

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/200

DIRECT TESTIMONY OF LYNN CULP

March 15, 2016

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 **A.** My name is Elzie Lynn Culp. I am the Member Service Manager at Surprise
5 Valley Electrification Corp. (“Surprise Valley”). My business address is 516 U.S.
6 Highway 395E, Alturas, California 96101.

7 **Q. Please summarize your background and experience.**

8 **A.** I have been employed with Surprise Valley since October 1989 in the position of
9 Member Service Manager. In a small cooperative this involves numerous
10 responsibilities, including answering member inquiries, overseeing energy
11 efficiency programs and organizing the annual member meeting. I was assigned
12 the role as project manager for the Paisley Project in 2012 and have worked on
13 the project development since 2009.

14 A further description of my educational background and work experience
15 can be found in Exhibit SVEC/201 in this proceeding.

16 **Q. On whose behalf are you appearing in this proceeding?**

17 **A.** I am testifying on behalf of Surprise Valley in this Oregon Public Utility
18 Commission (the “Commission” or “OPUC”) complaint.

19 **Q. Have you previously testified before the Commission?**

20 **A.** No.

21 **Q. What topics will your testimony address?**

22 **A.** My testimony will also summarize the negotiations with PacifiCorp to enter into a
23 power purchase agreement (“PPA”) for the entire net output of the Paisley
24 Project.

1 **Q. Please summarize your role in the development of the Paisley Project and the**
2 **negotiations with PacifiCorp regarding a PPA.**

3 **A.** I have been involved with the development of the Paisley Project since February
4 2009 when Surprise Valley conducted the first flow test of the original hot well. I
5 was involved with geologists and engineers in the early development, assisting
6 them with field work as needed. In 2012, I was assigned the role of project
7 manager and have overseen all functions of project development, including
8 drilling of wells and resource development and testing; power plant, gathering
9 system and transmission system design and construction; and power generation
10 sales.

11 I have been Surprise Valley's primary contact with PacifiCorp since
12 initiating the PPA contract discussions in August 2013. I have prepared and
13 provided PacifiCorp all the information and data they have requested to prepare
14 the various PPA drafts and have been involved in all teleconference and meetings
15 except for the meetings/phone conversations Mr. Kresge had with Mr. Reiten and
16 Mr. Bird.

17 **Q. How is your testimony organized?**

18 **A.** Mr. Kresge provides an overall summary and some of the specific details
19 regarding Surprise Valley's difficulties with PacifiCorp. My testimony will
20 provide more details; however, I want to note that I agree with Mr. Kresge's
21 characterization and summary of the negotiations.

1 First, I describe the PPA negotiation process itself. PacifiCorp Energy
2 Services Management (“ESM”)¹ simultaneously assured us that they would enter
3 into a PPA, but also delayed and raised obstacles throughout every stage of the
4 process. As each obstacle was overcome, PacifiCorp would identify new
5 challenges and/or change what it had previously agreed to. At first, Surprise
6 Valley gave PacifiCorp the benefit of the doubt and trusted the company’s
7 explanations and justifications for the delays, and we relied upon their promises to
8 enter into a PPA at full avoided cost rates in effect prior to August 20, 2014.
9 Later we understood that PacifiCorp was not negotiating in good faith and either
10 was not honest at the time or subsequently broke their repeated promises.

11 Second, I describe the interconnection, affected impact study, and
12 transmission study process. This is important because: 1) PacifiCorp ESM stated
13 that obtaining approval from PacifiCorp Transmission (“PacifiCorp
14 Transmission”) to designate the generator as a network resource with network
15 transmission to PacifiCorp loads would resolve the metering and power
16 verification issues; 2) PacifiCorp ESM stated they would not execute a PPA until
17 PacifiCorp Transmission approved the network transmission request; and 3) there
18 were delays associated with the transmission process which extended the time and
19 difficulties associated with the PPA negotiations.

20

¹ PacifiCorp ESM is the current name for PacifiCorp’s merchant operations, which has formerly known and described in the documents and communications as PacifiCorp Energy, Commercial and Trading, or Merchant.

1 **Q. Have you attached a number of other exhibits to your testimony?**

2 **A.** Yes. Exhibit SVEC/202 comprises true and correct copies of data responses that
3 include relevant email communications regarding the Paisley Project.² Exhibit
4 SVEC/203 includes true and correct copies of data responses that PacifiCorp
5 provided Surprise Valley in this proceeding. Exhibits SVEC/204, SVEC/205,
6 SVEC/206, and SVEC/207 are true and correct copies of emails regarding the
7 draft PPAs and copies of the draft PPAs. Exhibit SVEC/208 is a true and correct
8 copy of the email and PPA that Surprise Valley signed. In Exhibit SVEC/209, I
9 have attached true and correct copies of a number of transmission-related
10 documents.

11 **II. POWER PURCHASE AGREEMENT NEGOTIATIONS**

12 **Q. When did Surprise Valley start the process of requesting a PPA with**
13 **PacifiCorp?**

14 **A.** No later than August 5, 2013, I contacted John Younie with PacifiCorp ESM
15 requesting a PPA to sell the net output of the Paisley Project as a Public Utility
16 Regulatory Policies Act sale.

17 **Q. When did PacifiCorp provide a draft PPA?**

18 **A.** PacifiCorp provided multiple draft PPAs. One reason for this appears to be that
19 the company did not appear to understand whether the Paisley Project was located
20 in its balancing authority and could not decide if the Paisley Project was an on
21 system, off system, or combined on/off system QF for the purposes of which
22 standard contract form to use for the sale of the net output. On or about

² Many of the communications are duplicative, but Surprise Valley has attached the documents as provided by PacifiCorp.

1 November 6, 2013, Mr. Younie provided a draft PPA for an “off system” QF. On
2 December 30, 2013, Mr. Younie stated that the PPA will not be an “off-system”
3 PPA but the company had “determined that the on-system PPA was the
4 appropriate format for this deal.”³ On January 29, 2014, Mr. Younie then
5 informed us that the PPA will be “a combination of on/off system PPA.”⁴

6 On February 10, 2014, Mr. Younie provided the on/off system PPA, but
7 stated that it was “still being reviewed by management and is subject to change.”⁵
8 The draft PPA attached to Mr. Younie’s email was titled “SVEC **On System** PPA
9 02042014.”⁶ About six months after Surprise Valley had made contact to sell QF
10 power, we had obtained a draft contract that the company appeared to be willing
11 to use, but we were told that was still being reviewed and subject to change. After
12 PacifiCorp stated that an on system PPA was the appropriate format, PacifiCorp
13 never provided a standard Commission-approved PPA, or indicated that it was
14 willing to agree to a standard Commission-approved PPA.

15 After February 10, 2014, PacifiCorp did not provide another draft PPA or
16 any written PPA language that it was willing to agree to. After Surprise Valley
17 filed our complaint, PacifiCorp’s Answer indicated on July 29, 2015 that the
18 company was willing to sign an off-system PPA. In over a year of negotiations,
19 they had not communicated that to Surprise Valley. PacifiCorp is still not willing
20 to sign an off-system PPA at the rates effective prior to August 20, 2014.

3 SVEC/202, Culp/31.

4 SVEC/202, Culp/47.

5 SVEC/202, Culp/47.

6 SVEC/202, Culp/47 (emphasis added).

1 **Q. Did Surprise Valley want to quickly enter into a PPA?**

2 **A.** Yes. For example, on January 3, 2014, I requested that negotiations occur so that
3 a final PPA would be executed by the end of February 2014.⁷

4 PacifiCorp ESM, however, repeatedly made it clear that PacifiCorp ESM
5 would not enter into a PPA quickly. For example, on January 10, 2014, Mr.
6 Younie informed us that it would not be ready to sign a PPA until March 2014 at
7 the earliest.⁸ Despite repeated requests to move quickly, PacifiCorp kept pushing
8 out the possible date that it would be ready to sign a PPA.

9 **Q. Did Surprise Valley provide PacifiCorp with all the information required in**
10 **Schedule 37?**

11 **A.** Yes. As the information became available, Surprise Valley provided PacifiCorp
12 ESM all the specific required information in Schedule 37. The last of this
13 information was provided no later than January 9, 2014. At this point in the
14 process, Mr. Younie was responsive to Surprise Valley's questions regarding
15 what information would be needed. PacifiCorp ESM did not inform us that there
16 might be information that they believed we had not provided.

17 **Q. Did PacifiCorp inform Surprise Valley that it had not provided all the**
18 **required Schedule 37 information?**

19 **A.** No, not prior to the time that Surprise Valley initiated the complaint process and
20 PacifiCorp filed its answer to Surprise Valley's complaint on July 29, 2015. This
21 was the first time in which PacifiCorp communicated to Surprise Valley that
22 PacifiCorp believed that Surprise Valley had not provided all the required
23 information in Schedule 37.

⁷ SVEC/202, Culp/35.

⁸ SVEC/202, Culp/39.

1 **Q. Did PacifiCorp ESM initially understand the transmission situation?**

2 **A.** It does not appear so. PacifiCorp ESM apparently did not understand that the
3 Paisley Project was in their balancing authority, and PacifiCorp incorrectly
4 believed that the arrangement would be that Bonneville Power Administration
5 (“BPA”) would deliver the power from Surprise Valley to PacifiCorp through a
6 BPA transmission agreement or use of facilities agreement between Surprise
7 Valley and BPA.⁹ In December 2013, Surprise Valley explained to PacifiCorp
8 ESM that the Paisley Project was in PacifiCorp’s balancing authority, BPA only
9 owns a couple of meters, and a BPA transmission agreement or use of facilities
10 agreement was unnecessary. Surprise Valley also asked questions regarding
11 scheduling, interconnection, and wheeling. PacifiCorp agreed that BPA
12 transmission was not needed, and PacifiCorp did not ask for Surprise Valley to
13 enter into a transmission agreement with ourselves across our own system.

14 **Q. Did PacifiCorp ESM raise questions regarding metering and whether power**
15 **could be delivered through offsetting or displacement of BPA power?**

16 **A.** Yes. On December 3, 2013, John Younie emailed that the Paisley Project would
17 not be a QF if Surprise Valley used the net output to offset power purchased from
18 BPA and that is transmitted to Surprise Valley by PacifiCorp.¹⁰

19 Surprise Valley responded that the Paisley Project is not a resource that
20 would be contractually serving Surprise Valley’s load, that Surprise Valley would
21 continue to purchase BPA power for its entire load, and that the Paisley Project’s

⁹ SVEC/202, Culp/17, 21, 25.

¹⁰ SVEC/202, Culp/18.

1 net output should be metered at the project and delivered to the Lakeview point of
2 delivery, minus a reasonable loss factor.¹¹

3 **Q. How did PacifiCorp explain that this issue would be resolved?**

4 **A.** While it took numerous discussions, PacifiCorp then agreed in principle that
5 power could be purchased at then current Schedule 37 rates through offsetting,
6 swapping, or displacing power. PacifiCorp agreed that, when the Paisley Project
7 operated, there would be more power on its system and that it would purchase that
8 power. This was communicated to Surprise Valley in email correspondence and
9 orally from John Younie, Bruce Griswold, and Pat Reiten between February and
10 August.

11 For example, in a July 11, 2014 meeting PacifiCorp explained that all it
12 needed was a way to meter and measure the additional power that would be on its
13 system. Another example is a February 25, 2014 email in which Mr. Younie
14 explained that the system impact study that resulted from network transmission
15 request would show the system upgrades required in order to receive the Paisley
16 Project into PacifiCorp's system.¹² On April 23, 2014, Mr. Younie emailed that
17 the metering and communications requirements will come out of the transmission
18 service request.¹³ On April 23, 2014, Mr. Younie emailed that PacifiCorp ESM
19 would not sign a PPA until it knew "which system upgrades are necessary to
20 integrate the geothermal generator into our system."¹⁴ On August 26, 2014, Mr.
21 Griswold acknowledged that the "purpose of the system impact study" was to

11 SVEC/202, Culp/17.

12 SVEC/202, Culp/49.

13 SVEC/202, Culp/65.

14 SVEC/202, Culp/67.

1 resolve the issue of whether the power “could be physically metered and
2 measured as having been delivered to PacifiCorp’s system.”¹⁵ PacifiCorp’s
3 internal correspondence also supports that these issues would be resolved through
4 metering.¹⁶

5 Our understanding from the course of emails and conversations that the
6 purpose of the transmission request would identify and resolve all issues related to
7 metering and measuring the Paisley Project’s net output. In other words, Surprise
8 Valley would not need to provide power by positive physical flow onto
9 PacifiCorp’s system, but could offset, swap or displace power deliveries once
10 PacifiCorp Transmission approved a transmission request and identified all
11 metering upgrades that would be required.

12 **Q. Did issues related to the metering and transmission delay the process?**

13 **A.** Yes. It slowed the process because PacifiCorp was clear that it would not sign a
14 PPA until after PacifiCorp Transmission approved the transmission studies.
15 Given that we had been told that this process could take 140 or 150 days, this
16 meant that we would be unable to execute a final PPA as quickly as we had
17 intended. Surprise Valley would have moved more quickly on all fronts if
18 PacifiCorp ESM had not said that a final PPA would need to wait for PacifiCorp
19 Transmission to approve a transmission service request. It also slowed the
20 process because Surprise Valley and BPA expended considerable resources
21 attempting to resolve the metering and transmission issues.

¹⁵ SVEC/202, Culp/83.

¹⁶ SVEC/202, Culp/57, 59, 65; SVEC/203, Culp/90 (PacifiCorp ESM’s communication that there will be no third party transmission).

1 **Q. Did PacifiCorp explore the option of a “pseudo-tie”?**

2 **A.** Yes, but PacifiCorp decided the pseudo-tie was not necessary because the
3 generator is already in PacifiCorp’s balancing authority.¹⁷ When PacifiCorp
4 decided that a pseudo-tie was not necessary, PacifiCorp recognized that a
5 metering arrangement could resolve this issue and enable PacifiCorp to accept the
6 entire net output of the Paisley Project for use by PacifiCorp ESM.¹⁸ In internal
7 correspondence regarding the pseudo-tie option, Brain Fritz with PacifiCorp
8 Transmission explained that they would “need to have a meeting with metering to
9 discuss how we could monitor the generation through metering to ensure that we
10 see the resource show up on our system.”¹⁹ This is consistent with PacifiCorp’s
11 communications that they would purchase the entire net output once the company
12 approved the metering to verify the amount of power on their system with the
13 Paisley Project operating.

14 **Q. How did Surprise Valley propose to resolve the metering and power delivery**
15 **issue?**

16 **A.** On April 14, 2014, Surprise Valley provided PacifiCorp a “concept paper” on
17 how Surprise Valley thought the transaction should work.²⁰ The basic approach
18 was that BPA would continue to contractually serve Surprise Valley’s total retail
19 load, which would result in additional power on PacifiCorp’s system when the
20 Paisley Project was operating. PacifiCorp would pay Surprise Valley for this
21 power, which would be determined based on the metered net output at the Paisley

17 SVEC/202, Culp/57, 59.

18 SVEC/202, Culp/57.

19 SVEC/202, Culp/57.

20 SVEC/202, Culp/59-60.

1 Project, minus an agreed upon amount for transmission line losses. We
2 repeatedly asked PacifiCorp when we could discuss the “concept paper”, and it
3 was one of a number of items discussed at a May 7, 2014 conference call with
4 Surprise Valley, PacifiCorp ESM and Transmission, BPA, and our engineers,
5 Power Engineers, Inc. (“PEI”). We also discussed specific language related to the
6 approach in our concept at our July 11, 2014 meeting with Surprise Valley,
7 PacifiCorp ESM and Transmission, BPA, and PEI.

8 **Q. Did Surprise Valley believe that the basic approach in the “concept paper”**
9 **was acceptable to PacifiCorp?**

10 **A.** Yes. Our understanding was that PacifiCorp could purchase the additional power
11 on its system that resulted from the Paisley Project generating power and
12 displacing or offsetting BPA power wheeled by PacifiCorp. Our understanding
13 was that the metering details would need to be worked out, which could be
14 resolved through the network transmission study request. We may not have
15 continued working with PacifiCorp on the basic approach in the “concept paper”
16 if PacifiCorp had flatly stated it was unacceptable.

17 **Q. Did PacifiCorp request additional information regarding the Paisley Project**
18 **from Surprise Valley?**

19 **A.** Yes. Between January 2014 and May 2014, PacifiCorp ESM requested additional
20 information from Surprise Valley, including but not limited to information
21 regarding the calculation of net output, lists of permits and easements, water
22 rights, ownership of renewable energy certificates, state of incorporation, loss
23 adjustment calculation, facilities descriptions, commercial operation dates,
24 verification of independent engineers, credit worthiness, test generation,

1 transmission, and interconnection. Most importantly, PacifiCorp did not request
2 information regarding any Surprise Valley transmission arrangements across our
3 own system.

4 Some of this information had to be provided to PacifiCorp ESM on
5 multiple occasions. For example, PacifiCorp first stated that the pumping load to
6 extract the geothermal fluid out of the ground needed to be subtracted from net
7 output. We corrected PacifiCorp on this point. Apparently unaware of the earlier
8 agreement, different PacifiCorp ESM personnel again stated later that the
9 pumping load should be subtracted from net output, and again we needed to
10 correct the company.

11 **Q. Were there other issues that delayed the negotiation process?**

12 **A.** Yes. Some examples are listed below.

13 The draft power purchase agreement provided to Surprise Valley included
14 a “Jury Trial Waiver.” Surprise Valley did not request this provision, and it was
15 not until we retained legal counsel did we become aware that this was not part of
16 the standard power purchase agreement approved by the Commission. Our
17 review of this issue and the discussion around it delayed the negotiation process.

18 PacifiCorp often did not keep us informed of decisions that it had made,
19 which required Surprise Valley to follow up and be concerned about the status of
20 agreements or work. For example, Surprise Valley sent our financials to
21 PacifiCorp for approval of our creditworthiness on May 1, 2014. PacifiCorp
22 approved our creditworthiness on May 27, 2014, but Surprise Valley had to
23 follow up and PacifiCorp did not inform us of this approval until July 13, 2014.

1 There were other delays in providing information to Surprise Valley, including
2 that the relay settings had been installed, the status of PacifiCorp Transmission's
3 studies, and that an interconnection agreement was not needed.

4 Surprise Valley had repeated meetings with PacifiCorp, who would often
5 change employees and parties responsible for managing the project. This required
6 Surprise Valley, PEI, and BPA to re-educate PacifiCorp. For example, there has
7 been a succession of least seven PacifiCorp ESM attorneys that we have worked
8 with. Also, we would have to explain the whole project and
9 interconnection/generation delivery as new PacifiCorp personnel were assigned to
10 the project. New PacifiCorp personnel would identify new issues and obstacles
11 that the previous personnel had not identified (or had not communicated to
12 Surprise Valley).

13 PacifiCorp delayed providing approval of our test generation request,
14 which could have impacted our qualification for the Oregon business energy tax
15 credit. Surprise Valley requested to operate the Paisley Project for test generation
16 in March 2014, frequently asked for approval over March, April and May, and
17 PacifiCorp did not provide approval until May 22, 2014.²¹

18 PacifiCorp asked for information that it later decided was not needed, was
19 otherwise inappropriate, or that they should have requested earlier. For example,
20 PacifiCorp requested water permits that it later decided were unnecessary.
21 Another example was the calculation of losses related to Surprise Valley
22 "wheeling" the Paisley Project's net output across our system. On May 20, 2014,

²¹ SVEC/202, Culp/68-71, 74.

1 we provided the 1.9% calculation, and PacifiCorp waited to ask for supporting
2 documentation on July 29, 2014, when Surprise Valley was attempting to finalize
3 the PPA. PacifiCorp again asked for this information in the discovery process in
4 this proceeding. PacifiCorp clearly had the ability to ask questions about Surprise
5 Valley's wheeling the power across our system, but did not ask questions other
6 than verifying the loss calculation.

7 **Q. When did Surprise Valley provide a draft PPA to PacifiCorp?**

8 **A.** On May 20, 2014.²² Surprise Valley informed PacifiCorp that we were prepared
9 to enter into a standard QF power sales agreement with PacifiCorp, and to execute
10 the May 20, 2014 draft PPA. Surprise Valley stated that we were concerned
11 about the length of time it was taking to finalize the arrangements and too much
12 time had elapsed since Surprise Valley came to PacifiCorp with its Paisley
13 Project. Surprise Valley also expressed a desire to constructively work with
14 PacifiCorp to resolve any of their remaining issues and address their needs.

15 Surprise Valley also requested confirmation that existing interconnections
16 between Surprise Valley and PacifiCorp were acceptable, and approval of
17 creditworthiness. PacifiCorp did not provide confirmation that no additional
18 interconnection agreements were needed for another eight months, and we were
19 not informed of the creditworthiness approval for another two months.

20 **Q. How did Surprise Valley propose to resolve the metering and delivery issues?**

21 **A.** Exhibit B to the May 20, 2014 draft PPA included a description of the points of
22 delivery that was based on the "concept paper". Surprise Valley considered the

²² SVEC/206.

1 concerns PacifiCorp raised regarding deliveries and metering, and attempted to
2 address them in the PPA. Exhibit B included information regarding the specific
3 points of delivery, meters, transmission lines, and other details.

4 **Q. Did Surprise Valley request to meet, resolve, and finalize a PPA?**

5 **A.** Yes. Surprise Valley repeatedly requested to schedule a meeting quickly.²³

6 PacifiCorp also informed Surprise Valley that it had put together a draft contract
7 that could be used as a template for our contract and that the PPA should not take
8 too long to put together.²⁴ PacifiCorp never shared this draft PPA.

9 Although we expressed our desire to move forward quickly, PacifiCorp
10 was not able to hold a meeting until July 11, 2014. As mentioned above,
11 representatives from BPA, PacifiCorp ESM and Transmission, Surprise Valley,
12 and PEI all attended the meeting.

13 Surprise Valley believed that we made significant progress at the meeting
14 regarding metering, power deliveries, transmission studies, and PPA issues.
15 Bruce Griswold and John Younie accepted and agreed to our metering and power
16 verification proposal, and we seemed to have reached agreement in principle on
17 how to verify power deliveries.

18 We understood that we were eligible to sell power at the then current
19 avoided cost rates because we had repeatedly committed to sell the net output to
20 PacifiCorp, and the Pacific Power President assured Surprise Valley that we
21 would be paid the then current avoided cost rates. Despite this, we wanted to
22 finalize our PPA quickly, and we were concerned that the PacifiCorp

²³ E.g., SVEC/202, Culp/75-77.

²⁴ SVEC/202, Culp/77.

1 Transmission studies were not going to be finished before the Commission
2 approved PacifiCorp's lower avoided cost rates.

3 PacifiCorp allayed our concerns at the July 11 meeting and stated for the
4 first time that they could sign before the PacifiCorp Transmission's studies were
5 completed. Specifically, PacifiCorp said the final PPA could be signed in the
6 next few weeks. PacifiCorp asked us to incorporate the changes and suggestions
7 they orally made at the meeting, and to provide another draft PPA. PacifiCorp
8 promised to quickly review the PPA and get us their draft fairly quickly. Our
9 understanding was that the PPA would be signed soon thereafter, and that
10 Surprise Valley would be paid the then current avoided cost rates in any PPA,
11 regardless of when signed.

12 **Q. Did Surprise Valley make it clear at the meeting that it was committed to**
13 **selling power at the then current avoided cost rates?**

14 **A.** Yes. This was just one more time in our extended discussions that we were
15 committed to sell PacifiCorp power at the then current avoided cost rates. We
16 simply needed a final contract to execute. We had agreed to all of PacifiCorp's
17 conditions and terms, except for the metering language that PacifiCorp had not
18 provided to us. We also had provided all documentation and information
19 requested by PacifiCorp. PacifiCorp stated that there were no more transmission
20 issues because of the progress regarding PacifiCorp Transmission's studies and
21 agreements. PacifiCorp did not propose alternative points of delivery or state that
22 Surprise Valley's were unacceptable. PacifiCorp did not request, identify, or
23 otherwise mention any need for transmission arrangements across Surprise
24 Valley's system.

1 **Q. Did PacifiCorp state that it understood that Surprise Valley had committed**
2 **to sell the entire net output of the Paisley Project at then current rates?**

3 **A.** Yes. This was communicated to Surprise Valley in the meetings with PacifiCorp.
4 In addition, I have been made aware that Mr. Griswold signed an “Attestation”
5 that PacifiCorp had committed to purchase the Paisley Project’s net output.²⁵ Mr.
6 Griswold communicated that PacifiCorp either committed to purchase the net
7 output or had committed to purchase the net output contingent upon the
8 availability of transmission service under PacifiCorp’s Open Access Transmission
9 Tariff. Mr. Griswold also attested that the Paisley Project can be called upon to
10 meet PacifiCorp ESM’s network load on a non-interruptible basis. Surprise
11 Valley will address the legal meaning of this Attestation in briefing.

12 **Q. Did Surprise Valley provide a new draft PPA?**

13 **A.** Yes. On July 22, 2014, we sent a revised draft PPA incorporating the non-
14 substantive changes and recommendations made by PacifiCorp at and after the
15 July 11, 2014 meeting.²⁶ The July 22, 2014 draft also included non-substantive
16 edits to reflect that two months had passed since Surprise Valley sent the May 20,
17 2014 draft PPA. We were ready to sign this PPA, and optimistic that a PPA could
18 be finalized, given PacifiCorp’s commitments to promptly review the draft PPA
19 and to sign a PPA before the transmission studies were approved.

20 On July 29, 2014, PacifiCorp also promised to review and get back to us
21 with their comments.²⁷

22
²⁵ SVEC/203, Culp/100.

²⁶ SVEC/207.

²⁷ SVEC/202, Culp/80.

1 **Q. Did Surprise Valley request a meeting to finalize the PPA?**

2 **A.** Yes. Surprise Valley also sent emails and called PacifiCorp regarding the status
3 of the PPA during the month of August. For example, on August 1, and August 4,
4 2014, I asked for a meeting during the week of August 11, 2014 to finalize and
5 “wrap up the Agreement.”²⁸

6 We also kept asking whether we needed to provide any information in
7 order to complete the PPA process. For example, on August 1, 2014 I asked if
8 there is “any additional information or data that you need from [Surprise Valley]
9 for the PPA? Please let me know and we will get it to you promptly.”²⁹
10 PacifiCorp did not ask or give an indication that Surprise Valley needed to
11 provide any information regarding transmission arrangements across our system.

12 **Q. Was Surprise Valley concerned that PacifiCorp did not provide comments, a**
13 **draft PPA, or agree to a meeting?**

14 **A.** Yes. However, we relied upon PacifiCorp’s promises that they would agree to a
15 final PPA to sell power at then current avoided cost rates. Despite their delays,
16 we also had been attempting to work cooperatively with the company and did not
17 want to antagonize them or otherwise upset the progress we had made.

18 After avoided cost rates changed on August 20, 2014 and we had still not
19 heard back from the company, we again inquired about the status of our contract.
20 On August 26, 2014, Surprise Valley pointed out that, in our discussions with
21 PacifiCorp throughout the spring and summer of 2014, PacifiCorp represented
22 that there was no concern whether the power supplied by the Paisley Project

²⁸ SVEC/202, Culp/81-82.

²⁹ SVEC/202, Culp/81.

1 would be under then current rates. Surprise Valley reminded the company that we
2 have been working on the PPA for “many, many months,” frequently been made
3 to wait for PacifiCorp to respond, and that the latest delay was disconcerting.
4 Surprise Valley sought confirmation that we were still on track to execute the
5 PPA with the Schedule 37 rates that were in place during all of the discussions.³⁰

6 **Q. What was PacifiCorp’s response?**

7 **A.** Mr. Griswold sent an email that appeared to contradict many of the agreements
8 we had previously reached, including a sale at pre-August 20, 2014 avoided
9 cost.³¹ Mr. Griswold directed Surprise Valley to no longer work with Mr.
10 Younie, but only himself. Mr. Younie was generally more helpful and responsive
11 than Mr. Griswold. Surprise Valley was concerned that PacifiCorp had waited
12 until avoided cost rates had been reduced before they changed their position and
13 informed us that they had metering concerns and that the old rates may not apply.

14 Mr. Griswold indicated that they would review the July 22, 2014 draft
15 PPA, but did not promise to provide a new draft PPA, new language or specific
16 comments.

17 Essentially, Mr. Griswold tied PacifiCorp’s agreement to alleged
18 unresolved metering issues and PacifiCorp ESM’s network transmission request
19 to PacifiCorp Transmission. I will address the justifications Mr. Griswold
20 provided later in Section III of my testimony regarding PacifiCorp’s reasons for
21 refusing to enter into a PPA.

22

³⁰ SVEC/202, Culp/83-84.

³¹ SVEC/202, Culp/83-84.

1 **Q. Were additional meetings and calls held to discuss the PPA?**

2 **A.** Yes. We had a conference call on August 29, 2014. Mr. Griswold said they had
3 not reviewed the July 22, 2014 draft, but would review it soon. Mr. Griswold did
4 not explain why they had not reviewed the document earlier.

5 Mr. Griswold stated that their attorneys were reviewing whether our
6 project was eligible for the pre-August 20, 2014 avoided cost rates. While we
7 were concerned, we were optimistic that they would honor their previous
8 commitments on this issue.

9 Mr. Griswold also stated that the issue of how to verify power deliveries
10 and metering seemed to have been resolved. Mr. Griswold stated that he believed
11 that they had a method in place for metering and communications that would
12 allow the company to sign a PPA.

13 They did not identify any issues regarding Surprise Valley needing to
14 enter into transmission arrangements or state that Surprise Valley was an off-
15 system QF.

16 We had another conference call with Mr. Griswold on September 25,
17 2014. PacifiCorp agreed that they would take the entire net output, and that
18 power flow issues had been resolved. In this timeframe, PacifiCorp Transmission
19 had just completed the Facilities Study of the metering and engineering necessary
20 to accept the entire net output as a network resource, which is discussed in the
21 testimony of Mr. Saleba and Ms. Tabone, and consistent with the representations
22 made by PacifiCorp ESM to us at this time. This meant that, as had been
23 expected all along based on the previously completed System Impact Study and

1 PacifiCorp's prior internal correspondence provided in discovery in this case, the
2 issue of physical delivery of power had been resolved because PacifiCorp
3 Transmission worked out the metering issues. They did not identify any issues
4 regarding Surprise Valley needing to enter into any other transmission
5 arrangements or state that Surprise Valley was an off-system QF.

6 While they agreed that all metering and other issues had been resolved,
7 Mr. Griswold stated that the contract would need to be under the new rates post-
8 August 20, 2014 rates or a Schedule 38 rate. Mr. Griswold also stated that if we
9 had started with a Schedule 38 contract in December 2013, then we could have
10 finalized a contract under the pre-August 20, 2014 rates. Mr. Griswold had never
11 identified the Schedule 38 process as an option before this meeting.

12 Mr. Griswold asked if we wanted a new draft PPA. While Surprise Valley
13 did not agree to the lower rates, we said we wanted a new draft PPA. PacifiCorp
14 said they would provide a new draft PPA in a couple weeks.

