PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
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February 19, 2013

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attn: Filing Center

RE: UM 1610 – Investigation into Qualifying Facility Contracting and Pricing Supplemental Direct Testimony of PacifiCorp

PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) encloses for filing in the above-referenced docket the supplemental direct testimony of Bruce W. Griswold. This supplemental testimony is related to Issue 6E, consistent with the Chief Administrative Law Judge Ruling dated January 30, 2013 in this proceeding.

The Company requests that all data requests on this matter be sent to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Please contact Joelle Steward, Director of Pricing, Cost of Service and Regulatory Operations, at (503) 813-5542 for questions on this matter.

Sincerely,

William R Griffith

William R. Griffith
Vice President, Regulation

Enclosure

Cc: Service List – UM 1610

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document, in Docket UM 1610, on the date indicated below by email and/or US Mail, addressed to said parties at his or her last-known address(es) indicated below.

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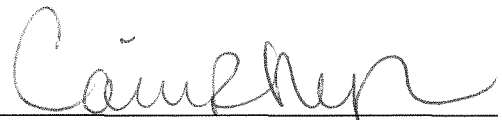
DATED: February 19, 2013



Carrie Meyer
Supervisor, Regulatory Operations

Docket No. UM-1610
Exhibit PAC/300
Witness: Bruce W. Griswold

BEFORE THE PUBLIC UTILITY COMMISSION

OF THE STATE OF OREGON

PACIFICORP

Supplemental Direct Testimony of Bruce W. Griswold

February 2013

Q. Please state your name, business address, and present position with PacifiCorp (Company).

A. My name is Bruce W. Griswold. My business address is 825 NE Multnomah Street, Suite 600, Portland, Oregon 97232. I am employed by PacifiCorp as Director of Short-Term Origination and Qualifying Facility (QF) Contracts.

Q. Are you the same Bruce W. Griswold that submitted direct testimony in this docket?

A. Yes.

Purpose and Overview of Testimony

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to Issue 6E listed in Appendix A – Issues List to Chief Administrative Law Judge Michael Grant's December 21, 2012 Ruling.

Q. Please summarize your testimony.

A. The Company proposes to increase the guaranteed availability in its QF power purchase agreements (PPAs) to 90 percent beginning in contract year three through the remaining term of the PPA. The Company also proposes to reduce allowed scheduled maintenance to 60 hours per wind turbine per year. Both are within the limits set in recent PPAs that resulted from the Company's renewable request for proposals (RFP) as well as recent QF PPAs executed in other jurisdictions.

Issue 6E. How should contracts address mechanical availability?

Q. How do QF contracts enforce delivery obligations?

A. In the Company's experience, there are two general approaches; (i) an output guarantee that may or may not be coupled with a generation resource availability guarantee, or (ii) a mechanical availability guarantee (MAG).

Q. Please describe the output guarantee approach.

A. Under an output guarantee, the seller could be required to pay the buyer for replacement power if the QF's net output over a specified period fails to meet the output guaranteed agreed to under the QF PPA. The output guarantee can be calculated monthly, annually, or seasonally. If the seller fails to meet the output guarantee over a one to two-year continuous period, the Company has the contractual right to place the QF in default. If the QF does not cure the output guarantee within a defined cure period then the Company may terminate the QF PPA. Under Oregon standard QF PPAs, there is one additional requirement prior to terminating a QF PPA for default. Under the standard contract, the QF PPA cannot be terminated if the Company is within the resource sufficiency period as defined by the Schedule 37 avoided cost prices pertaining to that QF PPA. The QF is still responsible to pay liquidated damages for under-delivery as a result of the nonperformance under the output guarantee.

Q. When is the output guarantee approach used?

A. An output guarantee provision in the QF PPA is currently used with all QF resources except wind QFs and QFs delivering power on a non-firm basis.

Q. Please describe the MAG guarantee approach.

A. Under the MAG approach, the mechanical availability is tied to the availability of the wind turbines in the specific project. The QF PPA under a MAG is required to be mechanically available for a guaranteed percentage of the time, after excluding hours lost to force majeure and an allowance for scheduled maintenance hours. Because of the wind's intermittency, the percentage of time the turbine is actually producing energy will be lower than the MAG.

Q. Why does the Company use the MAG approach for wind QFs?

A. In general, the Company's preference is to have an output guarantee that guarantees a fixed megawatt hour over a percentage of time instead of a MAG guarantee which guarantees that the wind projects will be mechanically available for a fixed percentage of time rather than actual megawatt hours. However, in the Company's experience, wind powered generation QFs are unwilling or unable to provide an output guarantee and will only provide a MAG. As a result, the Company currently utilizes the MAG approach for wind QFs. If a wind QF was willing to provide an output guarantee then the Company would be willing to consider an output guarantee approach instead of a MAG approach.

Q. Is there an industry standard MAG for wind projects?

A. No. At present, there is no industry standard MAG and there is no industry standard formula to calculate MAG. However, the North American Electric Reliability Corporation (NERC) currently has a voluntary reporting program, the Generating Availability Data System (GADS), in place and it is widely anticipated that NERC will require owners of wind projects to report outage data

in the future[1]. As such, it may be possible in the future to use a standardized NERC outage formula to determine the MAG.

Q. Does the Company recommend increasing the MAG in its standard QF contracts?

A. Yes, the Company has found that the MAG threshold or the guaranteed availability as stated in its standard PPA is too low. The Company's guaranteed availability in its standard PPA is defined as:

> Guaranteed Availability. Seller guarantees that the annual Availability of the Facility (the **"Guaranteed Availability"**) for (i) the first Contract Year shall be no less than 0.80, and (ii) for the second Contract Year shall be no less than 0.85. Beginning with the third Contract Year and for each Contract Year thereafter, the Guaranteed Availability for each Contract Year shall be 0.875, with such annual Availability to be calculated for purposes of this Section 4.3.1 for each Contract Year.

The Company recommends that for new wind QF contracts, the Guaranteed Availability be increased to 0.90 for Contract Year 3 and all remaining Contract Years of the term of the PPA. For existing QF wind projects that are renewing a PPA or have previously had a PPA with another utility, the Guaranteed Availability should be set at 0.90 in Contract Year 1 for each year of the term of the PPA. The change is consistent with the most recent Guaranteed Availability levels (consistent with the definition of a MAG for QFs) used in the Company's renewable request for proposals and, in the Company's experience, wind QFs have consistently demonstrated an ability to meet these levels of Guaranteed Availability after excluding hours lost to force majeure and scheduled maintenance.

[1] NERC, GADS Wind Turbine Generation – Data Reporting Instructions, Version 1.1.0, effective January 2011.

Q. Does the Company intend to use this same level of guaranteed availability for its non-standard QF contracts?

A. Yes, the Company intends to apply the same MAG threshold or the guaranteed availability as described above to any Schedule 38 non-standard QF PPA.

Q. Are there other recommendations the Company proposes that affect the MAG calculation for its QF contracts?

A. Yes, the Company's current definition for availability in Section 1.2 of the standard QF PPA allows 240 hours per year per wind turbine for scheduled wind turbine maintenance. The Company proposes to reduce the allowed scheduled maintenance hours for individual turbines to 60 hours per year per turbine which is consistent with its recent renewable RFP PPAs and QF PPAs in other jurisdictions. The Company's most recent experience when evaluating the availability of its QF PPAs is that a Guaranteed Availability of 0.90 beginning in Contract Year 3 and turbine maintenance hours of 60 or less per year is reasonable.

Q. Does this conclude your supplemental direct testimony?

A. Yes.