

*Via U.S. Mail and Electronic Mail*

August 2, 2011

Commissioner Susan Ackerman  
Commissioner John Savage  
Public Utility Commission of Oregon  
550 Capitol St. NE  
Salem, Oregon 97301-2551

**RE: PacifiCorp Advice No. 11-011 – Status of Schedule 37 Process for High Plateau Windfarm, LLC; Lower Ridge Windfarm, LLC; Mule Hollow Windfarm, LLC; and Pine City Windfarm, LLC**

Dear Commissioners:

In preparation for the special public meeting scheduled for August 3, 2011 regarding PacifiCorp's Advice No. 11-011, and at the request of Commission Staff, PacifiCorp provides clarifying information about the status of the above-listed projects (the Proposed Projects).

The Proposed Projects are being developed by Oregon Wind Farms and TERNA Energy USA (collectively the Developers). Attachment A details the timeline and status associated with interconnection agreements and power purchase agreements (PPAs) for the Proposed Projects. As shown on Attachment A, the Developers applied for Schedule 37 PPAs two months ago—on May 23, 2011.<sup>1</sup> The Developers propose a commercial operations date of December 31, 2013. PacifiCorp's merchant function responded on June 14, 2011, and informed the Developers that third-party transmission might be required to move some or all of the output of the Proposed Projects to load. PacifiCorp also indicated that the Developers would need to provide information to demonstrate that they are eligible for Schedule 37 PPAs. To date, the Developers have not provided all of this information.

As you know, under the partial stipulation approved by the Commission in UM 1129, qualifying facilities (QFs) are eligible for Schedule 37 treatment only if all QFs owned or operated by the same entity and located within five miles of one another have a combined nameplate capacity of 10 MW or less. Because the Proposed Projects have combined nameplate capacity of 40 MW and the Proposed Projects are within five miles of nine existing QF projects, and because one of the Developers owns two of those existing projects, PacifiCorp has asked the Developers to provide information regarding the location, ownership,

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<sup>1</sup> Under Schedule 37, interconnection agreements and PPAs are negotiated in separate processes by different functions within the Company—PacifiCorp Transmission negotiates interconnection agreements and PacifiCorp Merchant negotiates PPAs. See PacifiCorp's Oregon Tariff Schedule 37 at 8 & 10. Prior to May 23, 2011, PacifiCorp Merchant was not aware of the Proposed Projects or their interconnection status.

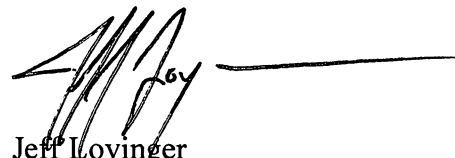
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and control of each Proposed Project. As detailed in Attachment A, PacifiCorp has worked diligently with the Developers to obtain this information.

On July 28, the Developers disclosed to PacifiCorp the existence of a project sales agreement between Oregon Wind Farms and TERNA Energy USA. On August 2, PacifiCorp informed the Developers that it could not agree that the Proposed Projects are eligible for Schedule 37 treatment until it has an opportunity to review the project sales agreement to understand ownership interests in the Proposed Projects. PacifiCorp has offered to enter into a confidentiality agreement with the Developers or to accept a redacted version to protect any sensitive information in the sales agreement. PacifiCorp has further indicated that it will forward draft Schedule 37 PPAs to the Developers during the week of August 1. PacifiCorp has noted that the draft PPAs would not be effective until executed by PacifiCorp *after* PacifiCorp (or the Commission) has concluded that the Proposed Projects are eligible for Schedule 37 treatment. PacifiCorp expects to complete its review of Schedule 37 eligibility as soon as it has an opportunity to review the project sales agreement between Oregon Wind Farms and TERNA Energy USA (unless review of that agreement indicates the need for further information).

PacifiCorp appreciates the opportunity to discuss the status of the Proposed Projects and would be happy to address any further questions you might have.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Lovinger", with a horizontal line extending to the right.