15 On November 6, 2014, Surprise Valley's General Manager Brad Kresge
16 met with Pacific Power president Pat Reiten regarding a contract for the Paisley
17 project, but failed to reach an agreement.

18 On November 24, 2014, Surprise Valley met with PacifiCorp regarding a
19 contract for the Paisley project. At both the September 25, 2014, and November
20 24, 2014 meeting, PacifiCorp promised that it would provide another draft PPA in
21 as little as a couple weeks.

22 At both the November 6, 2014 and November 24, 2014 meetings, Surprise
23 Valley argued that the pre-August 2014 rates should apply to any PPA.

1 PacifiCorp stated that it was still considering the issue of the applicable rates.
2 Surprise Valley also requested that PacifiCorp purchase the power under a non-
3 firm index until PacifiCorp completed its metering.

4 **Q. Did PacifiCorp essentially stop communicating with Surprise Valley**
5 **regarding the PPA?**

6 **A.** Yes. PacifiCorp refused to provide drafts, return phone calls, or agree to a
7 meeting to discuss the PPA. They did not explain what issues were remaining, or
8 whether they were any unresolved metering or transmission issues. We continued
9 to make requests on all issues related to the PPA, but PacifiCorp did not reply,
10 provide a draft PPA or any PPA language. After negotiations had stopped,
11 Surprise Valley retained new legal counsel. PacifiCorp agreed to continue
12 negotiations only after Surprise Valley sent a letter on April 16, 2015 demanding
13 that PacifiCorp enter into a PPA or that Surprise Valley would file a complaint.
14 We spent considerable effort into reaching a settlement, but ultimately Surprise
15 Valley filed a complaint on June 22, 2015. PacifiCorp and Surprise Valley
16 continued settlement discussions, which failed to reach an agreement and
17 settlement discussions have stopped.

18 **III. PACIFICORP RECENT OBSTACLES**

19 **Q. Please summarize this portion of your testimony.**

20 **A.** I will summarize the reasons PacifiCorp provided to support its refusal to sign a
21 contract after rates changed in August 2014. PacifiCorp raised two major
22 obstacles after rates changed that: 1) there were metering and power measurement
23 issues; and 2) Surprise Valley needed to provide unspecified and unexplained
24 transmission arrangements across its own transmission system.

1 Soon after rates changed in August 2014, PacifiCorp's primary
2 justification for not signing a contract was that there were vague and unspecified
3 metering and power measurement issues. PacifiCorp had changed its position
4 again, and the company now stated that it was not obligated to purchase any
5 power that was not "physically delivered" or did not flow on to PacifiCorp's
6 system. This was the only reason they said they were not willing to sign a PPA in
7 August 2014. It is unclear if metering issues remain a reason that they are
8 unwilling to sign a PPA.

9 PacifiCorp's explanations after we filed our June 22, 2015 complaint
10 changed. PacifiCorp stated that it now may be willing to sign a PPA to purchase
11 the full net output; however, it must be an "off system" PPA with "transmission
12 arrangements." PacifiCorp also claims that we have not identified the correct
13 points of delivery, and has raised issues regarding its transmission contract with
14 BPA. As I have explained throughout my testimony, PacifiCorp never raised
15 these issues prior to June 22, 2015.

16 Surprise Valley was and is willing, able, and committed to "wheel" the
17 Paisley Project's net output over our own transmission and distribution facilities.
18 Surprise Valley understood from the start that Surprise Valley would be a
19 transmitting entity, but we were never told that we needed to arrange any specific
20 transmission with ourselves, that PacifiCorp needed transmission arrangements,
21 or what those transmission arrangements were.

22

1 **Q. Please address the first issue mentioned above. How did PacifiCorp propose**
2 **to resolve the company's metering and power delivery?**

3 **A.** As explained earlier, PacifiCorp ESM directly connected PacifiCorp ESM's
4 network transmission request to the PPA negotiations. Our understanding was
5 that PacifiCorp had agreed to purchase the net output, contingent upon PacifiCorp
6 Transmission's completion of their transmission studies. I will discuss this
7 request and the delays caused by PacifiCorp ESM related to its request for
8 network transmission from PacifiCorp Transmission in Section IV of my
9 testimony below.

10 On February 10, 2014, Mr. Younie with PacifiCorp ESM informed
11 Surprise Valley that it would not execute a PURPA PPA for the Paisley Project
12 until PacifiCorp Transmission approved the network transmission service
13 request.³² Mr. Anderson's as well as Mr. Saleba and Ms. Tabone's testimony
14 confirm that PacifiCorp's transmission studies demonstrate that the company has
15 ability to accept the output and deliver the output to PacifiCorp's loads. On
16 February 25, 2014, Mr. Younie informed Surprise Valley that the result of the
17 Network Transmission Service Request would require a System Impact Study that
18 would determine the system upgrades required for PacifiCorp to receive the
19 Paisley Project's generation into PacifiCorp's system.³³ Mr. Younie informed
20 Surprise Valley that PacifiCorp Transmission would have 90 days to complete the
21 System Impact Study.³⁴

³² SVEC/202, Culp/47.

³³ SVEC/202, Culp/49

³⁴ SVEC/202, Culp/49.

1 PacifiCorp explained that the request to designate the Paisley Project as a
2 network resource and the transmission studies would resolve issues related to
3 metering and measuring deliveries of the net output of the Paisley Project to
4 PacifiCorp.³⁵ As we came to understand and, as Mr. Saleba and Ms. Tabone
5 explain in their testimony, this would effectively allow PacifiCorp to accept and
6 purchase the net output of the QF as a “swap” that would electrically offset power
7 that PacifiCorp would deliver to Surprise Valley.

8 PacifiCorp continued to take this position after the transmission studies
9 were completed. On October 3, 2014, Bruce Griswold emailed that the
10 “implementation of the recommended actions in the [Facility Study] would allow
11 the net output from the geothermal generator to be received and metered at the
12 alternative delivery point between BPA and PacifiCorp.”³⁶ On April 16, 2015,
13 Mr. Griswold emailed that “[t]he completion of the Project Construction
14 Agreement will allow SVEC to offset its own load or sell the output to PacifiCorp
15 merchant as an Oregon Schedule 37 QF.”³⁷

16 **Q. Did PacifiCorp ESG communicate to PacifiCorp Transmission that Surprise**
17 **Valley intended to sell the entire net output of the Paisley Project?**

18 **A.** Yes. Internal PacifiCorp correspondence shows that PacifiCorp employees
19 believed that the company intended and/or committed to purchase the entire net
20 output of the Paisley Project.

21 On January 10, 2014, John Younie sent an email to PacifiCorp
22 Transmission identifying the specifics of the transaction, including the contract

³⁵ SVEC/202, Culp/65, 83.

³⁶ SVEC/202, Culp/10.

³⁷ SVEC/202, Culp/105.

1 being a “Firm QF purchase” for the entire net output that will be delivered to
2 PacifiCorp at the Lakeview substation.³⁸

3 On March 20, 2014, Jim Schroeder, PacifiCorp ESM’s manager of
4 contracts administration sent a network transmission service request to PacifiCorp
5 Transmission. This stated that the point of delivery for the 3.7 MWs would be the
6 Lakeview substation. As explained above, Bruce Griswold signed an
7 “Attestation” that PacifiCorp had committed to purchase the Paisley Project’s net
8 output. Mr. Schroeder’s letter specifically stated that: “There will be no
9 **documented Third Party transmission arrangements** to deliver resource to
10 PacifiCorp system.”³⁹

11 **Q. Was metering the main reason PacifiCorp provided when it changed its**
12 **position and refused to enter into a contract in August 2014?**

13 **A.** Yes. Mr. Griswold’s August 26, 2014 email stated that it would not enter into a
14 “PPA that could not be physically metered and measured as having been delivered
15 to PacifiCorp’s system.”⁴⁰ Mr. Griswold continued and wrote that “the purpose
16 of the system impact study and the involvement of our metering” was to resolve
17 this issue.⁴¹

18 Despite the approval of the network transmission request and related
19 studies, Mr. Griswold then stated that there was no “final confirmation” on the
20 metering, its costs, who pays for the metering, and “whether that metering

38 SVEC/202, Culp/44-46, 53-54.

39 SVEC/203, Culp/92 (Emphasis added).

40 SVEC/202, Culp/83.

41 SVEC/202, Culp/83.

1 schemes without a doubt clearly shows that your project is delivering power to
2 our system.”

3 While we understood that PacifiCorp had previously agreed to purchase
4 the net output through displacement, Mr. Griswold stated that: “Nothing in
5 PURPA obligates us to do a swap,” and that they have “expended a large effort to
6 find a physical means to show that [the Paisley Project’s] generated power
7 reaches our system”, but that the Paisley Project’s net output “does not” reach
8 their system. Mr. Griswold stated that they did not have to purchase the Paisley
9 Project’s net output because he stated that it was not “physically metered and
10 measured as having been delivered to PacifiCorp’s system.”

11 Mr. Griswold appeared to be taking the position that the company did not
12 need to purchase any of the Paisley Project’s net output unless it “physically”
13 reached their system. This was inconsistent with our understanding of what
14 PacifiCorp had agreed to.

15 **Q. Has the metering issue been resolved?**

16 **A.** We do not know. PacifiCorp now appears willing to purchase the entire net
17 output, even if it occurs by displacement rather than direct positive flow. On
18 April 16, 2015, Mr. Griswold stated that if Surprise Valley signed a construction
19 agreement to pay for the transmission upgrades identified by PacifiCorp
20 Transmission, then Surprise Valley would be allowed “to offset its own load or
21 sell the output to PacifiCorp merchant as an Oregon Schedule 37 QF.”⁴² Without
22 explanation, PacifiCorp later withdrew the construction agreement. Surprise

⁴² SVEC/202, Culp/105.

1 Valley has submitted numerous data requests to PacifiCorp attempting to
2 understand what, if any metering is required, and PacifiCorp has refused to
3 answer these questions.⁴³ Essentially, PacifiCorp, has refused to answer Surprise
4 Valley's requests to identify whether the current metering is sufficient, or if
5 Surprise Valley needs to install or have installed additional metering. It is
6 remarkable that PacifiCorp cannot tell us if it believes whether additional
7 metering is necessary after about two and half years.

8 **Q. You mention above that PacifiCorp raised new issues and different issues**
9 **after Surprise Valley filed its complaint. Please explain.**

10 **A.** PacifiCorp's reasons for rejecting our contract in August 2014 are different from
11 PacifiCorp's arguments that it is now making in response to Surprise Valley's
12 complaint. The main issue raised in PacifiCorp's July 29, 2015 Answer was that
13 Surprise Valley had not provided transmission arrangements across its own
14 system.

15 PacifiCorp claims that it needs transmission arrangements because the
16 company now believes the Paisley Project is an off system QF. As explained
17 above, the company previously informed us that the Paisley Project should use
18 PacifiCorp's on-system QF contract, which appears to be designed for QFs
19 located within PacifiCorp's balancing authority, or alternatively should be
20 processed as a combination on/off system QF contract.

⁴³ SVEC/203, Culp/17, 18, 25-29, 40-43, 121, 123, 124, 127, 130, 134, 137, 142, 151, 168, 169, 170, 187-88, 190, 194, 195, 196 (PacifiCorp Responses to SVEC DR 1.26, 1.31, 1.32, 1.45, 1.46, 2.11, 2.14, 2.15, 3.5, 4.2, 4.6, 4.9, 4.22, 5.2, 8.13, 8.14, 8.15, 10.1, 10.3, 11.3, 11.4, 11.5).

1 At some point, the company changed its position and reached a conclusion
2 that Surprise Valley must use the off-system QF contract. The company decided
3 not to communicate this change in its position until the company filed its Answer.
4 I have been informed by legal counsel that PacifiCorp is required to purchase the
5 entire net output of the Paisley Project regardless of whether it is an on, off, or
6 combined on/off system QF.

7 PacifiCorp's Answer further states that, since "the Paisley Project is an
8 off-system resource, PacifiCorp did not have accurate information regarding the
9 net amount of power to be delivered to PacifiCorp's electric system under any
10 transmission arrangement or the status of any such requisite transmission
11 arrangements, as required under Section I.B.2 of Schedule 37."⁴⁴ PacifiCorp did
12 not previously communicate that they believed that we had not provided all the
13 required Schedule 37 information or needed to provide additional transmission
14 arrangements.

15 As explained above, Surprise Valley believed we had provided all
16 required Schedule 37 information no later than January 9, 2014. As early as
17 August 22, 2013, Surprise Valley explained to PacifiCorp that the only additional
18 transmission and interconnection needs were the PacifiCorp Transmission studies.
19 For example, when asked about the Schedule 37 transmission and interconnection
20 requirements, Surprise Valley explained our understanding that they would be
21 identified by PacifiCorp Transmission studies.⁴⁵ As early as September 12, 2013,
22 PacifiCorp informed us that we had provided all the required information

⁴⁴ PacifiCorp Answer at 17.

⁴⁵ SVEC/202, Culp/1-2.

1 regarding any transmission arrangements described in Section I.B.2 of Schedule
2 37. For example, on September 12, 2013, Mr. Younie sent an email with a
3 document listing the required items under Section I.B.2 of Schedule 37, including
4 the status of interconnection or transmission arrangement. Mr. Younie wrote that
5 this item was “Complete.”⁴⁶

6 During the negotiation process, PacifiCorp first raised the issue of
7 Surprise Valley acquiring transmission across BPA system. After PacifiCorp
8 understood that Surprise Valley was in PacifiCorp’s Balancing Authority, all
9 transmission related discussions were tied to PacifiCorp ESM’s network
10 transmission request to PacifiCorp Transmission. PacifiCorp ESM did not
11 identify or communicate to Surprise Valley that there were required non-
12 PacifiCorp transmission agreements, or that there were additional transmission
13 arrangements that Surprise Valley had not provided.

14 **Q. Did PacifiCorp state that Surprise Valley would need to arrange**
15 **transmission across its own system or ask that Surprise Valley verify power**
16 **deliveries with an open access transmission tariff, wholesale distribution**
17 **tariff, preschedules, imbalance energy, ancillary services, or another method**
18 **of tracking and transferring energy across your distribution system?**

19 **A.** Not until after Surprise Valley filed its complaint. Again, either PacifiCorp ESM
20 was unaware that they would have some concerns on this issue, or they withheld
21 this information from Surprise Valley.

22 During the negotiation process, we asked questions about who was the
23 transmission provider, whether ancillary services would need to be provided, and
24 who would provide them. PacifiCorp never responded or explained that issues

⁴⁶ SVEC/202, Culp/6.

1 would be resolved by the network transmission request to PacifiCorp
2 Transmission, and our understanding was that there would not be any need for
3 transmission services, other than what was required by PacifiCorp Transmission.

4 **Q. Did Surprise Valley explore this issue in discovery?**

5 **A.** Yes, we asked about this issue in multiple data requests, and had difficulty in
6 obtaining this information from PacifiCorp. Ultimately, they have not provided
7 any documentary evidence that they clearly communicated this information to
8 Surprise Valley.

9 Surprise Valley asked in the discovery process to provide all supporting
10 documentation when PacifiCorp communicated that Surprise Valley had not
11 provided all Schedule 37 required information.⁴⁷ PacifiCorp was unable to
12 identify any time in which it explained or informed Surprise Valley about the
13 need for any transmission arrangements. PacifiCorp provided some early
14 communications in 2013 and then an email from Bruce Griswold on August 26,
15 2014.⁴⁸ None of these emails: 1) request that Surprise Valley provide
16 information regarding any transmission arrangements over its own system; or 2)
17 state that Surprise Valley has not provided this information to PacifiCorp.⁴⁹ The
18 closest document is a copy of the email sending a draft off-system PPA on
19 November 6, 2013. PacifiCorp later stated that this PPA did not apply.

⁴⁷ SVEC/203, Culp/51-64 (PacifiCorp Responses to SVEC DR 2.1 and 2.2).

⁴⁸ SVEC/203, Culp/51-64 (PacifiCorp Responses to SVEC DR 2.1 and 2.2).

⁴⁹ SVEC/203, Culp/51-64 (PacifiCorp Responses to SVEC DR 2.1 and 2.2).

1 Surprise Valley also requested that PacifiCorp provide evidence that
2 Surprise Valley refused to provide transmission arrangements.⁵⁰ PacifiCorp was
3 also unable to identify any documentation that Surprise Valley refused to provide
4 any transmission arrangements. Instead, PacifiCorp stated that it had evidence
5 that Surprise Valley acknowledged that it must “wheel the Paisley Project net
6 output across the Surprise Valley system for delivery to PacifiCorp’s system at
7 the Lakeview substation.” Surprise Valley has never disputed that the Paisley
8 Project’s net output would be wheeled across our system.

9 PacifiCorp’s response also referenced a chain of emails from December
10 2013. The emails discuss Surprise Valley’s responses and questions regarding
11 PacifiCorp’s misunderstanding that Surprise Valley was located in BPA’s
12 balancing authority and confusion over Surprise Valley needing to wheel the
13 Paisley Project’s power over BPA’s transmission system. As explained above,
14 PacifiCorp later acknowledged that BPA transmission was not needed or relevant.
15 If the issue of transmission arrangements was important, PacifiCorp should have
16 raised them in at least one of the hundreds of emails the company sent requesting
17 information about all aspects of the project.

18 In the discovery process, we also asked PacifiCorp to provide all instances
19 regarding when it identified to Surprise Valley that Surprise Valley must provide
20 energy imbalance or other ancillary services in order to provide necessary
21 “transmission arrangements” or otherwise provide firm, uninterruptible

⁵⁰ SVEC/203, Culp/3-7, 10, 17 (PacifiCorp Responses to SVEC DR 1.3, 1.6, 1.26).

1 transmission service across Surprise Valley’s system.⁵¹ PacifiCorp’s first
2 response only vaguely referred to numerous communications, the relevant ones
3 are attached in Exhibit SVEC/202. I reviewed communications from Surprise
4 Valley’s lawyer to PacifiCorp’s attorney that stated that the company’s “response
5 provides a limited number of references to three past data responses – none of
6 which contain any communications stating that Surprise Valley must obtain
7 ancillary services as a precondition to selling net output.” Further, Surprise
8 Valley requested that PacifiCorp “[p]lease identify all instances falling within the
9 scope of the question. We intend to move to strike from the record on the basis of
10 a discovery violation any evidence of all such instances that are later attempted to
11 be introduced which are not produced in response to this data request.”

12 PacifiCorp then specifically identified two alleged instances, a conference
13 call held December 3, 2013, and during an in-person meeting held in Portland
14 Oregon on March 17, 2014.⁵² I attended these meetings and do not recollect
15 PacifiCorp raising these issues. First, in the December 3, 2013 meeting
16 PacifiCorp believed Surprise Valley would need to transmit its power across
17 BPA’s system and purchase transmission from BPA. As explained above,
18 PacifiCorp dropped this position. Second, while we addressed wheeling and
19 transmission on PacifiCorp’s system at the March 17, 2014 meeting, we did not
20 discuss wheeling and transmission on Surprise Valley’s system. PacifiCorp never

⁵¹ SVEC/203, Culp/158-59 (PacifiCorp Responses to SVEC DR 8.3 and 8.3 supplemental).

⁵² SVEC/203, Culp/158-59 (PacifiCorp Responses to SVEC DR 8.3 and 8.3 supplemental).

1 mentioned that Surprise Valley would need to provide or obtain ancillary services
2 at either meeting.

3 **Q. Did PacifiCorp raise numerous other road blocks, issues or concerns**
4 **regarding entering into a PPA with Surprise Valley?**

5 **A.** Yes. As explained earlier, the discussions regarding a PPA, metering and
6 PacifiCorp transmission were extensive and detailed, including PacifiCorp
7 requesting extremely detailed information about the Paisley Project and metering.
8 Even assuming that they raised the transmission arrangements issue in March
9 2014, they did not raise it afterwards during these exhaustive discussions. The
10 issue of Surprise Valley's transmission arrangements appears to be PacifiCorp's
11 most important remaining issue, but the company cannot identify other alleged
12 instances when it claims to have raised this issue. If this issue was so important,
13 then PacifiCorp should have raised it during the extensive negotiations,
14 discussions and correspondence in May, June, July, August, September, October,
15 and November 2014.

16 Mr. Griswold's August 26, 2014 email saying that the company would not
17 enter into a PPA is a good example. As explained above, Mr. Griswold's email
18 raised issues regarding "physical delivery" and metering. Mr. Griswold identified
19 a number of outstanding issues. None of these raise the issue of providing power
20 through an open access transmission tariff, wholesale distribution tariff,
21 preschedules, imbalance energy, ancillary services, or another method of tracking
22 and transferring energy across Surprise Valley's distribution system.

23

1 **Q. Did Surprise Valley attempt to identify the transmission and metering**
2 **arrangements in discovery in this case that PacifiCorp requires?**

3 **A.** Yes. PacifiCorp's responses have been evasive and initially refused to specify
4 what the company wanted.⁵³ Surprise Valley filed numerous data responses, filed
5 a motion to compel and threatened to file a complaint with the Federal Energy
6 Regulatory Commission to obtain information regarding what transmission and
7 metering arrangements PacifiCorp would accept. For example, it is my
8 understanding that the first time PacifiCorp ESM communicated that ancillary
9 services provided by PacifiCorp Transmission would constitute adequate
10 transmission arrangements was in response to Surprise Valley's eight set of data
11 requests, which were provided between December 28, 2015 and February 2, 2016.
12 Surprise Valley is still not certain how PacifiCorp believes this will work under
13 its interpretation of the requirements under the standard off-system PPA.⁵⁴ Mr.
14 Saleba and Ms. Tabone address this issue in their testimony.

15 It is my understanding that PacifiCorp has not explained what metering
16 arrangements are necessary for Surprise Valley to sell the net output.⁵⁵ For
17 example, Surprise Valley does not know if the \$450,000 in metering upgrades are
18 needed for Surprise Valley to sell the net output to PacifiCorp.

⁵³ SVEC/203, Culp/8-9, 24-28 (PacifiCorp Responses to SVEC DR 1.4, 1.5, 1.31, 1.32).

⁵⁴ SVEC/203, Culp/155-57 (PacifiCorp Responses to SVEC DR 8.1, 8.2).

⁵⁵ SVEC/203, Culp/17, 18, 25-29, 40-43, 121, 123, 124, 127, 130, 134, 137, 142, 151, 168, 169, 170, 187-88, 190, 194, 195, 196 (PacifiCorp Responses to Surprise Valley DR 1.26, 1.31, 1.32, 1.45, 1.46, 2.11, 2.14, 2.15, 3.5, 4.2, 4.6, 4.9, 4.22, 5.2, 8.13, 8.14, 8.15, 10.1, 10.3, 11.3, 11.4, 11.5).

1 **Q. Has PacifiCorp claimed that Surprise Valley has not provided other**
2 **information required under Schedule 37?**

3 **A.** Yes. PacifiCorp claims that Surprise Valley has not identified points of
4 delivery.⁵⁶ Surprise Valley has proposed points of delivery. PacifiCorp has not
5 identified other points of delivery, or explained why Surprise Valley's points of
6 delivery are not acceptable. Early in the process, PacifiCorp agreed to Surprise
7 Valley's points of delivery in discussions. Internal communications between
8 PacifiCorp personnel from December 2013 state that they did not "anticipate any
9 issues" regarding the Lakeview point of delivery and that there is "[n]o option for
10 another delivery point because the SVEC system is an isolated BPA pocket
11 connected only to PacifiCorp at this location."⁵⁷

12 **IV. AFFECTED IMPACT AND NETWORK TRANSMISSION**

13 **Q. Have you attached a number of exhibits to your testimony detailing the**
14 **affected system impact and network transmission process?**

15 **A.** Yes. In SVEC/206, I have attached copies of a number of transmission related
16 documents, including an interconnection letter sent from Surprise Valley's
17 previous General Manager Jim Hays to Brad Ryan of PacifiCorp; the Affected
18 System Impact and Facilities Study Agreement; the Affected Impact and Facilities
19 Study Report; and the System Impact Study Report; the Facilities Study Report.
20 The Construction Agreement between PacifiCorp ESM and Transmission is
21 available on FERC's website.⁵⁸ Other transmission related communications and
22 data responses are included in Exhibits SVEC/202 and SVEC/203.

⁵⁶ SVEC/203, Culp/51-64 (PacifiCorp Responses to SVEC DR 2.1, 2.2).

⁵⁷ SVEC/202, Culp/15.

⁵⁸ <http://elibrary.ferc.gov/idmws/search/advResults.asp>

1 **Q. Please describe the initial transmission contacts.**

2 **A.** PEI, on behalf of Surprise Valley, informed PacifiCorp Transmission about the
3 Paisley Project and the project details on August 18, 2012. PEI asked PacifiCorp
4 Transmission whether interconnection and/or transmission studies would need to
5 be performed for Surprise Valley to interconnect the Paisley Project to
6 PacifiCorp. PacifiCorp Transmission stated that PacifiCorp would be an Affected
7 System.

8 From September 2012 to February 2013, Surprise Valley, PEI, and BPA
9 communicated with PacifiCorp Transmission about whether an interconnection
10 and other transmission studies would be needed. On February 6, 2013, Surprise
11 Valley sent a letter to PacifiCorp Transmission requesting studies to determine
12 what interconnection and transmission upgrades would be needed because of the
13 construction of the Paisley Project.⁵⁹ Between February 2013 and July 2013,
14 Surprise Valley repeatedly contacted PacifiCorp Transmission regarding the
15 status of its interconnection study.

16 **Q. Did PacifiCorp quickly process Surprise Valley's transmission requests**
17 **regarding whether PacifiCorp was an "affected system" and the subsequent**
18 **request for network transmission to sell the net output of the Paisley Project?**

19 **A.** No. There were delays at numerous aspects of the process from the initial
20 network transmission request, to the Facilities and System Impact Studies, and the
21 final construction agreements. It is my understanding that PacifiCorp ESM is not
22 pursuing the Construction Agreement between PacifiCorp ESM and
23 Transmission, and it is not clear to Surprise Valley whether PacifiCorp ESM will

⁵⁹ SVEC/209, Culp/1.

1 require additional interconnection, metering or transmission upgrades to be
2 installed to allow Surprise Valley to sell the net output of the Paisley Project to
3 PacifiCorp.

4 The first delays occurred because PacifiCorp Transmission did not timely
5 process Surprise Valley's request to study the impact of the Paisley Project's on
6 PacifiCorp and the need for additional interconnection and transmission studies.
7 PacifiCorp Transmission informed Surprise Valley of this on March 27, 2013, and
8 sometime afterwards PacifiCorp Transmission entered or re-entered the Surprise
9 Valley request into the system.

10 Surprise Valley and PacifiCorp Transmission agreed to an Affected
11 System Impact and Facilities Study process, which resulted in a study that
12 concluded that there were minimal impacts to PacifiCorp and all associated work
13 could be completed in the first quarter of 2014. By April 15, 2014, the upgrades
14 identified in the Affected System Impact and Facilities Study Report were
15 completed. Despite earlier requests for information about the upgrades,
16 PacifiCorp Transmission did not inform Surprise Valley that the upgrades
17 identified in the Affected System Impact and Facilities Study were completed
18 until about a year later, or on March 11, 2015.

19 On January 24, 2014, I emailed Eric Birch at PacifiCorp Transmission to
20 determine if additional transmission studies would be needed for Surprise Valley
21 to sell the net output of the Paisley project to PacifiCorp ESM. I also inquired
22 regarding the status of the installation of relay settings, and transmission studies

1 timelines. Eric Birch of PacifiCorp Transmission informed Surprise Valley that
2 PacifiCorp ESM would need to submit a transmission service request.

3 I then contacted PacifiCorp ESM to determine if a transmission service
4 request was required to sell the net output of the Paisley Project under PURPA.
5 PacifiCorp ESM submitted a Transmission Service Request for 3.7 megawatts
6 (“MW”) of Network Transmission and Designated Network Resource for the
7 Paisley Project sometime in January 2014.

8 **Q. Were there additional delays related to the transmission service request?**

9 **A.** Yes. On May 7, 2014, a phone call was held with Mr. Younie, Mr. Griswold,
10 Mr. Fishback, Mr. Reid with PacifiCorp and other PacifiCorp Transmission
11 personnel, as well as representatives from Surprise Valley, PEI and BPA.
12 PacifiCorp informed Surprise Valley that the Transmission Study Request was
13 “pulled” sometime prior to May 7, 2014. PacifiCorp ESM did not keep Surprise
14 Valley informed or appraised of the status of the network transmission request to
15 PacifiCorp Transmission. For example, PacifiCorp did not inform Surprise
16 Valley when the network transmission requests were submitted, why a request
17 was “pulled,” when the studies were completed, or why they were not timely
18 pursued. I have been informed by counsel that the time that PacifiCorp took to
19 process the network transmission request is longer than allowed under FERC’s
20 requirements.

21 PacifiCorp Transmission eventually completed a System Impact Study
22 Report on or about June 26, 2014, and completed a Facilities Study Report on or

1 about September 26, 2014. The total process took about eight months, which is
2 longer than 150 to 160 days we were told the studies should take.

3 These studies ultimately concluded that there were metering and
4 communications upgrades that would need to be made at the Paisley Project,
5 BPA's Meter 41 at Surprise Valley's Lakeview switchyard, and three PacifiCorp
6 control stations, and identified no additional main grid, distribution, or sub-
7 transmission upgrades that would be necessary for Surprise Valley to sell the net
8 output of the Paisley Project to PacifiCorp ESM. The estimate for total expected
9 costs was \$450,000, and the final reports concluded that the upgrades could be
10 completed by September 2015.

11 **Q. Were there additional delays after the transmission studies were completed?**

12 **A.** Yes. PacifiCorp ESM delayed entering into agreements that would allow
13 construction to start, despite Surprise Valley's repeated requests to move the
14 process forward.⁶⁰ Due to these delays, PacifiCorp Transmission moved the date
15 for completion upgrades out to 2016. There were extensive negotiations and
16 discussions to move the construction process forward, including with PacifiCorp
17 Transmission Vice President Rick Vail. PacifiCorp ESM and Transmission
18 ultimately entered into an agreement to complete the upgrades. When it appeared
19 that PacifiCorp ESM might be willing to purchase the net output of the Paisley
20 Project, PacifiCorp Transmission agreed that existing and/or interim metering is
21 sufficient to allow Surprise Valley to use the Paisley Project's net output to serve
22 Surprise Valley's retail load, and/or to sell the net output to PacifiCorp. Once

⁶⁰ SVEC/202, Culp/53-55.

1 Surprise Valley filed a complaint, PacifiCorp Transmission has not clearly stated
2 whether existing metering is sufficient to sell the net output to PacifiCorp ESM.⁶¹
3 After over two and half years, it is unclear whether PacifiCorp needs additional
4 metering or upgrades to allow the company to purchase the net output of the
5 Paisley Project.

6 PacifiCorp Transmission also waited until January 21, 2015 to provide
7 Surprise Valley with formal verification that an interconnection agreement with
8 PacifiCorp was not needed for the Paisley Project.⁶² This final notification was
9 provided in an email from Veronica Stofiel.

