of the Application and the Third Amendment is just, reasonable, and in the public interest.

ORDER

The Application, Third Amendment, and resulting Amended PPA are approved.

DATED at Salt Lake City, Utah, January 13, 2023.

/s/ Michael J. Hammer
Presiding Officer

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Approved and Confirmed January 13, 2023, 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#326611

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 January 13, 2023, a true and correct copy of the foregoing was served upon the following as indicated below:

By Email:

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