Jeff Lovinger  
Lovinger Kaufmann LLP  
Of Attorneys for PacifiCorp

cc (via email): Maury Galbraith – OPUC Staff (maury.galbraith@state.or.us)  
Ed Durrenberger – OPUC Staff (ed.durrenberger@state.or.us)  
Peter Richardson (peter@richardsonandoleary.com)

Enclosure

## Attachment A - Oregon Wind Farms / Terna Energy Project Timeline with PacifiCorp

The following table is a timeline of interaction between Oregon Wind Farms (OWF) or TERNA Energy USA (TERNA Energy) and PacifiCorp Transmission or PacifiCorp Merchant with regard to the Proposed Projects (aka the "Butter Creek Projects") with total nameplate capacity of 40 MW:

<b>Interaction with PacifiCorp Transmission (regarding interconnection)</b>	<b>Date of Action</b>
Received Initial Applications for Interconnection Agreements (GIAs)	March 3, 2009
Complete Application Acknowledgement	March 16, 2009
Initial Scoping Meeting and Feasibility Study (FEAS) Agreement sent	March 26, 2009
Executed FEAS agreement returned to customer	April 2, 2009
FEAS Report Issued and System Impact Study (SIS) Agreement Sent	May 18, 2009
FEAS report review meeting held with customer	June 1, 2009
Notice of Additional Transmission Data Needed sent to customer to start next study	June 1, 2009
John Deere Renewable (JDR) <sup>1</sup> indicates working on response to required transmission data	June 15, 2009
Customer approval to engage BEW Engineering to determine dynamic reactive power capability needed for study, prior to completion of SIS study	July 2, 2009
Conference with JDR regarding SIS	October 9, 2009
Customer revised interconnection request, changing to delivery at Cold Springs Substation	October 30, 2009
Request for updated technical data sent to customer, wind turbine models	December 29, 2009
Notice to customer regarding need for additional time to complete SIS	January, 7, 2010
Letter to customer providing formal notice on timeline to complete SIS	January 15, 2010
Conference call with customer to discuss SIS status and requirements	January 22, 2010
Request for updated technical data sent to customer, radial line data	February 8, 2010
Revised SIS issued to customer/ Facilities Study Agreement sent	February 29, 2010
SIS report review meeting held with customer	March 16, 2010
Customer letter received disputing 3-breaker ring bus requirements	March 30, 2010
Facilities Study Agreement executed	April 6, 2010
Facilities Study Scoping Meeting	April 26, 2010
Ring Bus requirement letter	May 16, 2010
Facilities Study Report Issued	June 9, 2010
Facilities Study report review meeting held with customer	June 16, 2010
Draft GIAs sent to customer	June 22, 2010
Letter of credit information requested by TERNA Energy	June 7, 2011

<sup>1</sup> JDR operates interconnection facilities that will link the four Proposed Projects (and nine existing QF projects) to PacifiCorp's system. Excelon Generation Company LLC purchased JDR on December 9, 2010.

Attachment A - Oregon Wind Farms / Terna Energy Project Timeline with PacifiCorp

<b>Interaction with PacifiCorp Merchant (regarding power purchase agreements)</b>	<b>Date of Action</b>
OWF requests four PPAs – Merchant’s first knowledge of the four projects	May 23, 2011
Response to OWF regarding Partial Stipulation information and identifying the load pocket issue	June 14, 2011
Letter from TERNA Energy providing partial information	June 23, 2011
Letter to OWF requesting additional information and reaffirming the load pocket issue	July 1, 2011
Letter from OWF attorney Peter Richardson demanding PPAs	July 10, 2011
Letter to Peter Richardson reiterating need for certain previously requested information required to conduct Partial Stipulation evaluation	July 12, 2011
Letter from Peter Richardson containing additional information requested in July 12, 2011 letter	July 22, 2011
Email to OWF requesting additional information missing from July 22, 2011 letter	July 27, 2011
Letter from Peter Richardson containing additional information requested in July 27, 2011 email	July 28, 2011
Letter to Peter Richardson requesting copy of project sales agreement	August 2, 2011

<b>OWF or TERNA Energy Milestones</b>	<b>Date of Action</b>
OWF to provide Pac Transmission with executed GIAs (not yet delivered)	July 15, 2011
OWF’s scheduled initial delivery date	November 30, 2012
OWF’s scheduled commercial operations date	December 31, 2013