10 **V. CONCLUSION**

11 **Q. Does this conclude your testimony?**

12 **A.** Yes.

⁶¹ SVEC/203, Culp/17, 18, 25-29, 40-43, 121, 123, 124, 127, 130, 134, 137, 142, 151, 168, 169, 170, 187-88, 190, 194, 195, 196 (PacifiCorp Responses to SVEC DR 1.26, 1.31, 1.32, 1.45, 1.46, 2.11, 2.14, 2.15, 3.5, 4.2, 4.6, 4.9, 4.22, 5.2, 8.13, 8.14, 8.15, 10.1, 10.3, 11.3, 11.4, 11.5).

⁶² SVEC/202, Culp/86.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

**EXHIBIT SVEC/201
QUALIFICATIONS OF LYNN CULP**

March 15, 2016

Elzie Lynn Culp
Member Service Manager
Surprise Valley Electric

EDUCATION:

- 1979 – 1981 California State University, Chico
Graduate, Bachelor of Science, Agriculture
- 1977 – 1979 Butte Community College, Oroville, California
- 1977 Graduate, Chico Senior High School, Chico, California
- 1993 NRECA Management Internship Training

ACCOMPLISHMENTS/EXPERIENCE:

1989 – Present Member Service Manager, Surprise Valley Electrification Corp.

Address members' concerns; Manage Irrigation accounts; Oversee collections of bad debt accounts; Oversee local pages for *Ruralite* magazine;
Administer Energy Efficiency programs; perform energy audits on residential, commercial and agricultural accounts; perform irrigation flow tests;
Organize Annual Membership Meeting; Coordinate Youth programs and Safety Presentations;

Project Lead for Paisley Geothermal Project July 2012 to Present.

From 2009-2012 completed assignments in resource development, permitting, grant management as assigned by GM.

Beginning in July 2012 became project lead in all aspects of project development, leading company through unknown obstacles to find solutions; working with contractors, landowner, consultants, regulators to meet objectives and complete project; worked with geologists and geoscientists to develop resource model and determine resource capacity; liaison between engineers, contractors, scientists.

1982 – 1989 Soil Conservationist, USDA Natural Resource Conservation Service

Red Bluff, California and Alturas, California

Soil conservation and water management. Work with landowners to determine best conservation practices for their property.

1981 – 1982 Irrigation Design Specialist, Cornell Irrigation

Hamilton City, California

AFFILIATIONS:

Golden State Power Cooperative California Legislative Committee
Ruralite Magazine, Publications Committee Member

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

**EXHIBIT SVEC/202
EMAIL COMMUNICATIONS**

March 15, 2016

Subject: Re: PPA Information

Date: Thursday, August 22, 2013 at 9:17:14 PM Pacific Daylight Time

From: Lynn Culp

To: Younie, John

CC: Brad Kresge, Jim Hays

Hi John,

Attached is the Schd 37 required information. I did not understand a couple of the questions, please advise on those. One other I will get info for, but wanted to get this off to you. Thanks, Lynn

From: [Younie, John](#)

Sent: Tuesday, August 06, 2013 11:04 AM

To: lynnsvec@frontier.com

Subject: PPA Information

Lynn,

Attached are the table and the consent we discussed. If you could provide the interconnection queue number for your project that would be helpful. Let me know if you have any questions. Thanks.

Sch 37 Required Information	Provided	Comments by PacifiCorp
(a) Demonstration ability to obtain QF status	Completed QF filing 2/6/2013	
(b) Design capacity (MW), station service requirements, and net amount of power delivered to the Company's electric system	Gross output 3076kw; net output delivered to PAC 2374kw	
(c) Generation technology and other related technology applicable to the site	Geothermal. Binary technology. TAS power plant.	
(d) proposed site location	Paisley, OR	
(e) Schedule of monthly power deliveries	<i>Not sure what this means</i>	
(f) Calculation or determination of minimum and maximum annual deliveries	<i>Will get this info</i>	
(g) Motive force or fuel plan	Geothermal	
(h) proposed on-line date and other significant dates required to complete milestones	Online March '14, Construction Aug '13-Feb'14. Plant delivery Oct '13.	
(i) proposed contract term and pricing provisions (i.e. fixed, deadband, gas indexed)	<i>Not sure what this is or if applies to geothermal</i>	
(j) Status of interconnection or transmission arrangement	PAC is doing study	
(k) point of delivery or interconnection	Lakeview, OR	
Additional Required Information		
FERC License	<i>Not sure</i>	
Production water rights	Working on with WRD	
ETO funding, REC ownership status	SVEC owns REC, no ETO funding	

Subject: RE: PPA Information
Date: Thursday, September 12, 2013 at 1:03:29 PM Pacific Daylight Time
From: Younie, John
To: Lynn Culp
CC: Brad Kresge, Jim Hays

Lynn,

Here is the updated table. Can you describe the metering to me? Will we have a meter at the generator and the Lakeview Sub?

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Wednesday, September 11, 2013 11:21 PM
To: Younie, John
Cc: Brad Kresge; Jim Hays
Subject: Re: PPA Information

Hi John,

Attached is the PPA Info worksheet, still have a few blanks to complete, but thought I would get this to you so you could review. I am attaching a number of files that answer questions you have asked.
Thanks, Lynn

From: [Younie, John](#)
Sent: Friday, August 23, 2013 9:38 AM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jim Hays](#)
Subject: RE: PPA Information

Lynn,

See my attached comments. I added another column for your next round of comments and information. I think the most important thing to provide is the motive force plan. Also, below is a link to Oregon Schedule 37 for pricing options.

http://www.pacificpower.net/content/dam/pacific_power/doc/About_Us/Rates_Regulation/Oregon/Approved_Tariffs/Rate_Schedules/Avoided_Cost_Purchase_From_Qualifying_Facilities_of_10_000_KW_or_Less.pdf

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Thursday, August 22, 2013 10:17 PM
To: Younie, John
Cc: Brad Kresge; Jim Hays
Subject: Re: PPA Information

Hi John,

Attached is the Schd 37 required information. I did not understand a couple of the questions, please advise on those. One other I will get info for, but wanted to get this off to you. Thanks, Lynn

From: [Younie, John](#)
Sent: Tuesday, August 06, 2013 11:04 AM

To: lynnsvec@frontier.com
Subject: PPA Information

Lynn,

Attached are the table and the consent we discussed. If you could provide the interconnection queue number for your project that would be helpful. Let me know if you have any questions. Thanks.

Sch 37 Required Information	Provided by SVEC 8/23/2013	Comments by PacifiCorp 8/23/2013	Provided by SVEC	SVEC/202 Comments by Pacifi Corp/5 9/12/2013
(a) Demonstration ability to obtain QF status	Completed QF filing 2/6/2013	Provide FERC QF number when available	Contacting FERC to request number	Provided SVEC with F information
(b) Design capacity (MW), station service requirements, and net amount of power delivered to the Company's electric system	Gross output 3076kw; net output delivered to PAC 2374kw	Complete		
(c) Generation technology and other related technology applicable to the site	Geothermal. Binary technology. TAS power plant.	Complete		
(d) proposed site location	Paisley, OR	Provide site map and geographic coordinates	See attached. Project overview0413.jpg Paisely Minerals.jpg (Colahan property/shaded red. Plant will be in sec 23) Lat. 42.695736 Lon.-120.557816	Complete
(e) Schedule of monthly power deliveries	<i>Not sure what this means</i>	Provide net output on a monthly basis	See attached. Paisley Annual Estimate_Results.pdf	Complete
(f) Calculation or determination of minimum and maximum annual deliveries	<i>Will get this info</i>	Calculation should tie to the motive force plan.	Getting calculation	
(g) Motive force or fuel plan	Geothermal	Provide MF Plan that shows the calculation that converts steam/hot water to energy. The MF Plan should provide min/ave/max power deliveries. See items e and f above	Getting plan from power plant manufacturer	
(h) proposed on-line date and other significant dates required to complete milestones	Online March '14, Construction Aug '13-Feb'14. Plant delivery Oct '13.	Complete. Eventually I will need to see a construction and interconnection schedule	See attached. Paisley Preliminary Schedule 7-24-13.pdf We have moved the dates back about a week and are now experiencing some delay with building inspector.	Complete

(i) proposed contract term and pricing provisions (i.e. fixed, deadband, gas indexed)	<i>Not sure what this is or if applies to geothermal</i>	See Oregon Schedule 37 for pricing options. We will do contract from 1 – 20 years, your choice. If you select 20 years the last 5 years are based on an index price, see Schedule 37 for pricing options	We are thinking 5-7 years, fixed. Open to negotiations/discussion.	
(j) Status of interconnection or transmission arrangement	PAC is doing study	Provide interconnection queue number	Other Project Queue #49 Eric.Birch@pacificorp.com	Complete
(k) point of delivery or interconnection	Lakeview, OR	Provide name of substation		
Additional Required Information				
FERC License	<i>Not sure</i>	FERC License is not required. Provide list of required permits and easements.	DOGAMI well permits DEQ permits Lake Co Conditional Use Building permits Landowner Lease agreement ODOT Hwy Access permit	Complete
Production water rights	Working on with WRD	Provide water rights when available.	Water right not required on production water. Permitted under DOGAMI, though point of use moved from existing ag well to SVE Well 1 for landowner limited ag use. Water rights required for cooling water. Still working with WRD on two options for cooling water.	
ETO funding, REC ownership status	SVEC owns REC, no ETO funding	Complete		

Subject: RE: Surprise Valley Electrification Corporation- OTPQ0095 Paisley Affected System
Date: Tuesday, November 5, 2013 at 10:30:23 AM Pacific Standard Time
From: Birch, Eric
To: Lynn Culp

Hello Lynn,

For purposes of the Paisley geothermal generation facility interconnecting with SVEC's Paisley substation, a new interconnection agreement/contract with Pacific Power is not needed since the interconnection is not on the Pacific Power system.

The existing interconnection between SVEC and Pacific Power systems has no major material impacts attributable to the Paisley geothermal generation facility interconnecting with SVEC's Paisley substation. Based on this, we do not need to revisit existing SVEC / Pacific Power interconnection agreements / contracts for the existing interconnection.

Therefore, SVEC should be good to move forward with interconnecting Paisley geothermal to Paisley substation.

However, if Paisley geothermal energy will not all be used for native SVEC load and is planned to be transmitted to or through the Pacific Power system, we will need to look at a transmission service request, and potential impacts to the Pacific Power system at and beyond the existing SVEC / Pacific Power interconnection. If SVEC would like to pursue a transmission service request, I can point you to how to get that process going.

I hope this helps clarify.

Thanks!
Eric

Eric Birch | Transmission Services | PacifiCorp: Rocky Mountain Power & Pacific Power | 503-813-5993
| eric.birch@pacificorp.com | 825 NE Multnomah Street, Suite 1600, Portland, OR 97232



From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, November 05, 2013 9:08 AM
To: Birch, Eric
Subject: Fw: Surprise Valley Electrification Corporation- OTPQ0095 Paisley Affected System

Hello Eric, We have received the attached by mail. Do we now need to have an interconnection contract with Pacific Power or are we good to move forward with the interconnection? Thank you, Lynn

From: [Moore, Robin](#)
Sent: Wednesday, October 30, 2013 3:51 PM
To: jimsvec@frontier.com
Cc: [_Transmission Contracts](#) ; lynnsvec@frontier.com ; bradsvec@frontier.com
Subject: Surprise Valley Electrification Corporation- OTPQ0095 Paisley Affected System

Dear Mr. Hays:

Per our System Impact and Facilities Study Agreement, executed August 1, 2013, PacifiCorp has conducted a System Impact and Facilities Study. This study evaluated PacifiCorp's main grid, sub-transmission, and distribution system to identify any PacifiCorp system constraints to SVEC's connection of the Paisley geothermal generation facility to SVEC's Paisley substation.

The study finds that the relay settings for circuit breaker 3L 7 at PacifiCorp's Mile Hi substation need to be updated to reliably accommodate the connection of the Paisley geothermal generation facility to SVEC's Paisley substation. These updated relay settings have been created and approved. The updated relay settings are scheduled for implementation in the first quarter of 2014. The updated relay settings are attached to this report.

If more information is required, please contact Eric Birch at (503) 813-5993.

Sincerely,

Robin Moore

Business Analyst

Transmission Services

PacifiCorp

825 NE Multnomah St, Suite 1600

Portland, Ore. 97232

Ph: 503-813-6419

Robin.Moore@PacifiCorp.com

Subject: Surprise Valley Off-system Draft PPA 11062013.doc

Date: Wednesday, November 6, 2013 at 9:36:50 AM Pacific Standard Time

From: Younie, John

To: lynnsvec@frontier.com

Lynn,

Attached is a draft PPA updated with the motive force information you provided. Highlighted in yellow are blanks that I still need information. Could you please fill in the blanks and return the redline draft to me. Thanks for your help.

From: Lynn Culp <lynnsvec@frontier.com>
Sent: Friday, October 03, 2014 1:34 PM
To: Griswold, Bruce {Mkt Function}
Subject: Re: Facility Study

Under 4.4.2, Refers to Yreka Service Ctr. Is that correct? Was thinking Klamath Falls. Lynn

From: [Griswold, Bruce {Mkt Function}](#)
Sent: Friday, October 03, 2014 1:05 PM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#) ; [Reid, Michael](#)
Subject: RE: Facility Study

Here it is again. It is in PDF. If you cannot open, I will see if pac trans can send it directly.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, October 03, 2014 11:38 AM
To: Griswold, Bruce {Mkt Function}
Cc: Brad Kresge; Kirk Gibson; Reid, Michael
Subject: Re: Facility Study

Bruce, I can not open the file. Can you save as pdf and send or another format? Thanks, Lynn

From: [Griswold, Bruce {Mkt Function}](#)
Sent: Friday, October 03, 2014 11:28 AM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#) ; [Reid, Michael](#)
Subject: RE: Facility Study

Here it is. We met internally October 2, 2014 with Pac trans and metering to understand the results. Based on the review and the results, implementation of the recommended actions in the study would allow the net output from geothermal generator to be received and metered at the alternate delivery point between BPA and PacifiCorp.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, October 03, 2014 11:20 AM
To: Griswold, Bruce {Mkt Function}

Cc: Brad Kresge; Kirk Gibson
Subject: Facility Study

SVEC/202
Culp/11

Hi Bruce,

We have not received a copy of the Facility Study, which I believe was due Sept 25 or 26th.
Would you please provide a copy to us.

Thank you,

Lynn

Subject: RE: Surprise Valley PPA
Date: Tuesday, December 3, 2013 at 11:28:04 AM Pacific Standard Time
From: Younie, John
To: Lynn Culp
CC: Mike Long, Chun Chin, Jim Hays, Brad Kresge, Jeff Mann

Lynn,

Bruce reminded me that if you were using your generation to off-set your BPA delivery you would not be a QF. In order for you to be a QF you must deliver the net output of your generator to PacifiCorp, we cannot do an accounting transaction. In this case BPA will be required to deliver your generation to PacifiCorp's system either through a Transmission Service Agreement or a Use-of-Facilities Agreement. If expensive improvements are required at Mile High in order to receive your generation we may ask that the power be delivered somewhere else on our system. I will ask our Transmission Desk if Mile High is an acceptable delivery point. In the meantime you need to initiate the delivery process with BPA.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, December 02, 2013 11:23 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

See attached. Lynn

From: [Younie, John](#)
Sent: Monday, December 02, 2013 11:03 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

Could you send me a one-line diagram that shows the generator, metering, and point of delivery?

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, December 02, 2013 9:27 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

Hello John, I hope you had a nice Thanksgiving holiday.

Following are the items in the draft PPA we would like to discuss tomorrow. We wanted to provide them to you so you could know what we are looking at and be prepared for the call.

Clause 1.27 – Net Output - We are interconnecting and metering the plant at the 69 kV line adjacent to the Paisley Plant. We assume that this is the point that Net Output should be based on. Please confirm.

Clause 1.31 – Point of Delivery – We would like to discuss the Point of Delivery and Interconnection Point. We are assuming that this is the same location at the 69 kV line adjacent to the plant.

Clause 1.36 – Replacement Price – Please provide clarification on how the quantity of replacement energy will be determined. Is this calculated based on the Exhibit D-1 projection or is this amount calculated based on the Energy Imbalance Accumulation determined under the Settlement Period in Addendum W?

Clause 4.5 – Energy Delivery Schedule – Please provide clarification on the purpose of developing the Net Energy schedule in Exhibit D. Based on Addendum D, Seller will be developing a day ahead hourly forecast with Settlement over a one month period. Which of these monthly forecasts will be used to determine positive or negative energy balance?

Clause 4.2 and Clause 6.2 – Clause 4.2 notes that the Average Annual Generation can be modified, upon six month notice, every other Contract year. Clause 6.2 allows Seller to increase Net Output at any time upon at least six month notice. We want to discuss the requirements behind these requirements and impact on increase/decrease of projected generation.

Clause 5.4 – We would like to discuss the payment of Excess Output in relationship to the facility operation. Excess Output is defined as Net Output produced in excess of the Facility Capacity Rating. Facility Capacity Rating is defined as the nameplate capacity rating of the generator. We are unclear on how the unit can generate in excess of a nameplate rating.

Addendum W – We would appreciate PacifiCorp discussion on the monthly settlement process and how positive and negative balances are settled.

Surplus Delivery – Please clarify the relationship between Addendum W definition and Clause 5.4. We would like to discuss the statement that PacifiCorp will accept Surplus Delivery, but shall not pay for it.

Section 8c – We would like to discuss the option of revising the Settlement Period to one year.

Thank you. Talk to you tomorrow. Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: [Younie, John](#)
Sent: Wednesday, November 27, 2013 3:01 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#)
Subject: RE: Surprise Valley PPA

Tuesday works best for me.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, November 27, 2013 2:39 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge
Subject: Surprise Valley PPA

Hello John,

I would like to have a phone conversation with you along with a couple of the gentlemen from Power Engineers who are assisting us with this project. We have a number of questions and clarifications with the PPA that we would like to discuss with you.

Are you available next Monday or Tuesday (11-1pm PT) or Wed (9-1pm PT). Any of those dates/times work for you?

Thank you. Looking forward to speaking with you. Have a great Thanksgiving. Lynn

From: Portouw, Jim
Sent: Thursday, December 05, 2013 9:03 AM
To: Younie, John; Meeuwsen, Doug
Cc: Griswold, Bruce {Mkt Function}
Subject: RE: Surprise Valley Electric Corp

John,

To be precise, PacifiCorp Transmission delivers energy it receives from BPA to SVEC under a General Transfer Agreement (GTA) contract. The location PacifiCorp Transmission delivers energy to SVEC as described in the GTA is "the point in the vicinity of the Surprise Valley's Lakeview Switching station where the 69 kV facilities of PacifiCorp and Surprise Valley are connected". There is only one point of interconnection so we seem to be arguing about semantics. Suggest we use the same language describing that interconnection for our receipt from SVEC as the language in the contract used to deliver energy to SVEC.

Jim

From: Younie, John
Sent: Wednesday, December 04, 2013 2:59 PM
To: Portouw, Jim; Meeuwsen, Doug
Cc: Griswold, Bruce {Mkt Function}
Subject: RE: Surprise Valley Electric Corp

Jim,

Thanks for your assessment. I talked to the BPA account rep for SVEC; he said that the transfer substation where BPA delivers the SVEC power was Lakeview. Would Lakeview be a viable delivery point for this QF Power? Is there a preference between Lakeview and Mile High?

From: Portouw, Jim
Sent: Tuesday, December 03, 2013 12:45 PM
To: Younie, John; Meeuwsen, Doug
Subject: RE: Surprise Valley Electric Corp

John,

Do not anticipate any issues. According to our one-line drawing the delivery by BPA will be to the point in the vicinity of the Surprise Valley's Lakeview Switching station where the 69 kV facilities of PacifiCorp and Surprise Valley are connected. No option for another delivery point because the SVEC system is an isolated BPA pocket connected only to PacifiCorp at this location.

Jim

From: Younie, John
Sent: Tuesday, December 03, 2013 11:36 AM
To: Portouw, Jim; Meeuwsen, Doug
Subject: Surprise Valley Electric Corp

Jim and Doug,

ks like BPA will be delivering approximately 3 MW of SVEC generation to our system at Mile High. Do you see any issues with taking delivery there? Is there a better delivery point?

From: [Younie, John](#)
To: [Griswold, Bruce {Mkt Function}](#)
Subject: FW: Surprise Valley PPA
Date: Monday, December 16, 2013 9:02:00 AM

Bruce,

This SVEC deal is unusual, it looks like BPA is out of the picture. Maybe the off-system PPA is not the appropriate PPA template. How will we know that we are receiving all the generation at Lakeview unless they schedule deliveries? Will SVEC schedule deliveries with PACTrans?

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, December 13, 2013 10:59 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann; Dan (BPA) - PSE-BEND Bloyer; Eric Taylor
Subject: Re: Surprise Valley PPA

Hello John,

I have reviewed the Bonneville Power Administration transmission agreements with BPA account executives and engineer. They have told me that neither of the agreements suggested (Use of Facilities and Transmission Service) are needed. BPA does not own any of the equipment on this system except for the revenue meter at the plant and the meter at the 690 switch in Lakeview. The output should be metered at the plant and delivered to the 690 switch in Lakeview, with a reasonable loss factor for the transmission from the plant to Lakeview. The 2 to 2.5 MW produced at the plant is not a resource that contractually serves the SVEC load. SVEC is contractually purchasing power from BPA to serve SVEC's entire load.

I also would like PacifiCorp to clarify the first sentence of Addendum W, "Whereas, Seller's Facility is not within the control area of PacifiCorp." In discussions with both PacifiCorp and BPA we have been told that the facility is within PacifiCorp's balancing area. Can this be clarified? If the plant is confirmed to be in the PacifiCorp balancing area, what implications are there for scheduling? If PacifiCorp requires SVEC to schedule this resource, what is your scheduling protocol? BPA is not requiring scheduling since the resource does not reside in their BAA.

I would also like clarification on the next sentence of Addendum W, "Whereas Seller's Facility will not interconnect directly to PacifiCorp's System". Please clarify what PacifiCorp means by direct interconnection. SVEC's resource is not physically interconnected to PacifiCorp's system, however, SVEC's system directly connects to PacifiCorp at Lakeview. The resource itself must be wheeled across SVEC's system to get to Lakeview.

Thank you, Lynn

From: [Younie, John](#)
Sent: Tuesday, December 03, 2013 11:28 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

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Sent: Monday, December 02, 2013 11:23 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

See attached. Lynn

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Sent: Monday, December 02, 2013 11:03 AM
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Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
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Subject: RE: Surprise Valley PPA

Date: Tuesday, December 17, 2013 at 5:21:13 PM Pacific Standard Time

From: Younie, John

To: Lynn Culp

CC: Mike Long, Chun Chin, Jim Hays, Brad Kresge, Jeff Mann, Dan (BPA) - PSE-BEND Bloyer, Eric Taylor

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From: Portouw, Jim
Sent: Friday, December 27, 2013 10:50 AM
To: Raypush Dombrowsky, Laura
Cc: Meeuwsen, Doug; Stofiel, Veronica
Subject: RE: SVEC future Resource for C&T

Laura,

Thanks. This seems to be the first time we will contract for a resource on another customers system within PACW BAA so trying to make sure we cover all the bases.

Jim

From: Raypush Dombrowsky, Laura
Sent: Friday, December 27, 2013 10:46 AM
To: Portouw, Jim
Cc: Meeuwsen, Doug; Stofiel, Veronica
Subject: RE: SVEC future Resource for C&T

Jim,

It looks like SVEC is in PAC's BAA. I confirmed this with Grid Operations this am. Veronica will be the best person to assist you with your remaining questions. I have sent them onto her this am. Please let me know if you have any other questions that we can help out with.

Thanks,
Laura

From: Portouw, Jim
Sent: Friday, December 27, 2013 10:30 AM
To: Raypush Dombrowsky, Laura
Cc: Meeuwsen, Doug
Subject: SVEC future Resource for C&T

Laura,

Not sure who to direct these questions to so please forward on to who you think can best respond.

We have been approached by Surprise Valley with a generation project they want to sell to us as a QF. It will be interconnected to their system and delivered to us at facility change of ownership near Lakeview substation in southern Oregon.

1. Please confirm that SVEC is in PACW BAA.
2. What is process for this? Is there anything additional needed than a Network Resource request from C&T?
3. Would think that PacifiCorp Transmission would need real-time information on the generation and we would want that information made available to C&T. Will this requirement come out in the study done for Network Resource status?
4. Please confirm scheduling/eTagging requirement for generation amounts from SVEC to C&T (dynamic transfer?).

Thanks,
Jim

SVEC/202
Culp/26

From: [Younie, John](#)
To: [Portouw, Jim](#); [Griswold, Bruce {Mkt Function}](#); [Meeuwsen, Doug](#)
Subject: FW: Surprise Valley PPA
Date: Monday, December 30, 2013 9:15:00 AM

Jim and Doug,

A couple of weeks ago we met and discussed the SVEC geothermal generator interconnection to the PAC system. In our discussion we determined that SVEC would have to provide SCADA, schedule deliveries, and produce a tag. We also determined that SVEC would be an on-system generator; their 69 KV line would be their line extension. Can you think of any other issues or items we should convey to SVEC? Tagging requirements?

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Sent: Monday, December 30, 2013 7:48 AM
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Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann; Dan (BPA) - PSE-BEND Bloyer; Eric Taylor
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To: Lynn Culp

CC: Mike Long, Chun Chin, Jim Hays, Brad Kresge, Jeff Mann, Dan (BPA) - PSE-BEND Bloyer, Eric Taylor

Lynn,

I will have to get back to you on transmission items; my transmission manager is out of the office this week. I am working on a new "on-system" PPA, replacing the "off-system" PPA that I had previously provided. We determined that the on-system PPA was the appropriate format for this deal. One thing we will need is an estimate of line losses on your 69 KV transmission line between the generation meter and the POD meter. I will follow-up on transmission items next week.

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530.640.2666 cell

From: [Younie, John](#)
Sent: Wednesday, November 27, 2013 3:01 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#)
Subject: RE: Surprise Valley PPA

Tuesday works best for me.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, November 27, 2013 2:39 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge
Subject: Surprise Valley PPA

Hello John,

I would like to have a phone conversation with you along with a couple of the gentlemen from Power Engineers who are assisting us with this project. We have a number of questions and clarifications with the PPA that we would like to discuss with you.

Are you available next Monday or Tuesday (11-1pm PT) or Wed (9-1pm PT). Any of those dates/times work for you?

Thank you. Looking forward to speaking with you. Have a great Thanksgiving. Lynn

Subject: Surprise Valley PPA

Date: Friday, January 3, 2014 at 3:57:27 PM Pacific Standard Time

From: Lynn Culp

To: John Younie

CC: Brad Kresge, Kirk Gibson, Mike Long

Hello John,

We have continued to review the PPA you previously provided and understand you are working on a new one. We would like to be in the position to execute an agreement for the sale of power with PacifiCorp no later than the latter part of February 2014. To that end, we would like to suggest wording on a couple of the items that provide better clarity to our specific circumstances.

- 1) Recital A: include the words "and transmission facilities" following interconnection facilities.
- 2) Addendum W: second sentence, remove the word "not", so that sentence reads facility **will** interconnect directly to Pac System.

Also, concerning the length of the contract. We would like to add some flexibility in the outer years. Would PacifiCorp consider a contract with specific term of years, say 5, plus an annual evergreen each year after until terminated with 3 months notification? If not, please provide some guidance regarding what term and conditions Pac may be willing to consider.

Thank you, Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: Portouw, Jim
Sent: Tuesday, January 07, 2014 2:08 PM
To: Stofiel, Veronica
Cc: Meeuwsen, Doug; McClelland, Brian
Subject: RE: SVEC future Resource for C&T

Thanks. We are thinking the project should know we will require it but unsure when that requirement shows up.

Jim

From: Stofiel, Veronica
Sent: Tuesday, January 07, 2014 2:05 PM
To: Portouw, Jim
Cc: Meeuwsen, Doug; McClelland, Brian
Subject: RE: SVEC future Resource for C&T

OK, clarification. We do not require real-time data as part of the OATT TSR application. However, that doesn't mean it isn't needed/requested elsewhere, separate from TSR. I will make some inquiries to find out where that fits.

From: Portouw, Jim
Sent: Tuesday, January 07, 2014 1:53 PM
To: Stofiel, Veronica
Cc: Meeuwsen, Doug; McClelland, Brian
Subject: RE: SVEC future Resource for C&T

Veronica,

Thanks for information.

Surprised you typically do not require real-time data from generation, how do you calculate real-time load information without it?

Jim

From: Stofiel, Veronica
Sent: Tuesday, January 07, 2014 12:00 PM
To: Portouw, Jim
Cc: Meeuwsen, Doug; McClelland, Brian
Subject: RE: SVEC future Resource for C&T

Hi Jim –

See my responses below. Let me know if I have missed anything. I expect there will be more questions, so happy to talk about it further.

Thanks,
Veronica

From: Portouw, Jim
Sent: Tuesday, January 07, 2014 6:06 AM
To: Stofiel, Veronica
Cc: Meeuwsen, Doug; Raypush Dombrowsky, Laura
Subject: RE: SVEC future Resource for C&T

Veronica,

Have you had a chance to look at the questions below? We are moving ahead with process to submit Network Resource request and want to make sure nothing is overlooked.

Thanks,
Jim

From: Raypush Dombrowsky, Laura
Sent: Friday, December 27, 2013 10:46 AM
To: Portouw, Jim
Cc: Meeuwsen, Doug; Stofiel, Veronica
Subject: RE: SVEC future Resource for C&T

Jim,

It looks like SVEC is in PAC's BAA. I confirmed this with Grid Operations this am. Veronica will be the best person to assist you with your remaining questions. I have sent them onto her this am. Please let me know if you have any other questions that we can help out with.

Thanks,
Laura

From: Portouw, Jim
Sent: Friday, December 27, 2013 10:30 AM
To: Raypush Dombrowsky, Laura
Cc: Meeuwsen, Doug
Subject: SVEC future Resource for C&T

Laura,

Not sure who to direct these questions to so please forward on to who you think can best respond.

We have been approached by Surprise Valley with a generation project they want to sell to us as a QF. It will be interconnected to their system and delivered to us at facility change of ownership near Lakeview substation in southern Oregon.

1. Please confirm that SVEC is in PACW BAA. **Confirmed.**
2. What is process for this? Is there anything additional needed than a Network Resource request from C&T? **Please submit a network resource application following the off-system requirements in OATT 29.2 (v).**
3. Would think that PacifiCorp Transmission would need real-time information on the generation and we would want that information made available to C&T. Will this requirement come out in the study done for Network Resource status? **For the transmission request, we need only the maximum capacity. Whether or not real-time generation data is needed would be determined in the study, though it's not typically required.**
4. Please confirm scheduling/eTagging requirement for generation amounts from SVEC to C&T (dynamic transfer?). **SVEC would need to arrange for delivery to the point where you pick it up. You would need to register a new source for that point. Attached is what we think a tag would look like.**

Thanks,
Jim

SVEC/202
Culp/38

Subject: RE: Surprise Valley Net Output
Date: Friday, January 10, 2014 at 12:01:39 PM Pacific Standard Time
From: Younie, John
To: Lynn Culp
CC: Brad Kresge, Mike Long

Lynn – Thanks for the capacity’s. I will need your assumptions and calculations for your generation estimates, especially for the super low minimum. I will also need your engineer to certify the motive force plan.

