

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER OF Inquiry by the ) REGULATORY DIVISION  
Montana Public Service Commission into )  
its Implementation of the Public Utility ) DOCKET NO. N2015.9.74  
Regulatory Policies Act of 1978 )

ADDITIONAL COMMENTS of BOULDER HYDRO

These additional comments are offered in response to the Commission's December 2, 2015 Notice of Commission Action.

Symmetrical Treatment

The processes of setting rates for utilities and setting rates for QFs are substantially different. But the basic methods and principals used to evaluate the resources, both utility and QF, should be similar. For example, the treatment of carbon cost is a basic element in the evaluation of both utility and QF projects, and using the same method for determining carbon cost for both utility and QF projects is essential.

The acceptance of a 25-year time frame for evaluation of the dams is a very strong precedent for accepting 25-year long contracts on the QF avoided cost side.

Comparing and contrasting the evaluation of utility resources to the evaluation of QF resources informs the whole evaluation process as much as it deals in fairness.

- **Length of QF contracts.** It seems hard to argue that the utility resource should be committed to over the long-term while the QF resource should be committed to only over the short-term. I'm not sure what Northwestern would have done with a 5-year approval of the dams.
- **Competitive solicitations.** By now it seems clear that Northwestern Energy is not really interested in competitive solicitations, and the Commission is not really interested in making them happen. You can lead a horse to water, but....

- **Intermittent technologies.** All resources are intermittent, its just a question of how they are intermittent, as Colstrip 4 has clearly illustrated. Reasonable methods for valuing the capacity/energy mix and the reliability of all resources, including utility and QF resources, is needed. Limiting peak power values to 5 months of the year is not a reasonable method for allocating capacity/energy.
- **Integration rates.** How to integrate resources into the rate mix is a utility resource problem as much as it is a QF resource problem. Valuing energy/capacity with utility resources is ever as important as valuing energy/capacity with QF resources.
- **Escalating rates.** Perhaps the avoided cost rate could be integrated into the annual utility retail rate tracker.
- **RECS or CO2 costs.** The precedent for ignoring RECS and using CO2 costs for carbon has just been set. The dams simply would not have qualified for RECS.
- **LEO test.** Would the dams ever have been ready for preapproval consideration under the Texas rule?

Mid-C rates.

Options 2(a) and 2(b) are based on indexes that are proprietary. Most parties have commented that rates should be transparent. The proprietary mid-C indexes are not transparent.

---

Boulder Hydro requests that it be included in the roundtable discussions and review being conducted by the Commission.

Respectfully submitted December 21, 2015



Lee Tavenner

Boulder Hydro, 1605 Stephens Ave, Missoula, MT 59801