Below are the initial delivery date and the COD from the previous PPA. Could you please update these dates? I know we will not be ready to sign the PPA until sometime in March at the earliest. Thanks.

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on February 11, 2014 (“**Scheduled Initial Delivery Date**”); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on March 31, 2014 (“**Scheduled Commercial Operation Date**”);

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Thursday, January 09, 2014 9:01 PM
To: Younie, John
Cc: Brad Kresge; Mike Long
Subject: Re: Surprise Valley Net Output

Hi John, Here are the net outputs including kwh and kw (capacity) for ave/min/max generation.
Thanks, Lynn

From: [Younie, John](#)
Sent: Thursday, January 09, 2014 1:32 PM
To: [Lynn Culp](#)
Subject: RE: Surprise Valley Net Output

Lynn,

A follow-up to the previous email. We need the capacity being delivered for Ave/Min/Max generation. We need these numbers as soon as possible, in order to make a transmission service request. Thanks

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Thursday, January 09, 2014 12:04 PM
To: Younie, John
Cc: Kirk Gibson; Brad Kresge; Mike Long
Subject: Surprise Valley Net Output

Hello John, Attached is the net output for the SVE Paisley plant including average, minimum and maximum output. Loads to extract and transport geothermal production fluid are not included in the data. There are no pumps at the injection well. Thanks, Lynn

From: Meeuwsen, Doug
Sent: Monday, January 13, 2014 2:22 PM
To: Younie, John; _C&T PreTransaction Approval
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Surprise Valley Electrification Corp. (geothermal generator) is not an existing designated network resource. Please notify the transmission desk when ready to submit request for Network Resource status to PacifiCorp transmission services for study. Attestation of commitment (see requirements below) to acquire resource will need to accompany Network Resource status request. Resource output will be delivered to Lakeview tap located in PACW (Southern Oregon). Do not anticipate any issues obtaining network resource status.

Processing of Network Resource status will take up to **three months** after submittal of request. If Network Resource status is not granted prior to commencement of purchase, C&T will need to purchase and schedule resource to load on Point-to-Point transmission. Without Network Resource status C&T will incur cost to purchase transmission and will be subject to imbalance energy charges. In addition, C&T will need hourly resource forecast in advance of pre-schedule to properly schedule.

Attestation and Signature

1. Do you, an authorized officer or agent of the applicant, attest that the applicant owns the proposed Network Resources identified above, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the OATT?
2. Do you, an authorized officer or agent of the applicant, attest that the proposed Network Resources identified above do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the applicants Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program?

From: Younie, John
Sent: Friday, January 10, 2014 2:34 PM
To: _C&T PreTransaction Approval
Subject: Proposed QF Transaction with Surprise Valley Electrification Corp.

PacifiCorp is considering the following Oregon QF transaction with Surprise Valley Electrification Corp. SVEC will deliver power from their 3.7 MW geothermal generator located near Paisley, Oregon to PAC at the Lakeview Switch. Below are the specifics of the transaction:

- **Buyer:** PAC
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- **POD:** SVEC is interconnecting to their own 69 KV system and will deliver to PAC at the Lakeview Switch
- **TSR Request:** Based on Maximum delivery of 20,021 MWH per year and Max monthly delivery rate of 2.5 MW.
- **Term:** 5 years, April 1, 2014 through March 31, 2019
- **Product:** Firm QF purchase

- **Quantity:** Nameplate 3.7 MW average delivery 18,880 MWH per year
- **Price:** Oregon Schedule 37 fixed on/off peak avoided cost prices
- **LDs:** If Seller fails to deliver a minimum of 12,594 MWH Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated to provide during the period of default.
- **Agreement:** Oregon firm QF PPA
- **Credit:** To be determined, Seller will select from the options allowed by the OPUC: Letter of Credit, Senior Lien, Step-In Rights or Cash Escrow.
- **Strategy:** Obligation to purchase QF Power
- **Nominal Dollars:** \$4,548,000 based on 5 year term at Oregon Schedule 37, average delivery of 18,880 MWH per year
- **RECS:** REC are retained by Seller
- **Dodd-Frank:** Forward Contract Exclusion

From: [Younie, John](#)
To: [Lynn Culp](#)
Cc: [Brad Kresge](#); [Mike Long](#)
Subject: RE: Surprise Valley Net Output
Date: Tuesday, January 14, 2014 2:51:00 PM

Lynn,

Thanks for the assumptions for each calculation. Before we sign a PPA your engineer will have to certify the Motive Force Plan, see PPA language below:

SECTION 1: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit**

D-1, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

Dates in Recitals B and C are locked in once the PPA is signed. You will have to “build in” your own flexibility on COD. You can request Commercial Operation after the Scheduled Initial Delivery Date and before the Scheduled Commercial Operation Date without any penalty. So make sure you give yourself some cushion on the Scheduled COD. Let me know if you have any questions.

My attorney is still reviewing the “on-system” PPA. When he completes his review and my manager reviews/approves the draft PPA I will send it to you, hopefully next week.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, January 14, 2014 2:29 PM
To: Younie, John
Cc: Brad Kresge; Mike Long
Subject: Re: Surprise Valley Net Output

Hello John,

Attached is the min/average/max net outputs with assumptions for each calculation.

Updated dates:

B. March 17, 2013

C. April 15, 2013

How flexible are these dates. Running through the construction schedule, etc, this seems reasonable, but not sure how long commissioning/testing will run.

Thanks! Lynn

From: [Younie, John](#)
Sent: Friday, January 10, 2014 11:01 AM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Mike Long](#)
Subject: RE: Surprise Valley Net Output

Lynn – Thanks for the capacity’s. I will need your assumptions and calculations for your generation estimates, especially for the super low minimum. I will also need your engineer to certify the motive force plan.

Below are the initial delivery date and the COD from the previous PPA. Could you please update these dates? I know we will not be ready to sign the PPA until sometime in March at the earliest. Thanks.

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Cc: Brad Kresge; Mike Long
Subject: Re: Surprise Valley Net Output

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To: [Lynn Culp](#)
Subject: RE: Surprise Valley Net Output

Lynn,

A follow-up to the previous email. We need the capacity being delivered for Ave/Min/Max generation. We need these numbers as soon as possible, in order to make a transmission service request. Thanks

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Cc: Kirk Gibson; Brad Kresge; Mike Long
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Hello John, Attached is the net output for the SVE Paisley plant including average, minimum and maximum output. Loads to extract and transport geothermal production fluid are not included in the data. There are no pumps at the injection well. Thanks, Lynn

From: [Younie, John](#)
To: [Griswold, Bruce {Mkt Function}](#); [Meeuwsen, Doug](#)
Cc: [Portouw, Jim](#)
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.
Date: Tuesday, January 21, 2014 11:22:00 AM

The PPA is in legal review, I created a hybrid between the on-system and off-system PPA. Still waiting for answers on metering, losses, SCADA, and interconnection COD.

From: Griswold, Bruce {Mkt Function}
Sent: Tuesday, January 21, 2014 10:31 AM
To: Younie, John; Meeuwsen, Doug
Cc: Portouw, Jim
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Did we get all of the answers on metering, losses, interconnection COD? How are we addressing those points in the PPA?

Bruce Griswold
PacifiCorp C&T
503-813-5218 Office
503-702-1445 Cell
503-813-6260 Fax

From: Younie, John
Sent: Tuesday, January 21, 2014 9:46 AM
To: Meeuwsen, Doug
Cc: Portouw, Jim; Griswold, Bruce {Mkt Function}
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Doug,

We have not signed the PPA. Could you please request NR status? I believe the generator will be on-line and delivering power in April 2014. Thanks.

From: Meeuwsen, Doug
Sent: Monday, January 13, 2014 2:22 PM
To: Younie, John; _C&T PreTransaction Approval
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Surprise Valley Electrification Corp. (geothermal generator) is not an existing designated network resource. Please notify the transmission desk when ready to submit request for Network Resource status to PacifiCorp transmission services for study. Attestation of commitment (see requirements below) to acquire resource will need to accompany Network Resource status request. Resource output will be delivered to Lakeview tap located in PACW (Southern Oregon). Do not anticipate any issues obtaining network resource status.

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Network Resource status C&T will incur cost to purchase transmission and will be subject to imbalance energy charges. In addition, C&T will need hourly resource forecast in advance of pre-schedule to properly schedule.

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- **Agreement:** Oregon firm QF PPA
- **Credit:** To be determined, Seller will select from the options allowed by the OPUC: Letter of Credit, Senior Lien, Step-In Rights or Cash Escrow.
- **Strategy:** Obligation to purchase QF Power
- **Nominal Dollars:** \$4,548,000 based on 5 year term at Oregon Schedule 37, average delivery of 18,880 MWH per year
- **RECS:** REC are retained by Seller
- **Dodd-Frank:** Forward Contract Exclusion

Subject: Re: Paisely Geothermal Signal
Date: Wednesday, January 29, 2014 at 9:11:18 PM Pacific Standard Time
From: Lynn Culp
To: Younie, John
CC: Brad Kresge, Jeff Mann, Kirk Gibson, Chun Chin

Thanks John

From: [Younie, John](#)
Sent: Wednesday, January 29, 2014 2:51 PM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jeff Mann](#) ; [Kirk Gibson](#) ; [Chun Chin](#)
Subject: RE: Paisely Geothermal Signal

Lynn,

We are still reviewing the PPA, it is a combination of on/off system PPA. I hope to have a draft to share with you next week.

SCADA – I talked to one of PacifiCorp’s SCADA experts the policy is if there is a generator larger than 3 MW connected to our system we need SCADA. I will let you know when I have more information.

Transmission Service Request – Last week we made the request. I will let you know if we will sign the PPA without completion of the SIS and Facilities Study.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, January 28, 2014 10:24 AM
To: Younie, John
Cc: Brad Kresge; Jeff Mann; Kirk Gibson; Chun Chin
Subject: Paisely Geothermal Signal

Hello John, What are Pacific’s requirements for the “real time signal” required with the PPA? You have asked if we planned to install scada. We did not have that in our plans as we do not have scada on any of our system. Is there individuals in your group we could conference call with to discuss and determine how we can meet this requirement?

Also, I was speaking with Eric Birch of PacifiCorp Transmission group. He said that PacifiCorp Energy typically requests a transmission service request, which includes an impact study (100 days) and a facility study (an additional 60 days). Are these studies required for our PPA and have they been initiated with the transmission group? Do they have to be completed before the PPA can be signed and before the plant is operational?

Thanks, Lynn

From: Younie, John
To: "[Lynn Culp](#)"
Cc: [Brad Kresge](#); [Jeff Mann](#); [Kirk Gibson](#); [Chun Chin](#); [Dick Wanderscheid](#)
Subject: RE: Paisely Geothermal Signal
Date: Monday, February 10, 2014 1:43:00 PM
Attachments: [SVEC_On_System_PPA_02042014.docx](#)

Lynn,

Here is a draft PPA for your geothermal project. This PPA is still being reviewed by management and is subject to change.

My supervisor told me that he would not execute this PPA until the transmission service request was approved.

Could you let me know what the losses are between the point of interconnection and the point of delivery?

Let me know if you have any questions.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, February 10, 2014 1:16 PM
To: Younie, John
Cc: Brad Kresge; Jeff Mann; Kirk Gibson; Chun Chin; Dick Wanderscheid
Subject: Re: Paisely Geothermal Signal

Hello John, Just checking in with you to see when we can expect the draft of the PPA.
Thanks! Lynn

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To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jeff Mann](#) ; [Kirk Gibson](#) ; [Chun Chin](#)
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Thanks, Lynn

Subject: RE: PPA IE
Date: Tuesday, February 25, 2014 at 2:45:56 PM Pacific Standard Time
From: Younie, John
To: Lynn Culp
CC: Brad Kresge, Jeff Mann, Kirk Gibson, Chun Chin, Mike Long

Lynn:

PacifiCorp will accept Bill Bold and Brian Brown as independent engineers.

The SIS and Facilities Study you provided last week identifies the impacts and upgrades for SVEC to operate the generator on its system without exporting any power to PacifiCorp. It does not provide the system upgrades required in order to receive power from your generator. On January 27 PacifiCorp Merchant requested Network Resource status for your generator from PacifiCorp Transmission. A result of the Network Resource request will be a system impact study that shows the system upgrades required in order to receive your generation into PacifiCorp's system. One of the potential upgrades could be a SCADA requirement. After the request is made PacifiCorp Transmission has 90 days to complete their report.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, February 25, 2014 1:52 PM
To: Younie, John
Cc: Brad Kresge; Jeff Mann; Kirk Gibson; Chun Chin; Mike Long
Subject: PPA IE

Hi John, We are working through the PPA internally. We have some items we want to address. we will put the items/questions in a logical format and provide to you in the next few days.

In the mean time we have made arrangements with Independent Engineers, Bill Bold and Brian Brown, to provide the Engineer's Certification for Exhibit D-2. Please see attached qualifications. Section 1.22 of the agreement states that the engineer must be acceptable to PacifiCorp.

Do you have any update on the question concerning the SIS and Facility study, which we posed last week?

Thanks! Lynn

From: [Younie, John](#)
Sent: Monday, February 10, 2014 1:43 PM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jeff Mann](#) ; [Kirk Gibson](#) ; [Chun Chin](#) ; [Dick Wanderscheid](#)
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Thanks, Lynn

From: [Wessling, Nathalie](#)
To: [Younie, John](#)
Cc: [Solheim, Kathy](#); [Murgo, Randolph](#)
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.
Date: Wednesday, March 05, 2014 10:01:25 AM

John,

What is the status of this QF PPA?

Thanks,
Nathalie

From: Younie, John
Sent: Tuesday, January 28, 2014 2:42 PM
To: Wessling, Nathalie; Murgo, Randolph
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Probably towards the end of February, we still have a lot of work to do on the PPA. Thanks.

From: Wessling, Nathalie
Sent: Tuesday, January 28, 2014 2:35 PM
To: Younie, John; Murgo, Randolph
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Okay, thanks for the update. When do you need the credit approval?

From: Younie, John
Sent: Tuesday, January 28, 2014 2:31 PM
To: Wessling, Nathalie; Murgo, Randolph
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

Nathalie,

No update yet, thanks for the security calculation. We are still working on modifications to the PPA. This is a hybrid deal, a cross between the on-system PPA and off-system PPA. I was thinking when we shared the draft PPA with SVEC I would also let them know what the security amount was.

From: Wessling, Nathalie
Sent: Tuesday, January 28, 2014 2:19 PM
To: Younie, John; Murgo, Randolph
Cc: Wessling, Nathalie
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

John,

Do you have an update on this?

Thanks,
Nathalie

From: Wessling, Nathalie
Sent: Friday, January 24, 2014 5:55 PM
To: Younie, John; Murgu, Randolph
Subject: RE: Proposed QF Transaction with Surprise Valley Electrification Corp.

John,

The amount of default security to be posted, if that is the route chosen, is three average months of payables, or an amount of \$236,404. Please advise if this is going to be posted in the form of cash escrow or a letter of credit as we have to approve the issuing bank for, and terms of, an L/C, and also approve the bank holding a cash escrow and terms of any escrow agreement. We need ample lead time to approve and review these.

Please let us know what the QF has chosen to do.

Thanks,
Nathalie

From: Younie, John
Sent: Tuesday, January 21, 2014 9:35 AM
To: Wessling, Nathalie; Murgu, Randolph
Subject: FW: Proposed QF Transaction with Surprise Valley Electrification Corp.

Here is the revised PPE data.

From: Younie, John
Sent: Tuesday, January 21, 2014 9:33 AM
To: _C&T PreTransaction Approval
Subject: FW: Proposed QF Transaction with Surprise Valley Electrification Corp.

The term has changed to 6 years for the Surprise Valley Electrification Corp deal. Below are the highlighted changes:

- **Buyer:** PAC
- **Seller:** Surprise Valley Electrification Corp.
- **POD:** SVEC is interconnecting to their own 69 KV system and will deliver to PAC at the Lakeview Switch
- **TSR Request:** Based on Maximum delivery of 20,021 MWH per year and Max monthly delivery rate of 2.5 MW.
- **Term:** 6 years, April 1, 2014 through March 31, 2020
- **Product:** Firm QF purchase
- **Quantity:** Nameplate 3.7 MW average delivery 18,880 MWH per year
- **Price:** Oregon Schedule 37 fixed on/off peak avoided cost prices
- **LDs:** If Seller fails to deliver a minimum of 12,594 MWH Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated to provide during the period of default.

- Agreement:** Oregon firm QF PPA
- **Credit:** To be determined, Seller will select from the options allowed by the OPUC: Letter of Credit, Senior Lien, Step-In Rights or Cash Escrow.
- **Strategy:** Obligation to purchase QF Power
- **Nominal Dollars:** \$5,673,689 based on 6 year term at Oregon Schedule 37, average delivery of 18,880 MWH per year
- **RECS:** REC are retained by Seller
- Dodd-Frank:** Forward Contract Exclusion

From: Younie, John
Sent: Friday, January 10, 2014 2:34 PM
To: _C&T PreTransaction Approval
Subject: Proposed QF Transaction with Surprise Valley Electrification Corp.

PacifiCorp is considering the following Oregon QF transaction with Surprise Valley Electrification Corp. SVEC will deliver power from their 3.7 MW geothermal generator located near Paisley, Oregon to PAC at the Lakeview Switch. Below are the specifics of the transaction:

- **Buyer:** PAC
- **Seller:** Surprise Valley Electrification Corp.
- **POD:** SVEC is interconnecting to their own 69 KV system and will deliver to PAC at the Lakeview Switch
- **TSR Request:** Based on Maximum delivery of 20,021 MWH per year and Max monthly delivery rate of 2.5 MW.
- **Term:** 5 years, April 1, 2014 through March 31, 2019
- **Product:** Firm QF purchase
- **Quantity:** Nameplate 3.7 MW average delivery 18,880 MWH per year
- **Price:** Oregon Schedule 37 fixed on/off peak avoided cost prices
- **LDS:** If Seller fails to deliver a minimum of 12,594 MWH Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated to provide during the period of default.
- **Agreement:** Oregon firm QF PPA
- **Credit:** To be determined, Seller will select from the options allowed by the OPUC: Letter of Credit, Senior Lien, Step-In Rights or Cash Escrow.
- **Strategy:** Obligation to purchase QF Power
- **Nominal Dollars:** \$4,548,000 based on 5 year term at Oregon Schedule 37, average delivery of 18,880 MWH per year
- **RECS:** REC are retained by Seller
- **Dodd-Frank:** Forward Contract Exclusion

From: [Lynn Culp](#)
To: [Younie, John](#)
Cc: [Chun Chin](#); [Mike Long](#); [Jeff Mann](#); [Brad Kresge](#); [Dennis Reed](#); [John Minto](#); [Kirk Gibson](#); [Gregory L \(BPA\) - TPCV-ALVEY Vassallo](#); [Eric Taylor](#)
Subject: SVE PPA Questions
Date: Tuesday, March 11, 2014 10:15:57 PM
Attachments: [SVE PPA Questions03112014.docx](#)

Hello John,

Here are our questions for the meeting next Monday. We look forward to meeting with you.

Lynn

Purchase Power Agreement between Surprise Valley Electrification Corp. and PacifiCorp.

Statements and Questions:

1. Delivery Point is Lakeview 940 switch. (1.32) (Exhibit B3)
2. Point of Interconnect is SVE transmission at Plant (Paisley). (1.33)
3. Point of Metering is Revenue meter at Paisley plant (Exhibit B1). PacifiCorp to pay for Net Output metered at Paisley Revenue meter less an agreed line loss factor to account for distance to Delivery Point. See also #10 below.
4. Plant is located within PacifiCorp.'s control area. Clarify Balancing Authority or Control Area for Lakeview/Paisley. (Addendum W)
5. Interconnection Agreement and Transmission Agreement. What is status of the Network Resource request?

In the PPA Clause 2.2.1, who will be SVE's counterparty to these agreements?

6. Are there open interconnection upgrades that need to be implemented by PacifiCorp? Who is responsible for paying for these upgrades?
7. PPA definition 1.18 – Has something been deleted or missing here?
8. SVE Credit Worthiness Warranty. What information does PacifiCorp. need to consider and accept Surprise Valley's financial condition as an operating utility for the purpose of Surprise Valley: 1) satisfying the credit worthiness of requirements of Section 1.8 of the PPA; and 2) making the warranty required by Section 3.28(e) of the PPA.
9. Unplanned Outages. (6.5) What does "other than curtailments of lack of motive force mean"? If production pumps go down and cannot deliver geothermal fluid, is this considered a lack of motive force?
10. Transmission line loss. How would transmission line losses be calculated considering that native SVE load will offset some of the net output before reaching Lakeview. Would loss compensation be deducted from the net metered output at the plant? If so, what method or algorithm would be used?
11. During the December 3, 2013 teleconference, PacifiCorp noted that BPA only reports in whole MW's. Therefore, the projection of output on an hourly basis will be either 1, 2 or 3 Mwh. Please provide input on how the monthly output settlement will be determined for a plant that is normally operating in the 2.3 MW output range. For a small plant such as Paisley, the +/- 300 kW has a significant impact on the plant revenues.
12. Since SVE is the Transmitting Entity, (1,45) what is the minimum increment for scheduled deliveries reporting of Net Output (e.g. increments less than 1 MW)? (Addendum W 7 b & c)

From: [Fritz, Brian](#)
To: [Younie, John](#)
Subject: RE: Surprise Valley generator
Date: Wednesday, April 02, 2014 2:38:37 PM

I would say no, the Surprise Valley load is greater than the generation, and is our load in the area is also greater than the generation?

From: Younie, John
Sent: Tuesday, April 01, 2014 11:51 AM
To: Fritz, Brian; Griswold, Bruce {Mkt Function}; McClelland, Brian; Stofiel, Veronica; Downey, Kathryn; Retzlaff, Graham
Subject: RE: Surprise Valley generator

Brian,

Thanks for the pseudo-tie update. Does the second part of the pseudo-tie qualification also not work in SVE's case? The power from the generator is being consumed by the SVE local load before it gets to the Lakeview switch.

or resources interconnected to a remote pocket of a PacifiCorp BAA **with insufficient local area load to integrate the resource.**

Metering Solution – Would SVE schedule deliveries to PAC? Would PAC Transmission provide balancing and ancillary services?

From: Fritz, Brian
Sent: Tuesday, April 01, 2014 11:24 AM
To: Griswold, Bruce {Mkt Function}; Younie, John; McClelland, Brian; Stofiel, Veronica; Downey, Kathryn; Retzlaff, Graham
Subject: Surprise Valley generator

I discussed the pseudo tie idea with grid operations and found the following.

1. Surprise Valley is in the PacifiCorp control area.
2. To pseudo tie generation into our control area the generation needs to be located outside our control area.

So based on this we would not look to pseudo tie the Surprise Valley into our system as it is already in our control area. What we need to do is look at resolving this issue with metering so i need to have a meeting with metering to discuss how we could monitor the generation through metering to ensure that we see the resource show up on our system.

From: Stofiel, Veronica
Sent: Wednesday, April 02, 2014 4:16 PM
To: Schroeder, Jim; Cunningham, Melanie; Contract Administration
Cc: McClelland, Brian
Subject: Application Receipt - AREF 79456228 3.7 MW Network Transmission for Surprise Valley Electrification Corp.

Hi Jim –

On March 18, 2014, PacifiCorp Energy submitted to PacifiCorp's OASIS a transmission request under 79456228 for 3.7 MW Network Transmission for Surprise Valley Electrification Corp. beginning April 1, 2014 through March 31, 2019. You also submitted a written request on March 21, 2014. PacifiCorp Transmission estimates that you will receive a System Impact Study Agreement or an approval no later than April 18, 2014. Please note that due to the timing of the submittal of this request the requested in service date cannot be met.

Thanks,
Veronica

Veronica Stofiel
PacifiCorp Transmission Services
825 NE Multnomah Street Suite 1600
Portland, Oregon 97232
(503) 813-6958

From: [Fritz, Brian](#)
To: [Younie, John](#)
Cc: [Fishback, Thomas](#)
Subject: RE: SVEC PPA
Date: Thursday, April 17, 2014 1:59:11 PM

Yes I think a phone call is in order we need to include Bob Simpson or someone from his department to discuss the metering arrangement.

Tom can answer the test energy questions and we need to include Brian McClelland/Veronica Stofiel to cover the transmission service aspects and scheduling.

From: Younie, John
Sent: Thursday, April 17, 2014 1:46 PM
To: Fritz, Brian
Cc: Fishback, Thomas
Subject: FW: SVEC PPA

Brian,

Obviously the pseudo-tie is not going to work for the Surprise Valley Electric geothermal generator. Does Transmission have an idea of how the project will deliver power to PACs system? Will it be a scheduled delivery? How will the metering be set up?

Have the relay settings been changed so SVEC can perform their start-up testing?

If it would be more productive I could schedule a short meeting, just let me know. Thanks.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, April 16, 2014 10:39 PM
To: Younie, John
Cc: Kirk Gibson
Subject: Fw: SVEC PPA

Hi John, Any word on when we can get conversation going on the PPA? Thanks, Lynn

From: [Lynn Culp](#)
Sent: Monday, April 14, 2014 11:55 AM
To: [John Younie](#) ; [Bruce Griswold](#) ; [Michael Reid](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#)
Subject: SVEC PPA

Hello John, Attached is a concept paper for our power sales. This is the way we think the Paisley Geothermal power sales should work.

Please review, then lets get on the phone to discuss this week.

Thank you,
Lynn Culp

Subject: Fw: SVEC PPA

Date: Wednesday, April 16, 2014 at 9:39:02 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie

CC: Kirk Gibson

Hi John, Any word on when we can get conversation going on the PPA? Thanks, Lynn

From: [Lynn Culp](#)

Sent: Monday, April 14, 2014 11:55 AM

To: [John Younie](#) ; [Bruce Griswold](#) ; [Michael Reid](#)

Cc: [Brad Kresge](#) ; [Kirk Gibson](#)

Subject: SVEC PPA

Hello John, Attached is a concept paper for our power sales. This is the way we think the Paisley Geothermal power sales should work.

Please review, then lets get on the phone to discuss this week.

Thank you,

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

Paisley Geothermal Power Sales Concept Paper

Surprise Valley Electrification Corp. (SVEC) is a full requirements utility customer of the Bonneville Power Administration (BPA). The power supplied by BPA to serve SVEC's load requirements is transported to SVEC through the PacifiCorp (PAC) transmission system. SVEC has developed a geothermal resource on the Colahan Ranch near Paisley Oregon for the production of electrical power (Paisley Plant). The Paisley Plant nameplate rating is 3.6MW. The gross production based on the volume and temperature of the geothermal fluid delivered to the plant is 3.1 MW and the net output is 2.4MW.

BACKGROUND

The Paisley Plant is located near Paisley Oregon within the service territory of SVEC and within the PAC Balancing Area. The net output of the Paisley Plant will be metered at the plant with a BPA revenue meter. PAC will monitor generation through a SCADA system connection. SVEC will also have a meter at the plant. The electricity produced by the plant will be interconnected to the grid at the SVEC 69 Kv transmission line at the Paisley substation. This substation is located approximately one mile from the Paisley Plant.

SVE proposes to sell the net output to PAC under a PURPA contract. The point of delivery for this transaction is at the Lakeview Switch 940 (see attached one line drawing) where BPA has a revenue meter and SVEC interconnects with PAC. SVEC has a 44 mile 69 Kv transmission line from the point of interconnect to the point of delivery. SVEC's service territory is served from this transmission line.

PROPOSED CONTRACTUAL ARRANGEMENT

PAC transmission delivers and SVEC receives its BPA power at Lakeview Switch 940. PAC transmission also delivers all of the power needs for PAC retail customers in the area surrounding SVEC's service territory. BPA will continue to supply SVEC with its full load requirements. Consequently, there will be additional power in the PAC transmission system because the Paisley Plant is generating. This excess amount will be equal to the amount of power generated by the Paisley Plant less some predetermined amount allowing for transmission line losses. This power will be available for use by PAC retail customers. In other words, the amount of power generated by the Paisley Plant will effectively be serving PAC retail customer loads in this remote part of the PAC Balancing Area. The PAC resources serving the PAC Mile High substation will be correspondingly reduced by the net output (minus transmission line loss) at the Paisley Plant.

Under this conceptual understanding, PAC will pay SVEC for the amount of power generated at the Paisley Plant, less some predetermined amount for transmission line losses, at the rates set forth in the PURPA contract entered into between SVEC and PAC.

Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

Subject: Re: SVEC PPA
Date: Friday, April 18, 2014 at 2:52:01 PM Pacific Daylight Time
From: Lynn Culp
To: Younie, John
CC: Kirk Gibson, Jeff Mann

Hello John, SVEC is aware that PAC wanted SCADA at the plant. SVEC is ready to move forward, but SVEC was waiting to get the specific requirements and then will proceed with the metering.

Was the meeting this morning just concerning the start up testing? Or was there discussion on the PPA also?

Thanks! Lynn

From: [Younie, John](#)
Sent: Friday, April 18, 2014 12:08 PM
To: [Lynn Culp](#)
Cc: [Kirk Gibson](#)
Subject: RE: SVEC PPA

Lynn,

We had an internal meeting this morning. We will know next week if we can accommodate your request for start-up testing.

One of the items we discussed this morning was the status of the metering and communications at the generator. Could you provide an update on those items? Thanks.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Wednesday, April 16, 2014 10:39 PM
To: Younie, John
Cc: Kirk Gibson
Subject: Fw: SVEC PPA

Hi John, Any word on when we can get conversation going on the PPA? Thanks, Lynn

From: [Lynn Culp](#)
Sent: Monday, April 14, 2014 11:55 AM
To: [John Younie](#) ; [Bruce Griswold](#) ; [Michael Reid](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#)
Subject: SVEC PPA

Hello John, Attached is a concept paper for our power sales. This is the way we think the Paisley Geothermal power sales should work.

Please review, then lets get on the phone to discuss this week.

Thank you,
Lynn Culp
Member Service Manager

Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

Subject: Re: SVEC PPA
Date: Wednesday, April 23, 2014 at 1:30:50 PM Pacific Daylight Time
From: Lynn Culp
To: Younie, John
CC: Kirk Gibson, Brad Kresge, Jeff Mann, Mike Long

Metering is installed at generator. We have an SVE meter and a BPA revenue meter.
Thanks, Lynn

From: [Younie, John](#)
Sent: Wednesday, April 23, 2014 1:41 PM
To: [Lynn Culp](#)
Subject: RE: SVEC PPA

Lynn,

I understand why SVE would not install communications equipment without PACs specific requirements. The metering and communications requirements will come out of the transmission service request, which is in process. Have you installed metering at the generator?

We are still discussing interconnection, metering, and power purchase issues related to this project. I think it's going to be a while before we are ready to sign a PPA.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, April 18, 2014 3:52 PM
To: Younie, John
Cc: Kirk Gibson; Jeff Mann
Subject: Re: SVEC PPA

Hello John, SVEC is aware that PAC wanted SCADA at the plant. SVEC is ready to move forward, but SVEC was waiting to get the specific requirements and then will proceed with the metering.

Was the meeting this morning just concerning the start up testing? Or was there discussion on the PPA also?

Thanks! Lynn

From: [Younie, John](#)
Sent: Friday, April 18, 2014 12:08 PM
To: [Lynn Culp](#)
Cc: [Kirk Gibson](#)
Subject: RE: SVEC PPA

Lynn,

We had an internal meeting this morning. We will know next week if we can accommodate your request for start-up testing.

One of the items we discussed this morning was the status of the metering and communications at the generator. Could you provide an update on those items? Thanks.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, April 16, 2014 10:39 PM
To: Younie, John
Cc: Kirk Gibson
Subject: Fw: SVEC PPA

Hi John, Any word on when we can get conversation going on the PPA? Thanks, Lynn

From: [Lynn Culp](#)
Sent: Monday, April 14, 2014 11:55 AM
To: [John Younie](#) ; [Bruce Griswold](#) ; [Michael Reid](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#)
Subject: SVEC PPA

Hello John, Attached is a concept paper for our power sales. This is the way we think the Paisley Geothermal power sales should work.

Please review, then lets get on the phone to discuss this week.

Thank you,
Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: Younie, John
Sent: Monday, April 28, 2014 9:19 AM
To: Meeuwsen, Doug
Cc: Portouw, Jim; Griswold, Bruce (Mkt Function)
Subject: RE: SVEC COD

We will not be signing a PPA until we know which system upgrades are necessary to integrate the geothermal generator into our system. SVEC has requested permission to begin start-up testing. I believe the transmission department is not going to grant that permission because we do not have the measures in place to keep power from flowing onto our system and we do not have a PPA to purchase the start-up test generation. We will probably have to purchase PTP transmission after the PPA is signed, right now I don't think it's necessary.

From: Meeuwsen, Doug
Sent: Friday, April 25, 2014 1:38 PM
To: Younie, John
Cc: Portouw, Jim
Subject: SVEC COD

John,

The system impact study for SVEC was signed earlier this week. PacifiCorp Transmission has a 60 day study period (if they would like to take that much time) before Network Resource status, or system upgrades required are communicated back to Commercial and Trading. Have you finalized the contract with SVEC and when do you estimate they will go COD? Do you anticipate that point-to-point transmission will be necessary to deliver generation prior to Network Resource status has been granted?

Doug

Subject: Re: Paisley Test Generation

Date: Monday, May 12, 2014 at 1:31:51 PM Pacific Daylight Time

From: Lynn Culp

To: Fishback, Thomas

CC: Kirk Gibson, Brad Kresge, Ted Case

Hi Tom, Not sure where we are at with the testing generation following last week meeting. At this time of year, as our irrigation load picks up, our native load will be greater than what we can generate at the plant at Paisley. We will not put any generation onto PAC and we are not looking for PAC to purchase test generation without signed contract. We are interested in being able to run the plant and synch with the grid. We are being pushed by our ODOE obligations for the Business Energy Tax Credit. The sunset on this program is fast approaching and we must have the ODOE come and audit within a couple weeks.

Please advise what we need to do to run test generation.

Thank you for your help. Lynn

From: [Fishback, Thomas](#)

Sent: Tuesday, May 06, 2014 12:47 PM

To: [Lynn Culp](#) ; [Younie, John](#)

Cc: [Kirk Gibson](#)

Subject: RE: Paisley Test Generation

Hi Lynn,

No new information but, I see I've been invited to a meeting tomorrow to discuss the Transmission Service Request submitted by John.

Maybe one of us can call the other tomorrow afternoon for an update ?

Sorry for the one day delay in getting back to you – I had an Interconnection Agreement and a study to get out yesterday/this morning and those always prioritize me.

Tom Fishback
503.813.6102

From: Lynn Culp [mailto:lynnsvec@frontier.com]

Sent: Monday, May 05, 2014 3:56 PM

To: Fishback, Thomas; Younie, John

Cc: Kirk Gibson

Subject: Re: Paisley Test Generation

Hi Tom, Any new information on us running test generation and what we will need to do this? Thanks,
Lynn

From: [Fishback, Thomas](#)

Sent: Wednesday, April 09, 2014 12:29 PM

To: [Lynn Culp](#) ; [Younie, John](#)

Cc: [Kirk Gibson](#)

Subject: RE: Paisley Test Generation

Hi again Lynn,

Getting up to speed again on this one – as far as I can tell, we needed to deploy some relay settings.

I don't mean to air PacifiCorp dirty laundry but, I don't think they were ever deployed so, we're trying to get that accomplished ASAP.

Without the relay adjustments, don't think we want you to test generate . . . and the reason for the ASAP piece of my last sentence.

I was thinking your target date for test generation was 5/1/2014 or after ? Does that sound about right or do we need to adjust ?

Thanks Lynn,
Tom Fishback
503.813.6102

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, April 09, 2014 12:03 PM
To: Younie, John
Cc: Kirk Gibson; Fishback, Thomas
Subject: Re: Paisley Test Generation

We are hoping to be generating some test power in a couple weeks.
Please advise. Thanks! Lynn

From: [Younie, John](#)
Sent: Wednesday, April 09, 2014 11:28 AM
To: [Lynn Culp](#)
Cc: [Kirk Gibson](#) ; [Fishback, Thomas](#)
Subject: RE: Paisley Test Generation

Lynn,

Sorry for not getting back to you sooner. Tom Fishback is going to coordinate the start-up testing of your generator. I believe the relay settings need to be changed prior to start-up, in accordance to Eric Birch's system impact study.

Tom - Is that correct, anything else to add?

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, April 09, 2014 11:08 AM
To: Younie, John
Cc: Kirk Gibson
Subject: Fw: Paisley Test Generation

Hi John,

I have not received any reply from the transmission group about start up/test generation. Do you have someone I can contact in that group? I wasn't sure if Erik was the correct person, but thought he could get me on contact with someone. Need help. Thanks, Lynn

From: [Lynn Culp](#)

Sent: Thursday, April 03, 2014 9:07 PM
To: [John Younie](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#)
Subject: Paisley Test Generation

Hi John, Nice to talk with you today. Here is the note I sent to Erik. As you said, please forward to the appropriate individual and copy me.

Thanks you for continuing to work through the options for our contract. We look forward to a phone meeting with your team soon.

Thanks, Lynn

From: [Lynn Culp](#)
Sent: Monday, March 31, 2014 3:27 PM
To: [Eric Birch](#)
Cc: [Brad Kresge](#) ; [Dennis Reed](#)
Subject: Paisley Test Generation

Hello Eric, In the next few weeks we hope to be doing some start up testing and generation at our geothermal plant in Paisley. As you are aware we have not signed a PPA with Pacific yet. We would like to proceed with our test generation. What is the protocol or procedures for this, and should we be communicating with PAC Operations? Are there specific times and schedules that we can generate for test purposes? Are there limits to the amount of test generation?

If you are not the correct individual to discuss this with, could you please put me in contact with that person.

Thank you. We appreciate your help.

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

Subject: Re: Test Generation

Date: Monday, May 19, 2014 at 3:57:59 PM Pacific Daylight Time

From: Lynn Culp

To: Fishback, Thomas, Younie, John

CC: Brad Kresge, Kirk Gibson

Thanks Tom. We are planning first of next week to do some test generation. I will try to nail down the date. Lynn

From: [Fishback, Thomas](#)
Sent: Monday, May 19, 2014 3:14 PM
To: [Lynn Culp](#) ; [Younie, John](#)
Cc: [Brad Kresge](#) ; [Kirk Gibson](#)
Subject: RE: Test Generation

Hey Lynn,

Sorry, I don't mean to be "black-holing" you on this today. **I know this is urgent.**

I'm just waiting for replies from a couple of people – one happens to be out today but, I think the one that is here today has my answer.

Tom Fishback
503.813.6102

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, May 16, 2014 10:55 PM
To: Younie, John
Cc: Fishback, Thomas; Brad Kresge; Kirk Gibson
Subject: Test Generation

Hello John,

We have made repeated requests (email and phone) to Tom Fishback concerning our desire to run test generation. Possibly Tom is away or is there another person I should be talking to? The time is fast approaching, probably in next week, that we wish to run some tests. On May 29, ODOE will be at the plant to perform a Business Energy Tax Credit audit. They are requiring that the plant be operational. We would like to synch to the grid for this testing. Our native load is now larger than the plant load, particularly the test load, so there will not be any push back on the PAC system.

Who can I talk to about what we need to do to run our tests?

Thanks, Lynn

Subject: Surprise Valley Electric PPA

Date: Tuesday, May 20, 2014 at 2:54:08 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie, Michael Reid

CC: Kirk Gibson, Brad Kresge, Bruce Griswold

John/Michael

As we discussed during the last call, the Paisley Project is entering into the final phase of construction activities and start-up testing is due to commence within **the next week.**

SVEC appreciates the considerations discussed by PacifiCorp Transmission representatives regarding its ability to accommodate the Project's start-up activities. We are working to confirm that accommodation so the Project can maintain the established development schedule.

SVEC is prepared to enter into a standard PURPA power sales agreement with PacifiCorp. To that end, SVEC has considered some of the concerns voiced by PacifiCorp regarding the evidencing of the actual deliveries into the PacifiCorp system and SVEC has addressed those concerns in this version of the PPA. Please see the attached annotated version of the PPA that PacifiCorp forwarded in February. I have included both Bruce and Michael on this email to expedite their receipt of the attached PPA edits. Please note that the changes that are shaded in **aqua** are inserted in the PPA to provide language to address the SVEC Sales Concept. All other edits are red-lined for your convenience of review. SVEC is prepared to execute the PPA attached.

SVEC is prepared to move forward on the following matters, but needs some input from PacifiCorp:

- 1. Interconnection Agreement** – As you are aware, SVEC has an interconnection arrangement with PacifiCorp at Lakeview substation and BPA has an interconnection agreement with PacifiCorp at **Yamsay 230 kV**. These are the two locations where deliveries will be made under the SVEC Sales Concept (See Exhibit B). **There are existing interconnection agreements at these Delivery Points and therefore SVEC believes there is no further documentation required. Please confirm that** these documents evidencing interconnection at the delivery points be used for the purposes of the PPA between SVEC and PacifiCorp and simply referenced in the PPA? Please advise.
- 2. Finalizing determination that SVEC meets PacifiCorp's credit worthiness requirements** – Financial records were forwarded to PacifiCorp on May 1st. Please **confirm** PacifiCorp's determination. Please note that the attached PPA is prepared in a way which assumes that SVEC meets PacifiCorp's credit worthiness requirements for the Paisley Project obligations.
- 3. Project As Built Drawings** – These will be forwarded under a separate cover for PacifiCorp's review in accordance with Section 6.1. Please advise as to who should receive these documents.

As noted above, SVEC is prepared to execute the PPA attached to this email. SVEC is concerned about the length of time it is taking to finalize the arrangements to be captured in

the PPA for the Paisley Project output. SVEC offers the services of its attorney, Kirk Gibson, to PacifiCorp in order to assist in addressing any drafting and/or conceptual issues that may remain in finalization of the PPA (to customize the standard PPA language to accommodate SVEC's Sales Concept for the Paisley) **that is not captured in the attached PPA**. In addition, **please be advised that** SVEC is willing to consider the language in the proposed PPAs filed by PacifiCorp in its recent PURPA filing. Please indicate which proposed standard PPA **in the recent filing** that PacifiCorp filed would be applicable to the Paisley Project. As soon as PacifiCorp identifies the appropriate PPA, SVEC will review and determine whether it can accept any differences. SVEC may also be willing to accommodate PacifiCorp with other benefits of this project for PacifiCorp's immediate attention to this important issue of finalizing the PPA.

Too much time has elapsed since SVEC came to PacifiCorp with its Paisley Project. The timing of these activities is crucial for SVEC. SVEC is working with ODOE concerning achieving BETC certification for the Paisley Project. ODOE review of SVEC's eligibility for BETCs covering the Paisley Project is scheduled for next week.

Please let me know if there is anything that PacifiCorp is waiting for from SVEC and I will personally see to it that it gets resolved/delivered immediately. Additional delays could jeopardize SVEC's ability to achieve BETCs. I will be contacting you soon to set up a meeting where the issues related to the PPA can be finalized and the PPA executed.

Please do not hesitate to contact me should you have any questions or desire further information. Thank you.

Sincerely,

Lynn

Subject: Re: IMPORTANT UPDATES - Test Generation
Date: Thursday, May 22, 2014 at 12:33:27 PM Pacific Daylight Time
From: Lynn Culp
To: Fishback, Thomas
CC: Stofiel, Veronica, Younie, John, Tien, Paul

THANK YOU! Lynn

From: [Fishback, Thomas](#)
Sent: Thursday, May 22, 2014 12:31 PM
To: <mailto:lynnsvec@frontier.com>
Cc: [Stofiel, Veronica](#) ; [Younie, John](#) ; [Tien, Paul](#)
Subject: IMPORTANT UPDATES - Test Generation

Hi Lynn,

Very Important you call the Oregon South Desk lead Dispatcher: 503-251-5239 prior to test generating. I'd call them as early as possible to let them know your plans and see if they have any instructions for you.

PacifiCorp provides authorization of the customer's request to test generate without SCADA as of **May 23, 2014**, with the understanding that SCADA will be required prior to commercial operation.

Thank you,
Tom Fishback
503.813.6102

From: Fishback, Thomas
Sent: Thursday, May 22, 2014 11:04 AM
To: lynnsvec (lynnsvec@frontier.com)
Cc: Stofiel, Veronica; Younie, John
Subject: GRANTED - Test Generation
Importance: High

Hi Lynn,

PacifiCorp provides authorization of the customer's request to test generate without SCADA as of May 29, 2014, with the understanding that SCADA will be required prior to commercial operation.

Thank you
Tom Fishback
503.813.6102

Subject: SVEC PPA

Date: Thursday, June 12, 2014 at 9:43:12 AM Pacific Daylight Time

From: Lynn Culp

To: John Younie, Bruce Griswold, Michael Reid

CC: Brad Kresge, Dennis Reed, Kirk Gibson

Bruce/John/Michael –

Here is an update on our construction and commissioning of the Paisley Geothermal Plant. We were able to run the plant for a few hours a day and exported the first test power this week! Commissioning and start-up efforts appear to be going smoothly so far. Given that the report from the transmission side should be in its final phases, Surprise Valley would like to have a meeting to discuss the PPA and resolve any outstanding issues. I would like to have the PPA prepared and be able to be signed as soon as practicable following the conclusion of the transmission –related work. I think we are close enough to have the PPA efforts on a parallel track.

Please let me know some dates and times you are available next week. I will do my best to accommodate your schedules.

Thanks,

Lynn

Subject: Re: SVE - SIS
Date: Friday, June 27, 2014 at 2:54:14 PM Pacific Daylight Time
From: Lynn Culp
To: Younie, John
CC: Kirk Gibson, Brad Kresge

Thanks John, that helps me understand the report.

We are thinking to schedule a meeting the week of the 7th at your office rather than a phone conference.

You told me yesterday you had put together a hybrid contract that could be used as a template for our contract and that the PPA shouldn't take too long to put together. Could you put together a first draft for us to take a look at before the meeting? We would appreciate it if you could.

Thanks, We will talk next week. Have a great weekend. Lynn

From: [Younie, John](#)
Sent: Friday, June 27, 2014 10:44 AM
To: [Lynn Culp](#)
Subject: RE: SVE - SIS

Transmission Customer = PacifiCorp Commercial and Trading
Transmission Provider = PacifiCorp Transmission

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, June 27, 2014 10:32 AM
To: Younie, John
Subject: Re: SVE - SIS

John, In the report it refers to "Transmission Provider" is this PacifiCorp. Transmission or SVE?

Thanks, Lynn

From: [Younie, John](#)
Sent: Friday, June 27, 2014 9:30 AM
To: lynnsvec@frontier.com
Subject: SVE - SIS

Looks like a Facilities study is also required. I will schedule a conference call for after July 4.

From: lct06kmc3602@Pacifcorp.com [mailto:lct06kmc3602@Pacifcorp.com]
Sent: Friday, June 27, 2014 9:24 AM
To: Younie, John
Subject: Scan From lct06kmc3602

From: Younie, John
To: "[Lynn Culp](#)"
Subject: RE: SVE - SIS
Date: Monday, June 30, 2014 12:07:00 PM

Lynn,

The meeting I am going to schedule for after the 4th is to discuss the results of the System Impact Study, I don't think we will be prepared to discuss the PPA in detail. I hope the meeting will provide some direction on the PPA.

Can you let me know when your group is available for a meeting or a conference call? I see that Bruce Griswold is out of the office July 8, I haven't checked the availability of the Transmission folks yet.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, June 27, 2014 3:54 PM
To: Younie, John
Cc: Kirk Gibson; Brad Kresge
Subject: Re: SVE - SIS

Thanks John, that helps me understand the report.

We are thinking to schedule a meeting the week of the 7th at your office rather than a phone conference.

You told me yesterday you had put together a hybrid contract that could be used as a template for our contract and that the PPA shouldn't take too long to put together. Could you put together a first draft for us to take a look at before the meeting? We would appreciate it if you could.

Thanks, We will talk next week. Have a great weekend. Lynn

From: [Younie, John](#)
Sent: Friday, June 27, 2014 10:44 AM
To: [Lynn Culp](#)
Subject: RE: SVE - SIS

Transmission Customer = PacifiCorp Commercial and Trading
Transmission Provider = PacifiCorp Transmission

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, June 27, 2014 10:32 AM
To: Younie, John
Subject: Re: SVE - SIS

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Thanks, Lynn

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Sent: Friday, June 27, 2014 9:30 AM
To: lynnsvec@frontier.com
Subject: SVE - SIS

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From: lct06kmc3602@Pacifcorp.com [<mailto:lct06kmc3602@Pacifcorp.com>]
Sent: Friday, June 27, 2014 9:24 AM
To: Younie, John
Subject: Scan From lct06kmc3602

Subject: SVEC Draft PPA

Date: Tuesday, July 22, 2014 at 5:17:36 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie, Bruce Griswold, Michael Reid

CC: Brad Kresge, Kirk Gibson

John/Bruce/Michael,

Please find attached a draft of the PPA we discussed at our recent meeting with you. We have provided this draft in hopes that it may save you some effort while developing the final Agreement. Not all the formatting issues were addressed in this draft and we have left a few items highlighted that may be of specific interest.

We look forward to reviewing and discussing this agreement with you.

Thank you,
Lynn

Subject: RE: SVEC Draft PPA
Date: Tuesday, July 29, 2014 at 11:59:57 AM Pacific Daylight Time
From: Younie, John
To: Lynn Culp, Griswold, Bruce {Mkt Function}, Reid, Michael
CC: Brad Kresge, Kirk Gibson

Thanks Lynn,

I will review your draft PPA and get back to you with our comments.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, July 22, 2014 6:18 PM
To: Younie, John; Griswold, Bruce {Mkt Function}; Reid, Michael
Cc: Brad Kresge; Kirk Gibson
Subject: SVEC Draft PPA

John/Bruce/Michael,

Please find attached a draft of the PPA we discussed at our recent meeting with you. We have provided this draft in hopes that it may save you some effort while developing the final Agreement. Not all the formatting issues were addressed in this draft and we have left a few items highlighted that may be of specific interest.

We look forward to reviewing and discussing this agreement with you.

Thank you,
Lynn

Subject: SVE PPA Schedule

Date: Friday, August 1, 2014 at 1:37:14 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie

CC: Bruce Griswold, Michael Reid, Brad Kresge, Kirk Gibson, Dennis Reed, John Minto

Hello John, I have asked the BPA engineer for the calcs on the line loss so that you can review. I have not received that back yet, but have attached his comments that we used to establish the loss value (I will send the "attached" he references in the note once I have it).

We are working through communications issues with CenturyLink, the local provider. PAC Transmission group has provided us with their requirements. We should know soon what is available and how to proceed.

Is there any additional information or data that you need from SVE for the PPA? Please let me know and we will get it to you promptly .

We would like a meeting with PAC the week of Aug 11th to wrap up the Agreement. Could you schedule that for us? We will come to your office.

Please copy the SVE Team of myself, Brad Kresge, Dennis Reed, John Minto and Kirk Gibson in all your email correspondence.

Thank you! Lynn

Subject: Re: SVEC PPA - Loss Adjustment
Date: Monday, August 4, 2014 at 7:30:45 AM Pacific Daylight Time
From: Lynn Culp
To: Younie, John
CC: Brad Kresge, Kirk Gibson, Bruce Griswold, Michael Reid

John, Here are the back up material for the loss calculation as determined by BPA.
How does the week of the 11th look for a meeting to finalize the PPA?
Thanks, Lynn

From: [Younie, John](#)
Sent: Tuesday, July 29, 2014 3:45 PM
To: lynnsvec@frontier.com
Subject: SVEC PPA - Loss Adjustment

Lynn,

Can you provide some detail around the 1.9% loss adjustment? Thanks.

From: [Griswold, Bruce {Mkt Function}](#)
To: [Lynn Culp](#)
Cc: [Reid, Michael](#); [Kirk Gibson](#); [Brad Kresge](#); [Erb, Jeff](#); [Till, Dustin](#); [Link, Rick {Mkt Function}](#); [Younie, John](#)
Subject: RE: SVE PPA Concern
Date: Tuesday, August 26, 2014 9:09:06 PM

Lynn

Going forward, please address your concerns on the PPA to me directly. John is addressing other QF PPA issues at the time. While I understand your issue, I want to be clear on the status of your requested Schedule 37 PPA. From the beginning of your request, PacifiCorp has attempted to address your ability to be qualified as a Schedule 37 PPA. We have held multiple meetings with your team, with BPA, with our transmission business and our metering department to find a solution for you actually physically delivering power to PacifiCorp's system. We have looked at your project being off-system and scheduling delivery, we have initiated a transmission service request with our transmission business to do a system impact study to assess options for metering and measuring your actual delivery under the assumption that the company can basically accept a physical swap of power at an alternative location. Nothing in PURPA obligates us to do a swap however we have expended a large effort to find a physical means to show that your project's generated power reaches our system. It does not. PacifiCorp is accommodating your generation through a swap with power that is coming from BPA to serve your load that we are delivering on BPA's behalf. PacifiCorp merchant has made it clear from our beginning discussions that we were not going to do any PPA that could not be physically metered and measured as having been delivered to PacifiCorp's system. That is the purpose of the system impact study and the involvement of our metering. As of today, we do not have a final confirmation on the metering, the cost of the metering, agreement in place on who pays for metering and whether that metering schemes without a doubt clearly shows that your project is delivering power to our system.

Regarding the status of the PPA. We have a redline from you. It is still in draft form and we have not agreed to final commercial terms and conditions to address metering and power true-up or the final form of the PPA with SVEC. There are outstanding items on metering, true ups between actual generation and deliveries to our system. We are reviewing the Oregon commission order from August 19 2014 with our attorneys and will respond on the status of your agreement relative to the August 19 2014 order in the near future. In the interim, we will continue moving forward to ensure that our customers are receiving your physical power.

If you have questions, call me at 503-813-5218.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Lynn Culp [lynnsvec@frontier.com]
Sent: Tuesday, August 26, 2014 8:05 PM
To: Younie, John
Cc: Griswold, Bruce {Mkt Function}; Reid, Michael; Kirk Gibson; Brad Kresge
Subject: SVE PPA Concern

Hello John,

We understand that PacifiCorp reached an agreement on their Schedule 37 and has initiated the new rates effective 8/20. In our discussions with PacifiCorp throughout the Spring and Summer months this year, PacifiCorp represented that there was no concern whether the power supplied by the Paisley Project would be under the rate schedule then in effect (in place before this recent rate change). As you know we have been working on the PPA with PacifiCorp for many, many months now and numerous times SVEC has been made to wait for PacifiCorp to respond. The most recent revised agreement (sent to you on July 22) was sent with the collective understanding that it needed to be completed quickly because of the proposed rate change. I am sure you will recall the concerns raised by GM Brad Kresge's regarding the SVEC Board's questions surrounding the importance of receiving the rates that were in place when SVEC committed to the arrangement with PacifiCorp. The lack of response to our July 22 submittal of the agreement following the earlier discussions is disconcerting in light of the news of the approved rate change.

It is important that SVEC understand whether we still on track to execute the PPA with the Schedule 37 rates that were in place during all of our discussions. Please clarify PacifiCorp's position regarding the rates that will apply to the PPA with SVEC for the power generated by the Paisley Project as soon as practicable.

Thank you,
Lynn

From: Lynn Culp <lynnsvec@frontier.com>
Sent: Friday, October 03, 2014 11:20 AM
To: Griswold, Bruce {Mkt Function}
Cc: Brad Kresge; Kirk Gibson
Subject: Facility Study

Hi Bruce,

We have not received a copy of the Facility Study, which I believe was due Sept 25 or 26th. Would you please provide a copy to us.

Thank you,
Lynn

Subject: RE: Meter at Lakeview Mtr Point 41
Date: Wednesday, January 21, 2015 at 3:30:43 PM Pacific Standard Time
From: Stofiel, Veronica
To: Lynn Culp
CC: Brad Kresge, Jeff Mann, Bremer, Kristopher

Hi Lynn –

Apologies for the delay. Attached is the letter regarding stating an interconnection agreement is not required. As stated in the letter, there will be some EIM requirements, however. Please contact Kris Bremer, Manager, Generation Interconnection, (503-813-6496) for additional information.

Thanks,
Veronica

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Tuesday, January 20, 2015 1:07 PM
To: Stofiel, Veronica
Cc: Brad Kresge; Jeff Mann
Subject: Re: Meter at Lakeview Mtr Point 41

Hello Veronica,

We have not seen the letter. Is it being mailed? Or should I expect by email?
Thanks, Lynn

From: [Stofiel, Veronica](#)
Sent: Thursday, January 15, 2015 3:46 PM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Meter at Lakeview Mtr Point 41

Hi Lynn,

Yes, I am looking into this and discussion with the project manager and metering/communications people. I will get back to you as soon as possible.

Regarding the letter confirming that no interconnection agreement is required, it is drafted and forwarded to PacifiCorp's Generation Interconnection manager for review and sign off. I expect to have it to you late today or tomorrow morning.

Thanks,
Veronica

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Thursday, January 15, 2015 11:27 AM
To: Stofiel, Veronica
Cc: Brad Kresge; Jeff Mann
Subject: Meter at Lakeview Mtr Point 41

Subject: Meter at Lakeview Mtr Point 41

SVEC/202
Culp/87

Hello Veronica,

Lakeview meter point 41 is the metering site that was discussed yesterday, the point of interconnection between SVE and PAC. Could we have our contracted engineers, POWER Engineers, do the metering design and procurement of equipment for this location?

PAC staff has already agreed that the CT/PT's are sufficient for the required metering. Mark Robinson and another PAC staff visited site on Nov 5 and determined that the meter and communication could be installed in the building already on site.

Since the equipment and facilities are adequate, can we proceed with the engineering and ordering of meter equipment for this location?

I appreciate you looking into this and returning a prompt reply.

Thank you,

Lynn

From: lynnsvec <lynnsvec@frontier.com>
Sent: Monday, March 23, 2015 1:46 PM
To: Ferris, Howard
Cc: Stofiel, Veronica; McClelland, Brian; Griswold, Bruce {Mkt Function}; Mark, John; Robinson, Mark (LCT)
Subject: Re: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard, Why has the signing of the agreement been pushed out to April?

Bruce, Can you please answer the questions below. And maybe you can give us the answer to why the construction agreement for two meters and communication has not been signed. Supposedly you were working on the draft when we discussed in early January. Why has it not been executed?

Lynn

On Monday, March 23, 2015 11:55 AM, "Ferris, Howard" <Howard.Ferris@pacificorp.com> wrote:

Lynn, your questions , 1, 2 & 3 regarding the Construction agreement should be directed to Bruce Griswold. I've attached a draft of the construction schedule that extends the activity dates in the Facility Study by approximately 4 months which is the difference between when we anticipated the construction agreement was signed and the new anticipated date of April 3, 2015. . Questions 4 & 5 will need to be discussed jointly with our respective project teams once we get an approved project.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, March 20, 2015 4:00 PM
To: Ferris, Howard
Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard,

In a conference call on January 14, 2015, which included PAC personnel Stofiel, Bremer?, Fritz, McClelland, Griswold and Younie, the schedule for the metering and network upgrades for the Surprise Valley Electric Network resource request was discussed. In this meeting we were told an agreement between PAC Transmission and PAC Commercial & Trading (and possibly SVE) was in draft form and had to be reviewed by PAC Transmission. When we asked about the schedule for completing the metering and communication installations we were told that an internal PAC meeting was needed and that PAC would get back with us on this schedule.

It is my understanding from a conference call we had on October 9, 2014 to review the results of the Facility Study for this project, that the Project Manager developed the schedule to complete the necessary upgrades and that there was a 60 day period to define the scope of work and execute the construction agreement.

I have been told that you are the Project Manager.

SVEC/202

Culp/89

Could you please answer the following:

1. Why hasn't the construction agreement been executed within the 60 day period?
2. If it has been executed, why have we not been informed?
3. Why have we not been updated on the construction schedule?
4. What can SVE do to speed up this process? We have offered our engineers to do the engineering design for the installation; to procure the equipment and SVE has offered to do the construction.
5. Can the BPA meter be used temporarily until PAC Metering complete so that we can take the generation to our load?

We would appreciate your prompt reply to our questions.

Thank you,

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

From: Ferris, Howard
Sent: Monday, March 23, 2015 3:42 PM
To: Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Cc: Aniello, John; McClelland, Brian
Subject: FW: Metering/Network Upgrade Schedule for Paisley Generation Plant

Veronica, and Bruce I feel Lynn's frustration but I can't answer his question in regard to why a construction agreement has not been signed. After producing the Facility Study, the PM normally does not get involved until the construction agreement is signed and an APR is approved on the project.

Who can respond back to Lynn's question below?

From: lynnsvec [<mailto:lynnsvec@frontier.com>]
Sent: Monday, March 23, 2015 1:46 PM
To: Ferris, Howard
Cc: Stofiel, Veronica; McClelland, Brian; Griswold, Bruce {Mkt Function}; Mark, John; Robinson, Mark (LCT)
Subject: Re: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard, Why has the signing of the agreement been pushed out to April?

Bruce, Can you please answer the questions below. And maybe you can give us the answer to why the construction agreement for two meters and communication has not been signed. Supposedly you were working on the draft when we discussed in early January. Why has it not been executed?

Lynn

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Lynn, your questions , 1, 2 & 3 regarding the Construction agreement should be directed to Bruce Griswold. I've attached a draft of the construction schedule that extends the activity dates in the Facility Study by approximately 4 months which is the difference between when we anticipated the construction agreement was signed and the new anticipated date of April 3, 2015. . Questions 4 & 5 will need to be discussed jointly with our respective project teams once we get an approved project.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, March 20, 2015 4:00 PM
To: Ferris, Howard
Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard,
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Surprise Valley Electric Network resource request was discussed. In this meeting we were told an agreement between PAC Transmission and PAC Commercial & Trading (and possibly SVE) was in draft form and had to be reviewed by PAC Transmission. When we asked about the schedule for completing the metering and communication installations we were told that an internal PAC meeting was needed and that PAC would get back with us on this schedule.

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5. Can the BPA meter be used temporarily until PAC Metering complete so that we can take the generation to our load?

We would appreciate your prompt reply to our questions.

Thank you,
Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: Aniello, John
Sent: Monday, March 23, 2015 5:55 PM
To: Griswold, Bruce {Mkt Function}; Stofiel, Veronica; McClelland, Brian
Cc: Ferris, Howard
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

Veronica,

As Howard mentioned below there is no actual PM currently assigned to this project. Because of the time that has passed between the issuance of the FS and this current discussion please forward all remaining correspondence to me and I will help you work through the issues with SVE.

I understand the customer is questioning our internal reviewing and execution of the agreement which I assume they have signed and returned. If that is true we have an issue because the Schedule Howard put together assumed that our notice to proceed (project approval) would be initiated December of last year. At this point if we are given approval we would not be able to begin engineering until May which makes any chance of making their in service date in September very unlikely if not impossible especially if coordination with BPA is required.

If you need to set up a discussion to review this please let me know.

Thanks,
John

From: Griswold, Bruce {Mkt Function}
Sent: Monday, March 23, 2015 3:47 PM
To: Ferris, Howard; Stofiel, Veronica
Cc: Aniello, John; McClelland, Brian
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

I will respond.

As I understand the current meter installation schedule, Pac Trans will require the full build out to allow SVEC to generate for self-service of their load but not deliver to Pac's system and not the two stage approach to meter at the interchange point for self-service of load first and then full build out for selling excess to the company.

If that is not correct, let me know.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Ferris, Howard
Sent: Monday, March 23, 2015 3:42 PM
To: Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Cc: Aniello, John; McClelland, Brian
Subject: FW: Metering/Network Upgrade Schedule for Paisley Generation Plant

SVEC/202
Culp/93

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Sent: Monday, March 23, 2015 1:46 PM

To: Ferris, Howard

Cc: Stofiel, Veronica; McClelland, Brian; Griswold, Bruce {Mkt Function}; Mark, John; Robinson, Mark (LCT)

Subject: Re: Metering/Network Upgrade Schedule for Paisley Generation Plant

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Lynn

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From: Lynn Culp [<mailto:lynnsvec@frontier.com>]

Sent: Friday, March 20, 2015 4:00 PM

To: Ferris, Howard

Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}

Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard,

In a conference call on January 14, 2015, which included PAC personnel Stofiel, Bremer?, Fritz, McClelland, Griswold and Younie, the schedule for the metering and network upgrades for the Surprise Valley Electric Network resource request was discussed. In this meeting we were told an agreement between PAC Transmission and PAC Commercial & Trading (and possibly SVE) was in draft form and had to be reviewed by PAC Transmission. When we asked about the schedule for completing the metering and communication installations we were told that an internal PAC meeting was needed and that PAC would get back with us on this schedule.

It is my understanding from a conference call we had on October 9, 2014 to review the results of the Facility Study for this project, that the Project Manager developed the schedule to

complete the necessary upgrades and that there was a 60 day period to define the scope of work and execute the construction agreement.

SVEC/202
Culp/94

I have been told that you are the Project Manager.

Could you please answer the following:

1. Why hasn't the construction agreement been executed within the 60 day period?
2. If it has been executed, why have we not been informed?
3. Why have we not been updated on the construction schedule?
4. What can SVE do to speed up this process? We have offered our engineers to do the engineering design for the installation; to procure the equipment and SVE has offered to do the construction.
5. Can the BPA meter be used temporarily until PAC Metering complete so that we can take the generation to our load?

We would appreciate your prompt reply to our questions.

Thank you,

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

From: Lynn Culp <lynnsvec@frontier.com>
Sent: Tuesday, March 31, 2015 4:00 PM
To: Ferris, Howard; Griswold, Bruce (Mkt Function)
Cc: Brad Kresge
Subject: Fw: Metering/Network Upgrade Schedule for Paisley Generation Plant
Attachments: Slct17kmc3615032311440.pdf

Howard and Bruce,

I have not received a response to the questions below.

The updated schedule attached is unreasonable for the amount of work needed for metering at the two locations. We would like an explanation for the continued delay.

We would appreciate your timely response.

Thank you,

Lynn

Howard, Why has the signing of the agreement been pushed out to April?

Bruce, Can you please answer the questions below. And maybe you can give us the answer to why the construction agreement for two meters and communication has not been signed. Supposedly you were working on the draft when we discussed in early January. Why has it not been executed?

Lynn

On Monday, March 23, 2015 11:55 AM, "Ferris, Howard" <Howard.Ferris@pacificorp.com> wrote:

Lynn, your questions , 1, 2 & 3 regarding the Construction agreement should be directed to Bruce Griswold. I've attached a draft of the construction schedule that extends the activity dates in the Facility Study by approximately 4 months which is the difference between when we anticipated the construction agreement was signed and the new anticipated date of April 3, 2015. . Questions 4 & 5 will need to be discussed jointly with our respective project teams once we get an approved project.

From: Ferris, Howard
Sent: Monday, March 23, 2015 11:55 AM
To: Lynn Culp
Cc: Stofiel, Veronica ; McClelland, Brian ; [Griswold, Bruce \(Mkt Function\)](mailto:Griswold, Bruce (Mkt Function)) ; Mark, John ; [Robinson, Mark \(LCT\)](mailto:Robinson, Mark (LCT))
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

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From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, March 20, 2015 4:00 PM
To: Ferris, Howard
Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

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530.233.3511 office
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Lynn Culp

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Surprise Valley Electric

530.233.3511 office

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From: Aniello, John
Sent: Wednesday, April 01, 2015 7:11 AM
To: Stofiel, Veronica; McClelland, Brian; Griswold, Bruce {Mkt Function}
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant
Attachments: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant; Slct17kmc3615032311440.pdf

Veronica/Bruce,

Please plan to include me in the discussions regarding this project. Howard is not the assigned PM at this point so I will be the point of contact for my group until the agreement and APR get approved and a delivery PM is assigned.

I've spoken with the metering engineer as well as Howard about the work required and the schedule he has put together has float in it to cover many of the unknowns associated with the work scope such as who is doing the installation work and what sort of enclosure and foundation are required for the metering equipment. I think a call with the SVEC rep would help in explaining our schedule as well as help sort out what work is already accomplished.

Thanks,
John

From: Ferris, Howard
Sent: Wednesday, April 01, 2015 5:32 AM
To: Aniello, John; Stofiel, Veronica
Subject: FW: Metering/Network Upgrade Schedule for Paisley Generation Plant

FYI.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Tuesday, March 31, 2015 4:00 PM
To: Ferris, Howard; Griswold, Bruce {Mkt Function}
Cc: Brad Kresge
Subject: Fw: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard and Bruce,

I have not received a response to the questions below.

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To: Lynn Culp
Cc: Stofiel, Veronica ; McClelland, Brian ; Griswold, Bruce {Mkt Function} ; Mark, John ; [Robinson, Mark \(LCT\)](mailto:Robinson, Mark (LCT))
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

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Sent: Friday, March 20, 2015 4:00 PM
To: Ferris, Howard
Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

Howard,

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Thank you,

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

Exhibit 2: Project Schedule

<u>Task/Date</u>	<u>Date</u>	<u>Responsible Party</u>
Execute Construction Agreement	April 3, 2015 November 26, 2014	PacifiCorp C&T
Engineering and Procurement Starts	May 4, 2015 January 5, 2015	Transmission Provider
Material Ordered	June 1, 2015 February 1, 2015	Transmission Provider
Engineering Design Complete	April 3, 2015	Transmission Provider
Construction Starts	Sept 8, 2015 May 8, 2015	Both
Construction Complete	November 30, 2015 August 29, 2015	Both
Generation Testing	January 4, 2016 September 2, 2015	PacifiCorp C&T
Commercial Operations	January 21, 2016 September 16, 2015	PacifiCorp C&T

From: Stofiel, Veronica
Sent: Wednesday, April 01, 2015 10:49 AM
To: Griswold, Bruce {Mkt Function}
Cc: Fritz, Brian; Vail, Richard; Younie, John
Subject: FW: Metering/Network Upgrade Schedule for Paisley Generation Plant
Attachments: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant; Slct17kmc3615032311440.pdf

Hi Bruce –

Following up on this. At this point, the agreement between Transmission and ESM is with ESM (addressed to Jim Schroeder). We would like to move forward with the APR to get the project going, but need the signed agreement first. Please let us know the status and what you think timing will be.

Thanks,
Veronica

From: Aniello, John
Sent: Wednesday, April 01, 2015 7:11 AM
To: Stofiel, Veronica; McClelland, Brian; Griswold, Bruce {Mkt Function}
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

Veronica/Bruce,

Please plan to include me in the discussions regarding this project. Howard is not the assigned PM at this point so I will be the point of contact for my group until the agreement and APR get approved and a delivery PM is assigned.

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SVEC/202
Culp/103

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To: Lynn Culp
Cc: Stofiel, Veronica ; McClelland, Brian ; Griswold, Bruce {Mkt Function} ; Mark, John ; [Robinson, Mark \(LCT\)](mailto:Robinson, Mark (LCT))
Subject: RE: Metering/Network Upgrade Schedule for Paisley Generation Plant

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Sent: Friday, March 20, 2015 4:00 PM
To: Ferris, Howard
Cc: Brad Kresge; Stofiel, Veronica; Griswold, Bruce {Mkt Function}
Subject: Metering/Network Upgrade Schedule for Paisley Generation Plant

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We would appreciate your prompt reply to our questions.

Thank you,

Lynn Culp

Member Service Manager

Surprise Valley Electric

530.233.3511 office

530.640.2666 cell

Subject: Construction Reimbursement Agreement for SVEC's Paisley Generator
Date: Thursday, April 16, 2015 at 10:16:33 AM Pacific Daylight Time
From: Griswold, Bruce {Mkt Function}
To: Lynn Culp

Lynn

Attached is a draft construction reimbursement agreement that provides for SVEC's reimbursement of PacifiCorp merchant's cost to have PacifiCorp Transmission complete the Project Construction Agreement on SVEC's behalf. The cost, scope of work and schedule are provided in the attached Q1284 Project Construction Agreement. The completion of the Project Construction Agreement will allow SVEC to offset its own load or sell the output to PacifiCorp merchant as an Oregon Schedule 37 QF. I am available for discussion on the draft at your convenience. Thanks.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

Subject: Surprise Valley Executed PPA

Date: Monday, June 22, 2015 at 2:13:35 PM Pacific Daylight Time

From: Brad

To: Griswold, Bruce {Mkt Function}, sarah.wallace@pacificcorp.com

CC: 'Irion Sanger'

Priority: High

Bruce,

I have attached the final and executed Surprise Valley Electric PPA. The original will be sent via next day delivery.

Thank you,

Bradley A. Kresge
General Manager
Surprise Valley Electrification Corp.
516 US HWY 395 E.
Alturas CA, 96101
(530)233-3511
FAX (530)233-2190
bradsvec@frontier.com

From: Meeuwsen, Doug
Sent: Tuesday, October 13, 2015 11:43 AM
To: Griswold, Bruce {Mkt Function}
Cc: Berres, Alexander
Subject: RE: SVEC NR Request

AREF 79456228 has been withdrawn.

From: Griswold, Bruce {Mkt Function}
Sent: Tuesday, October 13, 2015 11:41 AM
To: Meeuwsen, Doug
Cc: Berres, Alexander
Subject: RE: SVEC NR Request

correct

Bruce Griswold
PacifiCorp
Energy Supply Management
O 503.813.5218
C 503.702.1445

From: Meeuwsen, Doug
Sent: Tuesday, October 13, 2015 11:38 AM
To: Griswold, Bruce {Mkt Function}
Cc: Berres, Alexander
Subject: RE: SVEC NR Request

Just to confirm, this should be "withdrawn" from Oasis?

From: Griswold, Bruce {Mkt Function}
Sent: Tuesday, October 13, 2015 11:11 AM
To: Meeuwsen, Doug
Cc: Berres, Alexander
Subject: RE: SVEC NR Request

Yes. That's the one.

Bruce Griswold
PacifiCorp
Energy Supply Management
O 503.813.5218
C 503.702.1445

From: Meeuwsen, Doug
Sent: Tuesday, October 13, 2015 11:09 AM
To: Griswold, Bruce {Mkt Function}
Cc: Berres, Alexander
Subject: SVEC NR Request

The only SVEC Network Resource request I have pending is under AREF 79456228.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

**EXHIBIT SVEC/203
PACIFICORP DATA RESPONSES**

March 15, 2016

SVEC Data Request 1.2

Please identify and provide documentation to support when PacifiCorp explained or identified the transmission arrangements that would entitle Surprise Valley to a PURPA contract for the sale of the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 1.2

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Surprise Valley is in possession or has knowledge of all such communications and its legal obligation to arrange for delivery to a neighboring utility under Code of Federal Regulations (CFR) 18 § 292.304. Without waiving its objection, PacifiCorp responds as follows:

Please refer to Attachment SVEC 1.2. PacifiCorp supplied Surprise Valley with a draft Oregon Schedule 37 off-system power purchase agreement (PPA) on November 6, 2013. The draft PPA includes requirements for transmission arrangements in Addendum W.

From: Younie, John
To: lynnsvec@frontier.com
Subject: Surprise Valley Off-system Draft PPA 11062013.doc
Date: Wednesday, November 06, 2013 9:36:00 AM
Attachments: [Surprise Valley Off-system Draft PPA 11062013.doc](#)

Lynn,

Attached is a draft PPA updated with the motive force information you provided. Highlighted in yellow are blanks that I still need information. Could you please fill in the blanks and return the redline draft to me. Thanks for your help.

SVEC Data Request 1.3

Please identify and provide documentation to support when Surprise Valley refused to provide the transmission arrangements identified in the previous data response.

Response to SVEC Data Request 1.3

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Surprise Valley is requesting that PacifiCorp provide evidence of Surprise Valley's failure to act. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp does not have written documentation of Surprise Valley's refusal to provide, but, likewise, has no documentation of Surprise Valley providing a transmission arrangement for the firm delivery of the net output of the Paisley Project from the generating facility to PacifiCorp's system. However, PacifiCorp has evidence of Surprise Valley's acknowledgement that it must wheel the Paisley Project net output across the Surprise Valley system for delivery to PacifiCorp's system at the Lakeview substation. Please refer to Attachment to SVEC 1.3.

From: [Lynn Culp](#)
To: [Younie, John](#)
Cc: [Mike Long](#); [Chun Chin](#); [Jim Hays](#); [Brad Kresge](#); [Jeff Mann](#); [Dan \(BPA\) - PSE-BEND Bloyer](#); [Eric Taylor](#)
Subject: Re: Surprise Valley PPA
Date: Friday, December 13, 2013 10:59:24 PM

Hello John,

I have reviewed the Bonneville Power Administration transmission agreements with BPA account executives and engineer. They have told me that neither of the agreements suggested (Use of Facilities and Transmission Service) are needed. BPA does not own any of the equipment on this system except for the revenue meter at the plant and the meter at the 690 switch in Lakeview. The output should be metered at the plant and delivered to the 690 switch in Lakeview, with a reasonable loss factor for the transmission from the plant to Lakeview. The 2 to 2.5 MW produced at the plant is not a resource that contractually serves the SVEC load. SVEC is contractually purchasing power from BPA to serve SVEC's entire load.

I also would like PacifiCorp to clarify the first sentence of Addendum W, "Whereas, Seller's Facility is not within the control area of PacifiCorp." In discussions with both PacifiCorp and BPA we have been told that the facility is within PacifiCorp's balancing area. Can this be clarified? If the plant is confirmed to be in the PacifiCorp balancing area, what implications are there for scheduling? If PacifiCorp requires SVEC to schedule this resource, what is your scheduling protocol? BPA is not requiring scheduling since the resource does not reside in their BAA.

I would also like clarification on the next sentence of Addendum W, "Whereas Seller's Facility will not interconnect directly to PacifiCorp's System". Please clarify what PacifiCorp means by direct interconnection. SVEC's resource is not physically interconnected to PacifiCorp's system, however, SVEC's system directly connects to PacifiCorp at Lakeview. The resource itself must be wheeled across SVEC's system to get to Lakeview.

Thank you, Lynn

From: [Younie, John](#)
Sent: Tuesday, December 03, 2013 11:28 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

Bruce reminded me that if you were using your generation to off-set your BPA delivery you would not be a QF. In order for you to be a QF you must deliver the net output of your generator to PacifiCorp, we cannot do an accounting transaction. In this case BPA will be required to deliver your generation to PacifiCorp's system either through a Transmission Service Agreement or a Use-of-

Facilities Agreement. If expensive improvements are required at Mile High in order to receive your generation we may ask that the power be delivered somewhere else on our system. I will ask our Transmission Desk if Mile High is an acceptable delivery point. In the meantime you need to initiate the delivery process with BPA.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, December 02, 2013 11:23 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

See attached. Lynn

From: Younie, John
Sent: Monday, December 02, 2013 11:03 AM
To: Lynn Culp
Cc: Mike Long ; Chun Chin ; Jim Hays ; Brad Kresge ; Jeff Mann
Subject: RE: Surprise Valley PPA

Lynn,

Could you send me a one-line diagram that shows the generator, metering, and point of delivery?

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, December 02, 2013 9:27 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

Hello John, I hope you had a nice Thanksgiving holiday.

Following are the items in the draft PPA we would like to discuss tomorrow. We wanted to provide them to you so you could know what we are looking at and be prepared for the call.

Clause 1.27 – Net Output - We are interconnecting and metering the plant at the 69 kV line adjacent to the Paisley Plant. We assume that this is the point that Net Output should be based on. Please confirm.

Clause 1.31 – Point of Delivery – We would like to discuss the Point of Delivery and Interconnection Point. We are assuming that this is the same location at the 69 kV line adjacent to the plant.

Clause 1.36 – Replacement Price – Please provide clarification on how the quantity of replacement energy will be determined. Is this calculated based on the Exhibit D-1 projection or is this amount calculated based on the Energy Imbalance Accumulation determined under the Settlement Period in Addendum W?

Clause 4.5 – Energy Delivery Schedule – Please provide clarification on the purpose of developing the Net Energy schedule in Exhibit D. Based on Addendum D, Seller will be developing a day ahead hourly forecast with Settlement over a one month period. Which of these monthly forecasts will be

used to determine positive or negative energy balance?

Clause 4.2 and Clause 6.2 – Clause 4.2 notes that the Average Annual Generation can be modified, upon six month notice, every other Contract year. Clause 6.2 allows Seller to increase Net Output at any time upon at least six month notice. We want to discuss the requirements behind these requirements and impact on increase/decrease of projected generation.

Clause 5.4 – We would like to discuss the payment of Excess Output in relationship to the facility operation. Excess Output is defined as Net Output produced in excess of the Facility Capacity Rating. Facility Capacity Rating is defined as the nameplate capacity rating of the generator. We are unclear on how the unit can generate in excess of a nameplate rating.

Addendum W – We would appreciate PacifiCorp discussion on the monthly settlement process and how positive and negative balances are settled.

Surplus Delivery – Please clarify the relationship between Addendum W definition and Clause 5.4. We would like to discuss the statement that PacifiCorp will accept Surplus Delivery, but shall not pay for it.

Section 8c – We would like to discuss the option of revising the Settlement Period to one year.

Thank you. Talk to you tomorrow. Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: [Younie, John](#)
Sent: Wednesday, November 27, 2013 3:01 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#)
Subject: RE: Surprise Valley PPA

Tuesday works best for me.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, November 27, 2013 2:39 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge
Subject: Surprise Valley PPA

Hello John,

I would like to have a phone conversation with you along with a couple of the gentlemen from Power Engineers who are assisting us with this project. We have a number of questions and clarifications with the PPA that we would like to discuss with you.

Are you available next Monday or Tuesday (11-1pm PT) or Wed (9-1pm PT). Any of those dates/times work for you?

Thank you. Looking forward to speaking with you. Have a great Thanksgiving. Lynn

SVEC Data Request 1.4

Refer to PacifiCorp's Answer at page 3, please identify the type of verifiable schedules that PacifiCorp requires to determine the actual amount of QF energy received from the Paisley Project.

Response to SVEC Data Request 1.4

Consistent with PacifiCorp's Oregon Schedule 37 off-system power purchase agreement (PPA) provided to Surprise Valley on November 6, 2013, Addendum W identifies the Seller's responsibility to provide firm delivery of the net output of a qualifying facility (QF) to the point of delivery (POD) identified in the PPA. Please refer to the Company's response to SVEC Data Request 1.2.

SVEC Data Request 1.5

Please identify and provide documentation to support when PacifiCorp explained or identified the type of verifiable schedules that PacifiCorp requires to determine the actual amount of QF energy received from the Paisley Project.

Response to SVEC Data Request 1.5

Consistent with PacifiCorp's Oregon Schedule 37 off-system power purchase agreement (PPA) provided to Surprise Valley on November 6, 2013, Addendum W identifies the Seller's responsibility to provide firm delivery of the net output of a qualifying facility (QF) to the point of delivery (POD) identified in the PPA. Please refer to the Company's response to SVEC Data Request 1.2.

SVEC Data Request 1.6

Please identify and provide documentation to support when Surprise Valley refused to provide the verifiable schedules identified the previous data response.

Response to SVEC Data Request 1.6

Please refer to the Company's response to SVEC Data Request 1.3.

SVEC Data Request 1.8

Please identify all PacifiCorp's QF purchase power agreements in which a portion or all of the net output is transmitted across a third parties' distribution or transmission system. Please identify whether the third party has an open access transmission tariff, wholesale distribution tariff, or other method of tracking and transferring energy across its own distribution or transmission system.

Response to SVEC Data Request 1.8

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence in that it asks for qualifying facility (QF) power purchase agreements (PPA) outside of Oregon and/or information that is publically available to Surprise Valley. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp has off-system QF PPAs with the following QF projects in Oregon:

QF Project	Transmission Provider
Farm Power Misty Meadow	Bonneville Power Administration (BPA)
Finley BioEnergy LLC	BPA
Mariah Wind	Columbia Basin Electric Cooperative (CBEC) and BPA
Middle Fork Irrigation District	BPA
Orem Family Wind	CBEC and BPA
Three Sisters Irrigation District	Central Electric Cooperative and BPA

The PPAs for the above named QFs can be accessed from the Public Utility Commission of Oregon's (OPUC) website under Docket RE 142.

A link to the OPUC website; specifically Docket RE 142, is provided below:

<http://apps.puc.state.or.us/edockets/docket.asp?DocketID=19097>

SVEC Data Request 1.8

Please identify all PacifiCorp’s QF purchase power agreements in which a portion or all of the net output is transmitted across a third parties’ distribution or transmission system. Please identify whether the third party has an open access transmission tariff, wholesale distribution tariff, or other method of tracking and transferring energy across its own distribution or transmission system.

1st Supplemental Response to SVEC Data Request 1.8

PacifiCorp has off-system qualifying facility (QF) power purchase agreements with the following QF projects:

QF Project	Transmission Provider	Transmission Service
Farm Power Misty Meadow	Bonneville Power Administration (BPA)	BPA – Open Access Transmission Tariff (OATT)
Finley BioEnergy LLC	BPA	BPA - OATT
Mariah Wind	Columbia Basin Electric Cooperative (CBEC) and BPA	BPA - OATT
Middle Fork Irrigation District	BPA	BPA - OATT
Orem Family Wind	CBEC and BPA	BPA - OATT
Three Sisters Irrigation District	Central Electric Cooperative and BPA	BPA - OATT
Lower Valley Energy	BPA	BPA – OATT
Shosone Irrigation District (PPA expired in 2014)	Tri-State Generation and Transmission Association (Tri-State G&T)	TriState - OATT

SVEC Data Request 1.9

For all third parties other than BPA referenced in the last data response, please provide a copy of or a summary of the open access transmission tariff that the QFs' net output is transmitted over. If there is no open access transmission tariff, please provide the third parties' transmission tariffs, wholesale distribution tariffs, or other method of tracking and transferring energy across its own distribution or transmission system, and an explanation of how PacifiCorp determines the actual amount of QF energy received from the off-system QF.

Response to SVEC Data Request 1.9

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence in that it asks for information that is publically available to Surprise Valley. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp receives eTagged hourly schedules for energy delivered to PacifiCorp's system from the qualifying facilities identified in the response to SVEC Data Request 1.8 where the PPA has been designated as a network resource.

SVEC Data Request 1.9

For all third parties other than BPA referenced in the last data response, please provide a copy of or a summary of the open access transmission tariff that the QFs' net output is transmitted over. If there is no open access transmission tariff, please provide the third parties' transmission tariffs, wholesale distribution tariffs, or other method of tracking and transferring energy across its own distribution or transmission system, and an explanation of how PacifiCorp determines the actual amount of QF energy received from the off-system QF.

1st Supplemental Response to SVEC Data Request 1.9

After conferring with Surprise Valley's counsel, and without waiving its prior objection, PacifiCorp provides the following supplement to SVEC Data Request 1.9:

PacifiCorp currently receives eTagged hourly schedules for energy delivered to PacifiCorp's system from qualifying facilities identified in the response to SVEC Data Request 1.8 where the PPA has been designated as a network resource. Two qualifying facilities, Mariah Wind and Orem Family Wind, have requested that PacifiCorp accept either delivery under a dynamic schedule or by 15-minute schedules when those facilities go into commercial operation in December 2015. PacifiCorp rejected the request for delivery via dynamic schedule, but indicated a willingness to accept 15-minute schedules. PacifiCorp requested that both projects provide the transmission arrangements with BPA showing that deliveries to PacifiCorp's system will be scheduled on a 15-minute basis.

All of the off-system qualifying facilities identified in PacifiCorp's response to SVEC Data Request 1.8 cross the Bonneville Power Administration's (BPA) system. BPA's open access transmission tariff is publically available on BPA's website, www.bpa.gov.

SVEC Data Request 1.10

Refer to PacifiCorp's Answer at page 5. Please identify any QFs that PacifiCorp is aware of that have sold their net output to BPA.

Response to SVEC Data Request 1.10

PacifiCorp does not have access to Bonneville Power Administration (BPA) records of qualifying facilities (QF) that sell power to BPA.

SVEC Data Request 1.11

Refer to PacifiCorp's Answer at page 5. Please identify any QFs that PacifiCorp is aware of that have required BPA to purchase the QF's net output under PURPA.

Response to SVEC Data Request 1.11

PacifiCorp does not have access to Bonneville Power Administration (BPA) records of qualifying facilities (QF) that sell power to BPA.

SVEC Data Request 1.26

Please explain and identify the representative of PacifiCorp who can available as a witness regarding whether PacifiCorp transmission possesses the capability to accept the net output without e-tags and schedules from SVEC. If PacifiCorp transmission does possess the information, please explain whether appropriate metering can be installed to allow this to happen.

Response to SVEC Data Request 1.26

PacifiCorp objects to this request as unclear, overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence in that it asks for information unrelated to Surprise Valley's legal claims in the Complaint. Surprise Valley's complaint relates to the terms of power purchase agreement (PPA), not transmission service. Any dispute regarding PacifiCorp's ability to wheel energy for third parties is subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). Furthermore, PacifiCorp provides open access transmission service to any eligible transmission customer per the terms of PacifiCorp's Open Access Transmission Tariff (OATT).

SVEC Data Request 1.26

Please explain and identify the representative of PacifiCorp who can available as a witness regarding whether PacifiCorp transmission possesses the capability to accept the net output without e-tags and schedules from SVEC. If PacifiCorp transmission does possess the information, please explain whether appropriate metering can be installed to allow this to happen.

1st Supplemental Response to SVEC Data Request 1.26

PacifiCorp continues to object to this request as not reasonably calculated to lead to the discovery of admissible evidence. PacifiCorp is the respondent in this proceeding. In its Complaint, Surprise Valley did not identify PacifiCorp's capability to accept the net output, presumably of the Paisley Project, without e-tags and schedules from SVEC as an issue. Additionally, Surprise Valley has yet to file its direct testimony, so PacifiCorp has no reason to present a witness on this issue. Fundamentally, the Complaint relates to the terms of the commercial arrangement in the power purchase agreement, not the capability of two utilities to exchange energy.

These issues would be governed by Federal Energy Regulatory Commission policy and PacifiCorp's open access transmission tariff, which includes provisions for unauthorized use of PacifiCorp's system. Accordingly, energy inputs to PacifiCorp's system must be associated with some sort of transmission or interconnection service. This can be accomplished through a direct interconnection to PacifiCorp's system, transmission arrangements to PacifiCorp's system, or flow from another system. All of those inputs are then associated with particular transmission service. On and off-system resources may be designated as network resources for network integration transmission service. Alternatively, transmission customers may purchase point to point transmission service to transfer energy into, through or out of PacifiCorp's system. Flow between balancing authority areas are metered to measure interchange. Utility to utility interconnections within a balancing authority area may or may not be metered. Surprise Valley's system interconnection to PacifiCorp near PacifiCorp's Mile-Hi Substation is metered at Surprise Valley's Lakeview substation using a Bonneville Power Administration unidirectional meter. This means that only flow into Surprise Valley's system is measured. Installation of a bidirectional meter between PacifiCorp's and Surprise Valley's systems would allow measurement of flow both into and out of Surprise Valley's system. Metering, by itself, does not change the flow of electrons, only the ability to measure that flow. Similarly, the capability to measure the flow of electrons into PacifiCorp's system does not provide transmission service, which has to be requested by a transmission customer.

That being said, for any issues related to transmission, PacifiCorp will likely present Richard Vail as a witness.

SVEC Data Request 1.27

Please admit or deny that the Paisley Project is within the PacifiCorp Balancing Authority. If admitted, please explain if PacifiCorp is the party that:

- (a) Has the responsibility to balance metered loads and generation both at the QF and the interconnection between the two utilities.
- (b) Would provide any imbalance service to integrate schedules if the QF output were wheeled to another party or to PacifiCorp's load.
- (c) Explain all of PacifiCorp's responsibilities as the Balancing Authority (BA).

Response to SVEC Data Request 1.27

The Paisley Project is located within the metered boundaries of the PacifiCorp West (PACW) Balancing Authority Area (BAA).

- (a) No. PacifiCorp has the responsibility to balance the metered load, generation, and interchange within the metered boundaries of the PACW BAA. The Balancing Authority is not responsible for balancing metered loads and generation at a QF and between interconnected utilities within the Balancing Authority Area.
- (b) No. Imbalance service is an ancillary service associated with the provision of open access transmission service, not the BAA. The utility providing ancillary services, including imbalance service, will depend on the utility providing the transmission service across that utility's system and whether the transmission customer chooses a self-supply option (if available). Accordingly, it is likely that Surprise Valley would provide imbalance service for wheeling Paisley Project output to PacifiCorp's system across the Surprise Valley system, and PacifiCorp would provide imbalance service to any transmission customer wheeling across the PacifiCorp system.
- (c) The North American Electric Reliability Corporation (NERC) Glossary of Terms, defines the term "Balancing Area" as:

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

Additionally under the PacifiCorp Open Access Transmission Tariff, as the Balancing Authority, PacifiCorp is the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a BAA, and supports interconnection frequency in real-time.

Other specific responsibilities of a Balancing Authority are defined in the NERC and Western Electricity Coordinating Council reliability standards, as they may be amended, and available at:

<http://www.nerc.com/pa/stand/Pages/ReliabilityStandardsUnitedStates.aspx?jurisdiction=United States>

A Balancing Authority in the Western Interconnection is also required to comply with certain requirements of the Reliability Coordinator, Peak Reliability.

SVEC Data Request 1.28

Provide a map of PacifiCorp's west BA Area within which Surprise Valley exists, and mark on the map and separately identify and list:

- (a) All generators in the BA.
- (b) All electric utilities with service territory within the BA, and for each such utility list all generators that are interconnected to the utility within PacifiCorp's BA or is transferred to a neighboring BA to ensure such load-resource balance.
- (c) For each generator listed in response to subparts (a) and (b) of this request, please identify the party that is responsible for metering the output of the generator and ensuring that the output will balance with loads with the BA.
- (d) For each generator listed in response to subparts (a) and (b) of this request, please explain whether PacifiCorp possesses the capability to (i) serve load with the PacifiCorp BA with an amount of electrical energy (kWh) equal to the generator's output, and (ii) transfer the output through an interchange transaction to a neighboring BA.

Response to SVEC Data Request 1.28

PacifiCorp objects to this request as not reasonably calculated to lead to the discovery of admissible evidence, and as requiring information not maintained in the ordinary course of business or development of a special study. Without waiving these objections, PacifiCorp responds as follows:

- (a) PacifiCorp does not currently have a map that contains all of the generators that are metered within the boundaries of the PacifiCorp West (PACW) Balancing Authority Area (BAA).
- (b) PacifiCorp does not currently have a map that covers all of the electric utilities with service territory within the metered boundaries of the PACW BAA.
- (c) PacifiCorp does not currently have a map that contains all of the generators that are metered within the boundaries of the PACW BAA.
- (d) PacifiCorp does not currently have a map that contains all of the generators that are metered within the boundaries of the PACW BAA.

SVEC Data Request 1.28

Provide a map of PacifiCorp's west BA Area within which Surprise Valley exists, and mark on the map and separately identify and list:

- (a) All generators in the BA.
- (b) All electric utilities with service territory within the BA, and for each such utility list all generators that are interconnected to the utility within PacifiCorp's BA or is transferred to a neighboring BA to ensure such load-resource balance.
- (c) For each generator listed in response to subparts (a) and (b) of this request, please identify the party that is responsible for metering the output of the generator and ensuring that the output will balance with loads with the BA.
- (d) For each generator listed in response to subparts (a) and (b) of this request, please explain whether PacifiCorp possesses the capability to (i) serve load with the PacifiCorp BA with an amount of electrical energy (kWh) equal to the generator's output, and (ii) transfer the output through an interchange transaction to a neighboring BA.

1st Supplemental Response to SVEC Data Request 1.28

After conferring with Surprise Valley's counsel, PacifiCorp provides the following supplemental response:

PacifiCorp continues to object to this request as not reasonably calculated to lead to the discovery of admissible evidence, and as requiring information not maintained in the ordinary course of business or development of a special study. Without waiving these objections, PacifiCorp responds as follows:

- (a) Please refer to Attachment SVEC 1.28 1st Supplemental for a list of generators within the PacifiCorp West (PACW) balancing authority area (BAA).
- (b) PacifiCorp also has some utilities that are connected to the PacifiCorp Transmission system and are located within the metered boundaries of the PACW BAA which include, all or parts of: City of Ashland, Oregon, Emerald People's Utility District (EPUD), Yakama Power, Columbia Basin Electric Cooperative, Public Utility District No. 1 of Clark County (Chelatchie Tap Load), and Surprise Valley Electrification Corp (SVEC). There are several other entities that may be connected at the distribution level depending upon system conditions, as an example, Pacific Gas & Electric (PG&E) has the capability of switching some of their load into the PacifiCorp system in the Northern California area or on the opposite, PacifiCorp load can be switched into PG&E's area. Some of these

smaller distribution level customers are not metered on an hourly basis and are considered within the metered boundaries of the BAA.

- (c) PacifiCorp does not have the requested information. The party responsible for metering the output of the generator is based on each interconnecting utility's interconnection procedures, or, in the case of legacy interconnections, agreement between the parties based on commercial arrangements. For all new generator interconnections, PacifiCorp designs, procures, constructs, installs and owns any system upgrades to its transmission or distribution system. Metering of generator output is generally directly assigned to the generator requesting interconnection, but owned and installed by PacifiCorp. Additionally, metering may be required under commercial arrangement for ownership, operation or power purchase agreements.
- (d) PacifiCorp does not have the requested information in that it calls for speculation regarding load service, transmission service, and system conditions. PacifiCorp, as the Balancing Authority, is required to balance in real time, area loads, resources and interchange. As a Balancing Authority, PacifiCorp does not "serve" load. Loads are served by load serving entities, generally retail electric utilities. PacifiCorp, as a transmission provider will transfer energy for transmission customers to provide for service to the customers' loads.

Load within the PACW BAA may be less than the net generation in any one hour. In that event, PacifiCorp would not have sufficient load within PACW to absorb electric energy equal to the net output of all generators on its system. In such circumstances, the Balancing Authority or Transmission Provider may redispatch generating units, or adjust interchange with neighboring Balancing Authority Areas. Similarly, PacifiCorp may not have the current capability to transfer output from every generator to any neighboring BA. PacifiCorp, as a transmission provider, will review any transmission service request to determine the necessary upgrades required to effectuate any requested transfer of energy from a generator to a neighboring Balancing Authority, pursuant to the terms of PacifiCorp's Open Access Transmission Tariff.

SVEC Data Request 1.31

Please admit or deny that PacifiCorp transmission agrees that the existing metering at the Paisley Project, the Point of Interconnection between Surprise Valley and PacifiCorp, and any other location is sufficient on at least an interim basis to sell the net output to PacifiCorp, provided that a power purchase agreement is in place with PacifiCorp. If PacifiCorp denies, please explain and provide all documents explaining why PacifiCorp is unable to accept the net output. If PacifiCorp agrees the metering is sufficient on an interim basis, please explain why it is inadequate for a long-term basis.

Response to SVEC Data Request 1.31

PacifiCorp objects to this request as unclear, overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence in that it asks for information unrelated to Surprise Valley's legal claims in the Complaint. Surprise Valley's complaint relates to the terms of power purchase agreement (PPA), not transmission service. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp's transmission function is not party to any wholesale sales of energy and cannot speak to whether the current metering is sufficient to effectuate a sale of the net output of the Paisley Project. The question also requires speculation regarding the terms of any power purchase agreement and delivery to PacifiCorp's electric system.

SVEC Data Request 1.31

Please admit or deny that PacifiCorp transmission agrees that the existing metering at the Paisley Project, the Point of Interconnection between Surprise Valley and PacifiCorp, and any other location is sufficient on at least an interim basis to sell the net output to PacifiCorp, provided that a power purchase agreement is in place with PacifiCorp. If PacifiCorp denies, please explain and provide all documents explaining why PacifiCorp is unable to accept the net output. If PacifiCorp agrees the metering is sufficient on an interim basis, please explain why it is inadequate for a long-term basis.

1st Supplemental Response to SVEC Data Request 1.31

Without waiving the objections to this data request in its initial response, PacifiCorp provides the following supplemental response:

As PacifiCorp explained in its initial response to this data request, PacifiCorp's transmission function is not party to any wholesale sales of energy and cannot speak to whether the current metering is sufficient to effectuate a sale of the net output of the Paisley Project. The question also requires speculation regarding the terms of any power purchase agreement and delivery to PacifiCorp's electric system.

A prerequisite to PacifiCorp's ability to purchase any output from the Paisley Project is Surprise Valley's arrangement for delivery of the Paisley Project's output to PacifiCorp's system. Because Surprise Valley and PacifiCorp ESM have not yet signed a PPA (for either a long-term or interim sale) that identifies Surprise Valley's proposed method of QF power delivery, PacifiCorp cannot determine whether existing metering or other facilities would be sufficient to effectuate a sale under that hypothetical PPA. Consequently, PacifiCorp Transmission cannot "admit or deny" whether PacifiCorp's own existing metering or other facilities are adequate to facilitate that hypothetical interim sale. Nor can PacifiCorp speak to the adequacy of facilities owned by other parties that Surprise Valley might use to deliver its power to PacifiCorp's system to enable such a sale.

In an attempt to answer the questions that may be underlying this data request, however, PacifiCorp provides the following hypothetical examples:

- On-System PPA. If Surprise Valley were to sign a standard on-system PPA that calls for direct interconnection between the Paisley Project and PacifiCorp's system, Surprise Valley would also need to sign an interconnection agreement with PacifiCorp Transmission requiring the construction of a radial line to directly interconnect the Paisley Project with PacifiCorp's system. Thus, with regard to this request's inquiry regarding the adequacy of facilities necessary for an interim or long-term sale, under this scenario, the facilities needed to accommodate the direct interconnection of the Paisley Project to PacifiCorp's system would be evaluated and addressed in the context of Surprise Valley's interconnection

request and interconnection agreement with PacifiCorp Transmission. Ultimately, PacifiCorp ESM would be able to purchase the output of the Paisley Project under a standard on-system QF PPA between Surprise Valley and PacifiCorp ESM and delivered to PacifiCorp's system through a direct interconnection governed by an interconnection agreement between Surprise Valley and PacifiCorp Transmission. This type of interconnection remains an option.

A separate transaction involving only PacifiCorp ESM and PacifiCorp Transmission involves the firm transmission service arrangements necessary to deliver the firm PPA power from (1) the point where Surprise Valley delivers its power to PacifiCorp's system to (2) PacifiCorp's load. Surprise Valley is not a party to the transmission service agreement that governs this delivery service.

- On-System PPA – Alternative. Surprise Valley has not sought a direct interconnection, so PacifiCorp has assisted Surprise Valley with the examination of other options. Because the Paisley Project is interconnected with Surprise Valley's system and Surprise Valley (the owner of the Paisley Project) is interconnected with PacifiCorp's system, PacifiCorp ESM has advised Surprise Valley that it is willing to sign an on-system PPA under which PacifiCorp ESM would purchase the amount of power that physically flows from Surprise Valley's system to PacifiCorp's system, up to the net output of the Paisley Project (minus station service and line losses). PacifiCorp and Surprise Valley have discussed this option, and the fact that it would require a bidirectional meter.

If Surprise Valley elected this type of alternative direct interconnection and were able to deliver the output of the Paisley Plant across Surprise Valley's system and to PacifiCorp's system on a firm basis, PacifiCorp ESM would be willing to sign a standard on-system PPA for the amount of power that Surprise Valley were able to deliver firm and eligible for the fixed prices under PacifiCorp Oregon Schedule 37.

If, however, Surprise Valley were unable to deliver the output of the Paisley Project to PacifiCorp's system on a firm basis, PacifiCorp ESM would be willing to enter into a PPA to purchase power from Surprise Valley on an as-available basis.

Under either of these scenarios, there is no interconnection request, interconnection study process or interconnection agreement between Surprise Valley and PacifiCorp Transmission on which the parties can rely for a traditional determination regarding necessary facilities. However, PacifiCorp Transmission has worked with PacifiCorp ESM and Surprise Valley to determine what types of facilities might be necessary to essentially form the equivalent of a direct interconnection and allow PacifiCorp to purchase the amount of power that physically flows from Surprise Valley's system to PacifiCorp's system. For example, PacifiCorp explored metering at the Paisley Project and installation of a bidirectional meter at Surprise Valley's Lakeview substation as an alternative arrangement. PacifiCorp believed that if the Surprise Valley were interested in this option, it might be possible to temporarily use a BPA unidirectional meter

(contingent on BPA's consent) to determine Surprise Valley's load for a period of time to measure the flow of electricity from Surprise Valley's system to PacifiCorp's system. This may suffice to effectuate this type of sale for an interim period, but a PacifiCorp bidirectional meter would ultimately need to be installed to measure any flow into PacifiCorp's system.

If Surprise Valley is interested in making this type of arrangement, PacifiCorp would be willing to resume discussions of this option.

- Off-System PPA. If Surprise Valley were to elect a standard off-system PPA, it would need to make the type of firm delivery arrangements required by the Company's standard off-system QF PPA. In other words, Surprise Valley needs to deliver the Paisley Project's power on a firm basis from the Paisley Project to a specified point of delivery on PacifiCorp's transmission system.

Surprise Valley could provide those firm transmission delivery arrangements itself, so long as the wheeling arrangements meet the requirements found in PacifiCorp's standard off-system PPA, including the various requirements for firm delivery and scheduling. PacifiCorp has discussed this option with Surprise Valley, but understands that Surprise Valley is not interested in making the arrangements required by PacifiCorp's standard off-system PPA. If Surprise Valley is interested in resuming discussion of this option, PacifiCorp is willing to resume discussions.

Under this scenario, there is no delivery service request, delivery service study process or delivery service agreement between Surprise Valley and any third party transmission provider(s) governing service over a third party system interconnected with PacifiCorp's system, or between Paisley and Surprise Valley governing delivery over the Surprise Valley system, on which Surprise Valley can rely to determine what types of facilities might be necessary to deliver the Paisley Project's power on a firm basis from the Paisley Project to a specified point of delivery on PacifiCorp's transmission system. Again, PacifiCorp Transmission has nevertheless worked with Surprise Valley to determine what types of facilities might be necessary to essentially form the equivalent of, for example, a point-to-point transmission service agreement that would traditionally be used by a QF to deliver its off-system PPA power to PacifiCorp's system. PacifiCorp is willing to continue these discussions if Surprise Valley is interested.

Alternatively, Surprise Valley could make arrangements with a third-party transmission provider for firm delivery of the Paisley Project's net output to PacifiCorp's system.

PacifiCorp has gone to great lengths to assist Surprise Valley in the development of different possible arrangements that might satisfy the various requirements found in its Oregon QF PPAs, and will continue to do so if Surprise Valley is interested.

SVEC Data Request 1.32

Please identify any additional metering that needs to be installed to identify the net output of power that will exist in PacifiCorp's balancing authority when the Paisley Project generates power. If such metering has not yet been planned or installed, please explain why PacifiCorp's transmission personnel have not recommended installation of such metering yet during requests for interconnection.

Response to SVEC Data Request 1.32

The Paisley Project is not interconnected to PacifiCorp's system, so there has not been a request for generation interconnection processed by PacifiCorp. Certain metering, SCADA and telemetry may be required for the Paisley Project if generation exceeds 3.0 megawatts (MW) consistent with the requirements of the California Independent System Operator regarding the Energy Imbalance Market. The Paisley Project is interconnected to Surprise Valley's system and PacifiCorp has no knowledge as to what additional metering may be required.

SVEC Data Request 1.35

Please provide a list of each individual employed or retained by PacifiCorp who has been involved in processing SVEC's request for interconnected operations allowing the delivery of the QF power and the request for a PURPA PPA. For each individual, please identify the job title, role in the negotiations, and classification as a marketing or transmission function employee under FERC's standards of conduct.

Response to SVEC Data Request 1.35

For individuals involved in processing Surprise Valley's request for a Public Utilities Regulatory Policy Act (PURPA) power purchase agreement (PPA), please refer to the table below. This table does not include those individuals involved in the subsequent dispute with Surprise Valley regarding the PURPA PPA.

Name	Title	Role	Function
Bruce Griswold	Director, Short-term Origination and Qualifying Facility (QF) Contracts	Power purchase agreement (PPA) negotiations (commercial)	Marketing
John Younie	Contract Administrator (no longer employed at PacifiCorp)	PPA negotiations (commercial)	Marketing
Doug Meeuwssen	Energy Market Trader	Transmission service for merchant	Marketing
Jim Portouw	Energy Market Trader (no longer employed at PacifiCorp)	Transmission service for merchant	Marketing
Michael Reid	Attorney (no longer employed at PacifiCorp)	PPA negotiations (legal)	Legal
Nathalie Wessling	Credit Manager (no longer employed at PacifiCorp)	PPA negotiations (credit review)	Credit

Surprise Valley has not requested any modification to its interconnected operations with PacifiCorp, other than to request that PacifiCorp study the impacts of the interconnection of the Paisley Project to Surprise Valley's system as an affected system. That request did not provide for the delivery of qualifying facility (QF) power.

SVEC Data Request 1.35

Please provide a list of each individual employed or retained by PacifiCorp who has been involved in processing SVEC’s request for interconnected operations allowing the delivery of the QF power and the request for a PURPA PPA. For each individual, please identify the job title, role in the negotiations, and classification as a marketing or transmission function employee under FERC’s standards of conduct.

1st Supplemental Response to SVEC Data Request 1.35

After conferring with Surprise Valley’s counsel, PacifiCorp provides the following supplemental response:

Below is a list of PacifiCorp employees and individuals retained by PacifiCorp that participated in processing SVEC’s request for a power purchase agreement, including settlement discussions following receipt of Surprise Valley’s April 16, 2015 demand letter, to the best of PacifiCorp’s knowledge.

Name	Title	Role	Function
Bruce Griswold	Director, Short-term Origination and Qualifying Facility (QF) Contracts	Power purchase agreement (PPA) negotiations (commercial)	Marketing
John Younie	Contract Administrator (no longer employed at PacifiCorp)	PPA negotiations (commercial)	Marketing
Doug Meeuwssen	Energy Market Trader	Transmission service for ESM	Marketing
Jim Portouw	Energy Market Trader (no longer employed at PacifiCorp)	Transmission service for ESM	Marketing
Michael Reid	Attorney (no longer employed at PacifiCorp)	PPA negotiations (legal)	Legal
Nathalie Wessling	Credit Manager (no longer employed at PacifiCorp)	PPA negotiations (credit review)	Credit
Randolph Murgo	Credit Specialist	PPA negotiations (credit review)	Credit
Sarah Wallace	General Counsel	Settlement discussions following receipt of Surprise Valley’s April 16, 2015 demand letter.	Legal
Matthew McVee	Assistant General Counsel	Settlement discussions following receipt of Surprise Valley’s April 16, 2015 demand letter.	Legal
Jeff Erb	Assistant General Counsel and Corporate Secretary	Settlement discussions following receipt of Surprise Valley’s April 16, 2015 demand letter.	Legal
Lisa Hardie	Attorney, Troutman Sanders	Settlement discussions following receipt of Surprise Valley’s April 16, 2015 demand letter.	Legal
Karen Kruse	Attorney, Troutman Sanders	Settlement discussions	Legal

		following receipt of Surprise Valley's April 16, 2015 demand letter.	
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PacifiCorp has also agreed to expand the scope of Surprise Valley's request to include all individuals that, to the best of PacifiCorp's knowledge, have participated on PacifiCorp's behalf regarding Surprise Valley's notification that PacifiCorp is an affected system due to the interconnection of the Paisley Project to Surprise Valley's system and the request by PacifiCorp's merchant function, Energy Supply Management (ESM), to PacifiCorp Transmission to designate the Paisley Project power purchase agreement as a network resource. PacifiCorp agrees to provide this information even though ESM, not Surprise Valley, is the party required to deliver QF power to load once a QF delivers that power to PacifiCorp's system, making Surprise Valley irrelevant to this element of QF power delivery. In that regard, Surprise Valley has not submitted to PacifiCorp Transmission any transmission service request or any request related to delivery of energy other than its notice that PacifiCorp would be an affected system following the interconnection of the Paisley Project to Surprise Valley's system.

Name	Title	Role	Function
Eric Birch	Transmission Services (no longer employed at PacifiCorp)	Relay Setting Report following affected system study requested by Surprise Valley	Transmission
Phil Ricker	Protection & Control (no longer employed at PacifiCorp)	Relay Setting Report following affected system study requested by Surprise Valley	Transmission
Nitu Iyer	Contractor, Protection & Control	Relay Setting Report following affected system study requested by Surprise Valley	Transmission
Veronica Stofiel	Transmission Account Manager	Evaluate transmission request for new designated resource for ESM	Transmission
Paul Tien	Senior Business Analyst	Evaluate transmission request for new designated resource for ESM	Transmission
Howard Farris	Project Manager	Evaluate transmission request for new designated resource for ESM	Transmission
Glenn Fortner	Senior Area/Transmission Planner	Evaluate transmission request for new designated resource for ESM	Transmission
John Aniello	Project Manager	Evaluate transmission request for new designated resource for ESM	Transmission
Justin Krueger	Project Management	Evaluate transmission request for new designated resource for ESM	Transmission
John Mark	Principle Engineer, Metering	Evaluate transmission	Transmission

	Engineering	request for new designated resource for ESM	
Tom Fishback	Project Manager	Evaluate transmission request for new designated resource for ESM	Transmission
Maggie Hodny	Manager, Property, RE Transmission	Evaluate property acquisition requirements for transmission request for new designated resource for ESM	Transmission
Brian King	Manager, Environmental, PP T&D Environmental	Evaluate environmental issues related to property acquisition requirements for transmission request for new designated resource for ESM	Transmission
Jana Mejdell	Director, Real Estate Management, Real Estate Management	Evaluate property acquisition requirements for transmission request for new designated resource for ESM	Property
Laura Raypush	Transmission Account Manager	Transmission Agreement Impacts of Settlement Proposal	Transmission
Brian Fritz	Director, Transmission Development	Evaluate transmission request for new designated resource for ESM	Transmission
Richard Vail	Vice President, Transmission, Transmission Services	Executive review of transmission contracts	Transmission
Patrick Cannon	Senior Counsel	Legal Support for Transmission	Legal

SVEC Data Request 1.36

Please explain whether PacifiCorp has treated the request for interconnected operations allowing delivery of the Paisley Project's net output to PacifiCorp as a FERC jurisdictional interconnection, and if not why not. Please provide all documents related to the interconnected operations that PacifiCorp has filed with FERC in the last 24 months.

Response to SVEC Data Request 1.36

PacifiCorp is not aware of any request from Surprise Valley for interconnected operations allowing delivery of the Paisley Project's net output to PacifiCorp. The Paisley generator is interconnected to Surprise Valley's system, not PacifiCorp's transmission system. PacifiCorp was notified on February 6, 2013, that Surprise Valley's interconnection of the Paisley Project may potentially impact PacifiCorp's system. In that notice, Surprise Valley indicated that the only material change required would be the replacement of a BPA meter to address light loading conditions on the Surprise Valley system when excess generation from the Paisley Project may be fed into the PacifiCorp system. A request to review, as an affected system, potential impacts from generation interconnected to another system is not a request for transmission service or delivery of generation from one system or another. PacifiCorp has not filed any documents with the Federal Energy Regulatory Commission (FERC) related to interconnected operations with Surprise Valley in the last 24 months.

SVEC Data Request 1.39

Please refer to PacifiCorp's Answer, paragraph 38, which states that "[t]he treatment of the Paisley Project as a pseudo on-system resource was a settlement position"
Please provide all documents that support the statement that the proposal "was a settlement position."

Response to SVEC Data Request 1.39

Please refer to the Company's response to SVEC Data Request 1.2; specifically, see Attachment SVEC 1.2 outlining the terms and conditions for off-system qualifying facilities (QF). Additionally, please refer to Code of Federal Regulations (CFR) 18 292.304, Oregon Administrative Rule (OAR) 860-0029-0030(4), Portland General Electric Company v. Oregon Energy Company, Docket No. UC-315, Order No. 98-238 (June 12, 1998), and Portland General Electric Company v. Oregon Energy Company, Docket No. UC-315, Order No. 98-055 (February 17, 1998). Please also refer to PacifiCorp's response to SVEC Data Request 1.40.

SVEC Data Request 1.41

Please refer to PacifiCorp's Answer, paragraph 48-49. Please confirm that PacifiCorp informed Surprise Valley that it had determined that an on-system power purchase agreement was the appropriate format for purchasing the net output of the Paisley Project.

Response to SVEC Data Request 1.41

PacifiCorp confirms that on December 30, 2013, John Younie stated that an on-system power purchase agreement (PPA) was the appropriate format for purchasing the net output of the Paisley Project prior to review of all of the transmission issues with PacifiCorp merchant's transmission desk. Please refer to Attachment SVEC 1.41. Please also refer to the Company's response to SVEC Data Request 1.40.

SVEC Data Request 1.42

Reference PacifiCorp's Standard Off-System PPA at Addendum W, page 1, stating: "WHEREAS, Seller's Facility is not located within the control area of PacifiCorp". Please explain how this addendum could apply when the Paisley project is located in PacifiCorp's BAA. Is it PacifiCorp's position that any QF not directly connected to PacifiCorp's system must provide PacifiCorp with imbalance service or other non-QF electricity as a precondition to selling its net output to PacifiCorp?

Response to SVEC Data Request 1.42

The reference cited is in a recital to Addendum W. Addendum W also states that the "Seller's Facility will not interconnect directly to PacifiCorp's system..." The power purchase agreement (PPA) discusses transmitting utilities, without distinction as to whether the transmitting utility is within the PacifiCorp control area (aka balancing authority area (BAA)) or in another control area.

SVEC Data Request 1.42

Reference PacifiCorp's Standard Off-System PPA at Addendum W, page 1, stating: "WHEREAS, Seller's Facility is not located within the control area of PacifiCorp". Please explain how this addendum could apply when the Paisley project is located in PacifiCorp's BAA. Is it PacifiCorp's position that any QF not directly connected to PacifiCorp's system must provide PacifiCorp with imbalance service or other non-QF electricity as a precondition to selling its net output to PacifiCorp?

1st Supplemental Response to SVEC Data Request 1.42

After conferring with Surprise Valley's counsel, PacifiCorp provides the following supplemental response:

PacifiCorp had not taken the position that a qualifying facility (QF) not directly connected to PacifiCorp's system must provide PacifiCorp with imbalance service or other non-QF electricity as a precondition to selling its net output to PacifiCorp. It is PacifiCorp's position that off-system QFs must provide firm delivery of the net output of the QF to PacifiCorp's system, or agree to sell only that amount that actually and measurably flows into PacifiCorp's system. Imbalance service is generally an ancillary service to ensure firm delivery, but such service is between the transmitting utility and QF.

SVEC Data Request 1.43

Reference PacifiCorp's Standard Off-System PPA at Addendum W, page 3, stating: (1) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service; (2) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service; (3) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

- (a) Please admit or deny that as the BA in the location of the Paisley project, PacifiCorp (not SVEC) is the party that would offer or otherwise provide imbalance service.
- (b) Please provide all documents filed with FERC that require a generator within PacifiCorp's BA to purchase imbalance service as condition of delivering electrical output to PacifiCorp's system that will be used to serve PacifiCorp's load in the BA. In no such documents exist, please explain what basis PacifiCorp possesses to require a generator to pay PacifiCorp Transmission for imbalance service as a condition of PacifiCorp accepting the output generated in PacifiCorp's BA.
- (c) Please provide all documents and other evidence that SVEC will require its own Paisley project to provide imbalance service or schedule the output in whole MW increments each hour in order to transfer the output to a point of interconnection the PacifiCorp-owned transmission or distribution facilities.

Response to SVEC Data Request 1.43

- (a) Denied. Imbalance service is an ancillary service related to transmission service across a utility's electric system.
- (b) No documents filed with the Federal Energy Regulatory Commission (FERC) require a generator to purchase imbalance service. The transmitting utility must provide firm delivery to PacifiCorp's system, including necessary ancillary services such as scheduling, outages, curtailments and imbalance. Surprise Valley, as the transmitting utility and qualifying facility, would not pay PacifiCorp Transmission for imbalance service on the Surprise Valley system.
- (c) PacifiCorp has not such documentation.

SVEC Data Request 1.44

Reference PacifiCorp's Standard On-System PPA. Please identify each provision of this agreement that disqualifies the Paisley project for this standard contract, and explain in detail why PacifiCorp is unwilling to sign this standard contract for the Paisley project.

Response to SVEC Data Request 1.44

The Paisley Project may qualify for PacifiCorp's Standard On-System qualifying facility (QF) power purchase agreement (PPA) for QF's less than 10 megawatts (MW), if Surprise Valley had a system interconnection agreement with PacifiCorp and for the net amount of energy flowing into PacifiCorp's system at the Point of Delivery (POD). Due to Surprise Valley's load, the amount flowing into PacifiCorp's system would not be the entire net output of the Paisley Project and would depend on the hourly Surprise Valley load on the same portion of the Surprise Valley system as the Paisley Project.

SVEC Data Request 1.45

Reference PacifiCorp's Standard On-System PPA at sections 1.32 and 8.2, stating:

1.32 **“Point of Delivery”** means the high side of the Seller's step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp's distribution/transmission system, as specified in the Generation Interconnection Agreement, *or, if the Facility is not interconnected directly with PacifiCorp, the point at which another utility will deliver the Net Output to PacifiCorp as specified in **Exhibit B**.*

8.2 Metering shall be performed at the location and in a manner consistent with this Agreement and as specified in the Generation Interconnection Agreement, *or, if the Net Output is to be wheeled to PacifiCorp by another utility, metering will be performed in accordance with the terms of PacifiCorp's interconnection agreement with such other utility.* All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any between the point of metering and the Point of Delivery, so that the purchased amount reflects the net amount of energy flowing into PacifiCorp's system at the Point of Delivery.

- (a) Please explain why these provisions cannot accommodate the Paisley project?
- (b) Please explain why PacifiCorp transmission personnel are unable to engineer metering equipment at any point(s) interconnection between SVEC and PacifiCorp in a manner that would allow any existing interconnection between the two utilities to serve as the Point of Delivery to PacifiCorp of the Paisley project's output under the PPA.

Response to SVEC Data Request 1.45

- (a) Please refer to the Company's response to SVEC Data Request 1.44.
- (b) The premise of the question is incorrect. PacifiCorp is willing to install a bi-directional meter at the point of interconnection between the Surprise Valley and PacifiCorp electrical systems at Surprise Valley's Lakeview substation. The existing meter is owned by the Bonneville Power Administration (BPA) and only measures flows in one direction, from PacifiCorp's electric system to Surprise Valley's electric system. Installation of a bi-directional meter would measure any flows into PacifiCorp's system.

SVEC Data Request 1.46

Please refer to PacifiCorp's Answer at paragraph 13, stating that a BA's scope of operations relates solely to the reliability of transmission services for the benefit of transmission customers.

- (a) Please explain why PacifiCorp, acting as the BA, cannot provide the metering services necessary to PacifiCorp merchant that would enable PacifiCorp merchant to accept the output of a generator in the BA and serve load with that output.
- (b) Under PacifiCorp Merchant's network integration transmission service agreement, please explain why PacifiCorp Transmission cannot designate the Paisley project as a network resource to serve PacifiCorp's network load at this time.
- (c) Please explain what requirements in Section 30 of PacifiCorp's OATT are not currently met in order to allow PacifiCorp to designate the Paisley project as a network resource. For each such item, please identify the date on which PacifiCorp Merchant notified SVEC of the deficiency and explained what additional information or actions were needed by SVEC in order to designate the Paisley project as a network resource to service PacifiCorp load.

Response to SVEC Data Request 1.46

- (a) The Balancing Authority (BA) is not responsible for installing metering; it monitors generation, load and interchange within the Balancing Authority Area (BAA). The BA may require telemetry from certain meters for reliability purposes. Metering is provided by the interconnecting utility.
- (b) There are no restrictions under the Open Access Transmission Tariff (OATT) that would disallow designation of any resource as a Network Resource. PacifiCorp energy supply management (ESM) would submit a request to designate the resource, or a power purchase agreement (PPA) for generation from the resource, as a Network Resource. PacifiCorp Transmission would study the impacts to PacifiCorp's electric system based on the specific nature of the resource. Costs associated with integrating the resource would depend on the results of the studies.
- (c) Per Section 30 of the OATT, in order for the resource to be designated as Network a corresponding PPA is required. PacifiCorp and Surprise Valley have not agreed to the terms of a qualifying facility (QF) PPA, the amount of net output that Surprise Valley can deliver to PacifiCorp's system, or the form of delivery.

SVEC Data Request 1.46

Please refer to PacifiCorp's Answer at paragraph 13, stating that a BA's scope of operations relates solely to the reliability of transmission services for the benefit of transmission customers.

- (a) Please explain why PacifiCorp, acting as the BA, cannot provide the metering services necessary to PacifiCorp merchant that would enable PacifiCorp merchant to accept the output of a generator in the BA and serve load with that output.
- (b) Under PacifiCorp Merchant's network integration transmission service agreement, please explain why PacifiCorp Transmission cannot designate the Paisley project as a network resource to serve PacifiCorp's network load at this time.
- (c) Please explain what requirements in Section 30 of PacifiCorp's OATT are not currently met in order to allow PacifiCorp to designate the Paisley project as a network resource. For each such item, please identify the date on which PacifiCorp Merchant notified SVEC of the deficiency and explained what additional information or actions were needed by SVEC in order to designate the Paisley project as a network resource to service PacifiCorp load.

SVEC Data Request 1.46 – 1st Supplemental Request

The following supplemental request for subparts (b) and (c) was sent in an email from Surprise Valley's counsel on November 23, 2015:

- (b) Refer to PacifiCorp's response to SVEC Data Request 1.46(b). PacifiCorp's response is generic and does not answer "why PacifiCorp Transmission cannot designate the Paisley project as a network resource to serve PacifiCorp's network load at this time." Please respond regarding the Paisley project.
- (c) Refer to PacifiCorp's response to SVEC Data Request 1.46(c). Surprise Valley requested that PacifiCorp "explain what requirements in Section 30 of PacifiCorp's OATT are not currently met in order to allow PacifiCorp to designate the Paisley project as a network resource. For each such item, please identify the date on which PacifiCorp Merchant notified SVEC of the deficiency and explained what additional information or actions were needed by SVEC in order to designate the Paisley project as a network resource to service PacifiCorp load". The response identified the alleged requirements, but did not identify the date upon which PacifiCorp Merchant notified Surprise Valley of the deficiency or explained what additional information or actions were needed by Surprise Valley in order to designate the Paisley project as a network resource to service PacifiCorp load. Please provide a complete response.

1st Supplemental Response to SVEC Data Request 1.46

In response to Surprise Valley's supplemental requests, dated November 23, 2015, the Company responds as follows:

- (b) PacifiCorp Transmission cannot designate the Paisley Project as a network resource under PacifiCorp energy supply management's (ESM) network integration transmission service agreement because there is no current request from the transmission customer, ESM, to designate the Paisley Project as a network resource.

Any transmission customer that wishes to have a generator designated as a network resource—whether that customer is ESM or some other transmission customer—must make this request to PacifiCorp Transmission, not the other way around.

ESM will submit a request to designate a generator as a network resource only under certain legally and commercially appropriate conditions. Please refer to the Company's response to subpart (c) below.

- (c) Any deficiencies in Surprise Valley's planned or intended transmission arrangements can be alleviated by Surprise Valley's agreeing to comply with the terms and conditions of the Company's standard Oregon off-system power purchase agreement (PPA). A copy of the Company's standard off-system PPA, containing the applicable terms and conditions, was provided to Surprise Valley on November 6, 2014. The PPA has also been publicly available to qualifying facilities (QF) for over a decade, allowing any QF considering a PPA with PacifiCorp to view the PPAs terms and conditions and make its own judgment about whether it can comply with those terms and conditions. Please also refer to the Company's response to SVEC Data Request 7.4; specifically Attachment SVEC 7.4, notifying Surprise Valley that PacifiCorp will not accept a swap, and the outstanding issue of delivery arrangements to PacifiCorp's system.

With respect to Surprise Valley's request that PacifiCorp specifically identify any deficiencies in Surprise Valley's proposed transmission arrangements vis-à-vis the requirements of Open Access Transmission Tariff (OATT) Section 30, it is not clear to PacifiCorp that Surprise Valley has made any specific, commercially recognizable arrangements for delivery of QF power to PacifiCorp's system at all, let alone the type of firm transmission arrangements that would allow ESM to submit a request to PacifiCorp Transmission to designate the Paisley Project as a network resource. Moreover, even if PacifiCorp were able to give Surprise Valley information about Surprise Valley's own distribution system, which it is not, PacifiCorp is not required to provide Surprise Valley with details or information regarding Surprise Valley's transmission service over Surprise Valley's own system.

Surprise Valley appears not to understand why the terms and conditions of the off-system PPA, which have been made available to the public for years, are relevant to a

request for network resource status under the OATT. There are a number of reasons the requirements of the PPA are important.

As explained in the Company's response to subpart(b) above, ESM does not have a pending request that PacifiCorp Transmission designate the Paisley Project as a network resource. ESM and Surprise Valley have not agreed to commercial terms regarding delivery to PacifiCorp's system.

In addition, given the continuing dispute, ESM cannot request that the Paisley Project be designated as a network resource. For example, per the terms of PacifiCorp's OATT, Section 30.6, necessary arrangements must first be made to deliver capacity and energy from a designated network resource not physically interconnected to PacifiCorp's system to PacifiCorp's system. In the case of a QF, the QF—not ESM—must make these delivery arrangements. Both the OATT and PacifiCorp's Oregon QF PPAs require these arrangements to be commercially appropriate, firm transmission arrangements. ESM can then make a request to PacifiCorp Transmission to designate the QF resource as a network resource and attest to the fact that, among other things, appropriate firm transmission arrangements are in place on external transmission system(s) as necessary to deliver off system power to PacifiCorp's transmission system. ESM cannot currently make the network resource request, however, because Surprise Valley has not agreed to the terms of PacifiCorp's off-system qualifying facility power purchase agreement, including the required transmission arrangements.

If Surprise Valley were to make transmission arrangements consistent with the terms and conditions of PacifiCorp's standard off-system QF power purchase agreement (and Surprise Valley were willing to agree to the remaining terms and conditions of the PPA, allowing for execution of the PPA), ESM would be able to submit a request to PacifiCorp Transmission to designate the Paisley Project as a network resource.

Although PacifiCorp has no obligation to provide Surprise Valley with information about how to make transmission arrangements across Surprise Valley's own system, a system PacifiCorp does not own or operate, PacifiCorp would be happy to once again discuss the requirements of the off-system PPA with Surprise Valley.

SVEC Data Request 1.47

Please reference PacifiCorp's OATT at section 30.6, stating,

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

- (a) Please describe in detail the "reasonable efforts" PacifiCorp Transmission has taken to assist PacifiCorp Merchant in obtaining the arrangements necessary to accommodate the delivery of the Paisley project's output to the PacifiCorp's system. For each action PacifiCorp Transmission has taken to assist PacifiCorp Merchant, please explain in detail how the applicable requirements of PacifiCorp Transmission were communicated to SVEC, including all supporting documents.
- (b) Is it PacifiCorp Transmission's position that in order to designate the Paisley project as a network resource, SVEC must supply "scheduling," "imbalance," and "eTags" in order for the QF to be designated as a network resource, as alleged in PacifiCorp's Answer at page 3 n. 5. If yes, please identify the provision of PacifiCorp's OATT that allows PacifiCorp Transmission to demand that a generator located within its BA provide these services as a condition to being designated a network resource to serve load within the BA.

Response to SVEC Data Request 1.47

PacifiCorp objects to this request as unclear, overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence in that it asks for information unrelated to Surprise Valley's legal claims in the Complaint. Surprise Valley's complaint relates to the terms of power purchase agreement (PPA), not network transmission service under PacifiCorp's Open Access Transmission Tariff (OATT).

SVEC Data Request 1.47

Please reference PacifiCorp's OATT at section 30.6, stating,

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

- (a) Please describe in detail the "reasonable efforts" PacifiCorp Transmission has taken to assist PacifiCorp Merchant in obtaining the arrangements necessary to accommodate the delivery of the Paisley project's output to the PacifiCorp's system. For each action PacifiCorp Transmission has taken to assist PacifiCorp Merchant, please explain in detail how the applicable requirements of PacifiCorp Transmission were communicated to SVEC, including all supporting documents.
- (b) Is it PacifiCorp Transmission's position that in order to designate the Paisley project as a network resource, SVEC must supply "scheduling," "imbalance," and "eTags" in order for the QF to be designated as a network resource, as alleged in PacifiCorp's Answer at page 3 n. 5. If yes, please identify the provision of PacifiCorp's OATT that allows PacifiCorp Transmission to demand that a generator located within its BA provide these services as a condition to being designated a network resource to serve load within the BA.

1st Supplemental Response to SVEC Data Request 1.47

- (a) Under the transmission service request study process, PacifiCorp Transmission completed the required planning and engineering studies to determine what infrastructure additions would be required to designate a power purchase agreement (PPA) for the Paisley Project as a network resource to serve PacifiCorp's retail load. Associated with this PacifiCorp Transmission tendered a construction agreement which was signed by the parties that initiated the work required under the transmission service request to provide service. Additionally, PacifiCorp Transmission negotiated an arrangement with Bonneville Power Administration (BPA) for PacifiCorp's use of existing BPA meters in the area that allowed Surprise Valley to operate the generator before full implementation of the work required under the transmission service agreement. PacifiCorp Transmission also participated in certain discussions with Surprise Valley and the BPA to assist settlement efforts.

While Surprise Valley participated in a number of discussions with PacifiCorp Transmission and PacifiCorp Energy Supply Management (ESM), PacifiCorp ESM

was the transmission customer. PacifiCorp ESM's request to designate a Paisley Project PPA as a network resource related to transmission service across PacifiCorp's system only. Accordingly, all information specifically related to the request was provided to PacifiCorp ESM. PacifiCorp Transmission does not have access to information that may have been communicated between PacifiCorp ESM and Surprise Valley.

- (b) No. PacifiCorp's answer refers to the tariff requirement in Section 30.6 "Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Providers." The section requires the transmission customer to acquire transmission service across the transmission system to which the generator is physically connected. Under the terms of the Network Integration Transmission Service Agreement between PacifiCorp ESM and PacifiCorp Transmission, PacifiCorp ESM is required to provide schedules for all network resources under Schedule 1 of the Open Access Transmission Tariff. The arrangements for delivery to PacifiCorp's system are part of the commercial arrangement between the transmission customer, in this case PacifiCorp ESM, and the generator/seller.

SVEC Data Request 1.48

Please reference PacifiCorp Transmission's Business Practice #9, Network Load and Network Resource Additions. Please provide the list of Designated Network Resources referenced on page 3. Please provide the following additional information for each resources listed:

- (a) The utility to which the resource is directly interconnected;
- (b) For each resource that is not directly interconnected to PacifiCorp, but is located in PacifiCorp's BA, explain what transmission arrangements PacifiCorp Transmission required for delivery to PacifiCorp's system prior to designating the resource as a network resource. Provide a copy of all such transmission arrangements or contracts for designated network resources located within PacifiCorp's BA but not directly interconnected to PacifiCorp's system.

2nd Supplemental Response to SVEC Data Request 1.48

Surprise Valley's legal counsel has requested additional clarification regarding PacifiCorp's 1st Supplemental Response to SVEC Data Request 1.48(b). PacifiCorp's 1st Supplement Response to (b) stated:

The PacifiCorp open access transmission tariff (OATT) under Section 30.6 requires the network customer to acquire the necessary arrangements required to deliver capacity and energy from a network resource not physically connected with the transmission provider's transmission system. However, the OATT does not require the network customer to provide proof of this arrangement of service. Therefore, PacifiCorp does not have information related to the arrangements made between the network customer and the non-PacifiCorp transmission provider/owner.

As clarification, PacifiCorp Transmission does not have any specific requirements for a transmission customer's transmission arrangements across third-party systems. It is the responsibility of the transmission customer to make the necessary arrangements to designate the resource or purchase as a network resource, as defined in the transmission provider's OATT. A network resource is defined in PacifiCorp's OATT as a resource that is not committed for sale to third parties or otherwise cannot be called upon to meet the network customer's network load on a non-interruptible basis. As Surprise Valley's legal counsel has noted, the Federal Energy Regulatory Commission has found that the necessary transmission arrangements are firm transmission or conditional-firm transmission service across third-party transmission systems. Firm transmission service meets the non-interruptible requirement in PacifiCorp's OATT.

As a point of clarification, PacifiCorp Transmission does have certain requirements regarding transmission arrangements for resources being pseudo-tied into the PacifiCorp

balancing authority area. Those requirements are articulated in Business Practice #66 (<http://www.oasis.oati.com/PPW/PPWdocs/BP66.pdf>).

Surprise Valley’s legal counsel also requested that PacifiCorp explain the transmission arrangements proposed by ESM for network resources that are not directly interconnected to PacifiCorp’s system, but are located in PacifiCorp’s balancing authority area. ESM’s off-system network resources are identified in PacifiCorp’s response to Surprise Valley Data Request 1.29. While Surprise Valley has already been provided copies of the transmission arrangements, below is a table summarizing what PacifiCorp Transmission received to support the delivery for each ESM off-system network resource identified in the request to designate the network resource.

Network Resource	Proposed Delivery in the Network Resource or Pseudo-Tie Request
Hermiston	The resource is delivered to the BPAT.PACW scheduling point via firm transmission arrangements across the Bonneville Power Administration (Bonneville) transmission system (Bonneville transmission reservation 94316). The specific location where the resource output enters the PacifiCorp transmission system is the Alvey 500 kV and Buckley 500 kV substations.
Chehalis	The resource is delivered via firm, dynamic transfer transmission rights on Bonneville’s system to PacifiCorp’s system. Chehalis is pseudo-tied into the PacifiCorp West balancing authority area.
Leaning Juniper	The resource is delivered via firm, dynamic transfer transmission rights on Bonneville’s system to PacifiCorp’s system. Leaning Juniper is pseudo-tied into the PacifiCorp West balancing authority area.
Goodnoe Hills	The resource is delivered via firm, dynamic transfer transmission rights on Bonneville’s system to PacifiCorp’s system. Goodnoe Hills is pseudo-tied into the PacifiCorp West balancing authority area.
Swift 1 and Swift 2	The resource is delivered to Bonneville’s system at Woodland Tap via AREF 811367. Bonneville’s firm point-to-point service is then used to deliver the resource to PacifiCorp's system to PacifiCorp’s West balancing authority area at either the Troutdale or Alvey Substation. The Swift facilities are pseudo-tied into the PacifiCorp West balancing authority area.
Colstrip	Colstrip predates requirement to submit requests to designate network resources. ESM holds legacy transmission arrangements with various parties including the Bonneville Power Administration and NorthWestern Energy. Colstrip is pseudo tied into both the PacifiCorp West and PacifiCorp East balancing authority areas.
Cholla 4	The request to designate Cholla 4 stated that the resource would

	<p>be delivered to PacifiCorp's system at the existing Four Corners 345 kV substation via the APS transmission system. Cholla is pseudo tied into the PacifiCorp East balancing authority area.</p>
Lower Valley	<p>See most recent network resource request (dated May 29, 2014) - Part B to Network Resource Status Request of 1.762 MW for Lower Valley Energy Inc. (AREF #79767231), provided in response to Surprise Valley Data Request 6.1.</p> <p>The Point of Receipt where title to the resource output is received by EMS is identified as the Goshen 161 kV substation on PacifiCorp's system. This is the specific location where the resource output will enter the PacifiCorp transmission system. The firm point-to-point transmission service for delivery of the resource to the location where the resource output will enter the PacifiCorp transmission system was identified as Bonneville Power Administration transmission reservation number 78866292.</p>

SVEC Data Request 2.1

Please refer to Schedule 37, Section 2.I.B.2. Please identify whether Surprise Valley has provided sufficient information regarding each of the informational requirements to obtain a power purchase agreement, including but not limited to the list identified below. If there are additional required information, please identify:

- (a) demonstration of ability to obtain QF status;
- (b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
- (c) generation technology and other related technology applicable to the site;
- (d) proposed site location;
- (e) schedule of monthly power deliveries;
- (f) calculation or determination of minimum and maximum annual deliveries;
- (g) motive force or fuel plan;
- (h) proposed on-line date and other significant dates required to complete the milestones;
- (i) proposed contract term and pricing provisions as defined in this Schedule (i.e., standard fixed price, renewable fixed price);
- (j) status of interconnection or transmission arrangements;
- (k) point of delivery or interconnection;

Response to SVEC Data Request 2.1

Surprise Valley has not provided all information required for the final draft power purchase agreement (PPA); specifically items (j) and (k) above. Please refer to Attachment SVEC 2.1.

Sch 37 Required Information	Status
(a) Demonstration ability to obtain QF status	Complete
(b) Design capacity (MW), station service requirements, and net amount of power delivered to the Company's electric system	Complete
(c) Generation technology and other related technology applicable to the site	Complete
(d) proposed site location	Complete
(e) Schedule of monthly power deliveries	Complete
(f) Calculation or determination of minimum and maximum annual deliveries	Complete
(g) Motive force or fuel plan	Complete
(h) proposed on-line date and other significant dates required to complete milestones	Complete
(i) proposed contract term and pricing provisions (i.e. fixed, deadband, gas indexed)	Complete
(j) Status of interconnection or transmission arrangement	<p>Incomplete.</p> <p>Surprise Valley has not provided transmission service arrangements for their off-system project.</p>
(k) point of delivery or interconnection	<p>Incomplete.</p> <p>Surprise Valley has not provided point of delivery under their transmission service arrangements for their off-system project.</p>

SVEC Data Request 2.2

If PacifiCorp disagrees that Surprise Valley has provided any of the general project information listed above, please identify when PacifiCorp informed Surprise Valley that the information was not provided or insufficient. Provide all supporting documents or correspondence.

Response to SVEC Data Request 2.2

PacifiCorp has informed Surprise Valley multiple times that the information was not provided or insufficient, dating back to September 12, 2013 through current. Please refer to Attachment SVEC 2.2 for copies of correspondence and documents.

From: Younie, John
To: lynnsvect@frontier.com
Subject: PPA Information
Date: Tuesday, August 06, 2013 11:04:00 AM
Attachments: [Consent Waiver.doc](#)
[Schedule 37 requirements.doc](#)

Lynn,

Attached are the table and the consent we discussed. If you could provide the interconnection queue number for your project that would be helpful. Let me know if you have any questions. Thanks.

Sch 37 Required Information	Provided	Comments by PacifiCorp
(a) Demonstration ability to obtain QF status		
(b) Design capacity (MW), station service requirements, and net amount of power delivered to the Company's electric system		
(c) Generation technology and other related technology applicable to the site		
(d) proposed site location		
(e) Schedule of monthly power deliveries		
(f) Calculation or determination of minimum and maximum annual deliveries		
(g) Motive force or fuel plan		
(h) proposed on-line date and other significant dates required to complete milestones		
(i) proposed contract term and pricing provisions (i.e. fixed, deadband, gas indexed)		
(j) Status of interconnection or transmission arrangement		
(k) point of delivery or interconnection		
Additional Required Information		
FERC License		
Production water rights		
ETO funding, REC ownership status		

From: Younis, John
To: Lynn Culp
CC: Brad Kresge; Jim Hays
Subject: RE: PPA Information
Date: Thursday, September 12, 2013 10:52:00 AM

Lynn,

Below is a link to the FERC website for Qualifying facilities. You will need to submit FERC Form 556 to get your QF number.

<http://www.ferc.gov/industries/Electric/gen-info/qual-fac.asp>

From: Lynn Culp [mailto:lynnscv@frontier.com]
Sent: Wednesday, September 11, 2013 11:21 PM
To: Younis, John
CC: Brad Kresge; Jim Hays
Subject: RE: PPA Information

Hi John,

Attached is the PPA info worksheet, still have a few blanks to complete, but thought I would get this to you so you could review. I am attaching a number of files that answer questions you have asked.

Thanks, Lynn

From: Younis, John
Sent: Friday, August 23, 2013 9:38 AM
To: Lynn Culp
CC: Brad Kresge; Jim Hays
Subject: RE: PPA Information

Lynn,

See my attached comments. I added another column for your next round of comments and information. I think the most important thing to provide is the motive force plan. Also, below is a link to Oregon Schedule 37 for pricing options.

http://www.pacificpower.net/content/dam/pacific_power/doc/About_Us/Rates_Regulation/Oregon/schedule37_Tariffs/Rate_Schedules/avoided_cost_purchase_from_qualifying_facilities_of_10_000_kw_or_less.pdf

From: Lynn Culp [mailto:lynnscv@frontier.com]
Sent: Thursday, August 22, 2013 10:17 PM
To: Younis, John
CC: Brad Kresge; Jim Hays
Subject: RE: PPA Information

Hi John,

Attached is the Sched 37 required information, I did not understand a couple of the questions, please advise on those. One other I will get info for, but wanted to get this off to you. Thanks, Lynn

From: Younis, John
Sent: Tuesday, August 06, 2013 11:04 AM
To: lynnscv@frontier.com
Subject: PPA Information

Lynn,

Attached are the table and the consent we discussed. If you could provide the interconnection queue number for your project that would be helpful. Let me know if you have any questions. Thanks.

From: Younie, John
To: "Lynn Culp"
Cc: [Mike Long](#); [Chun Chin](#); [Jim Hays](#); [Brad Kresge](#); [Jeff Mann](#); [Dan \(BPA\) - PSE-BEND Bloyer](#); [Eric Taylor](#)
Subject: RE: Surprise Valley PPA
Date: Monday, December 30, 2013 11:10:00 AM

Lynn,

I will have to get back to you on transmission items; my transmission manager is out of the office this week. I am working on a new "on-system" PPA, replacing the "off-system" PPA that I had previously provided. We determined that the on-system PPA was the appropriate format for this deal. One thing we will need is an estimate of line losses on your 69 KV transmission line between the generation meter and the POD meter. I will follow-up on transmission items next week.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Monday, December 30, 2013 7:48 AM
To: Younie, John
Cc: [Mike Long](#); [Chun Chin](#); [Jim Hays](#); [Brad Kresge](#); [Jeff Mann](#); [Dan \(BPA\) - PSE-BEND Bloyer](#); [Eric Taylor](#)
Subject: Re: Surprise Valley PPA

Hello John, Hope you had a great Christmas.
Wondering how your internal meeting went concerning delivery from our Paisley geothermal plant. Are you able to comment at this time? Thanks, Lynn

From: [Younie, John](#)
Sent: Tuesday, December 17, 2013 4:21 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#) ; [Dan \(BPA\) - PSE-BEND Bloyer](#) ; [Eric Taylor](#)
Subject: RE: Surprise Valley PPA

Lynn,

We are scheduling an internal meeting to determine how to receive the generation from your Paisley geothermal generator. I will get back to you.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Friday, December 13, 2013 10:59 PM
To: Younie, John
Cc: [Mike Long](#); [Chun Chin](#); [Jim Hays](#); [Brad Kresge](#); [Jeff Mann](#); [Dan \(BPA\) - PSE-BEND Bloyer](#); [Eric Taylor](#)
Subject: Re: Surprise Valley PPA

Hello John,

I have reviewed the Bonneville Power Administration transmission agreements with BPA account executives and engineer. They have told me that neither of the agreements suggested (Use of Facilities and Transmission Service) are needed. BPA does not own any of

the equipment on this system except for the revenue meter at the plant and the meter at the 690 switch in Lakeview. The output should be metered at the plant and delivered to the 690 switch in Lakeview, with a reasonable loss factor for the transmission from the plant to Lakeview. The 2 to 2.5 MW produced at the plant is not a resource that contractually serves the SVEC load. SVEC is contractually purchasing power from BPA to serve SVEC's entire load.

I also would like PacifiCorp to clarify the first sentence of Addendum W, "Whereas, Seller's Facility is not within the control area of PacifiCorp." In discussions with both PacifiCorp and BPA we have been told that the facility is within PacifiCorp's balancing area. Can this be clarified? If the plant is confirmed to be in the PacifiCorp balancing area, what implications are there for scheduling? If PacifiCorp requires SVEC to schedule this resource, what is your scheduling protocol? BPA is not requiring scheduling since the resource does not reside in their BAA.

I would also like clarification on the next sentence of Addendum W, "Whereas Seller's Facility will not interconnect directly to PacifiCorp's System". Please clarify what PacifiCorp means by direct interconnection. SVEC's resource is not physically interconnected to PacifiCorp's system, however, SVEC's system directly connects to PacifiCorp at Lakeview. The resource itself must be wheeled across SVEC's system to get to Lakeview.

Thank you, Lynn

From: Younie, John

Sent: Tuesday, December 03, 2013 11:28 AM

To: Lynn Culp

Cc: Mike Long ; Chun Chin ; Jim Hays ; Brad Kresge ; Jeff Mann

Subject: RE: Surprise Valley PPA

Lynn,

Bruce reminded me that if you were using your generation to off-set your BPA delivery you would not be a QF. In order for you to be a QF you must deliver the net output of your generator to PacifiCorp, we cannot do an accounting transaction. In this case BPA will be required to deliver your generation to PacifiCorp's system either through a Transmission Service Agreement or a Use-of-Facilities Agreement. If expensive improvements are required at Mile High in order to receive your generation we may ask that the power be delivered somewhere else on our system. I will ask our Transmission Desk if Mile High is an acceptable delivery point. In the meantime you need to initiate the delivery process with BPA.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]

Sent: Monday, December 02, 2013 11:23 AM

To: Younie, John

Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann

Subject: Re: Surprise Valley PPA

See attached. Lynn

From: Younie, John

Sent: Monday, December 02, 2013 11:03 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

Could you send me a one-line diagram that shows the generator, metering, and point of delivery?

From: Lynn Culp [<mailto:lynnsvect@frontier.com>]
Sent: Monday, December 02, 2013 9:27 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

Hello John, I hope you had a nice Thanksgiving holiday.

Following are the items in the draft PPA we would like to discuss tomorrow. We wanted to provide them to you so you could know what we are looking at and be prepared for the call.

Clause 1.27 – Net Output - We are interconnecting and metering the plant at the 69 kV line adjacent to the Paisley Plant. We assume that this is the point that Net Output should be based on. Please confirm.

Clause 1.31 – Point of Delivery – We would like to discuss the Point of Delivery and Interconnection Point. We are assuming that this is the same location at the 69 kV line adjacent to the plant.

Clause 1.36 – Replacement Price – Please provide clarification on how the quantity of replacement energy will be determined. Is this calculated based on the Exhibit D-1 projection or is this amount calculated based on the Energy Imbalance Accumulation determined under the Settlement Period in Addendum W?

Clause 4.5 – Energy Delivery Schedule – Please provide clarification on the purpose of developing the Net Energy schedule in Exhibit D. Based on Addendum D, Seller will be developing a day ahead hourly forecast with Settlement over a one month period. Which of these monthly forecasts will be used to determine positive or negative energy balance?

Clause 4.2 and Clause 6.2 – Clause 4.2 notes that the Average Annual Generation can be modified, upon six month notice, every other Contract year. Clause 6.2 allows Seller to increase Net Output at any time upon at least six month notice. We want to discuss the requirements behind these requirements and impact on increase/decrease of projected generation.

Clause 5.4 – We would like to discuss the payment of Excess Output in relationship to the facility operation. Excess Output is defined as Net Output produced in excess of the Facility Capacity Rating. Facility Capacity Rating is defined as the nameplate capacity rating of the generator. We are

unclear on how the unit can generate in excess of a nameplate rating.

Addendum W – We would appreciate PacifiCorp discussion on the monthly settlement process and how positive and negative balances are settled.

Surplus Delivery – Please clarify the relationship between Addendum W definition and Clause 5.4. We would like to discuss the statement that PacifiCorp will accept Surplus Delivery, but shall not pay for it.

Section 8c – We would like to discuss the option of revising the Settlement Period to one year.

Thank you. Talk to you tomorrow. Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: Younie, John
Sent: Wednesday, November 27, 2013 3:01 PM
To: Lynn Culp
Cc: Mike Long ; Chun Chin ; Jim Hays ; Brad Kresge
Subject: RE: Surprise Valley PPA

Tuesday works best for me.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, November 27, 2013 2:39 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge
Subject: Surprise Valley PPA

Hello John,

I would like to have a phone conversation with you along with a couple of the gentlemen from Power Engineers who are assisting us with this project. We have a number of questions and clarifications with the PPA that we would like to discuss with you.

Are you available next Monday or Tuesday (11-1pm PT) or Wed (9-1pm PT). Any of those dates/times work for you?

Thank you. Looking forward to speaking with you. Have a great Thanksgiving. Lynn

From: Younie, John
To: "Lynn Culp"
Cc: Brad Kresge; Kirk Gibson; Mike Long
Subject: RE: Surprise Valley PPA
Date: Monday, January 06, 2014 3:52:00 PM

Lynn,

I am working on the new PPA with a revised Addendum W. Have you revised your generation estimate? Could you provide a copy of the estimated generation?

We don't sign open-ended PPAs anymore. We will sign PPAs with terms from 1 to 20 years, your make the call on the term. If 20 years the last five years are priced at an indexed rate.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, January 03, 2014 3:57 PM
To: Younie, John
Cc: Brad Kresge; Kirk Gibson; Mike Long
Subject: Surprise Valley PPA

Hello John,

We have continued to review the PPA you previously provided and understand you are working on a new one. We would like to be in the position to execute an agreement for the sale of power with PacifiCorp no later than the latter part of February 2014. To that end, we would like to suggest wording on a couple of the items that provide better clarity to our specific circumstances.

- 1) Recital A: include the words "and transmission facilities" following interconnection facilities.
- 2) Addendum W: second sentence, remove the word "not", so that sentence reads facility **will** interconnect directly to Pac System.

Also, concerning the length of the contract. We would like to add some flexibility in the outer years. Would PacifiCorp consider a contract with specific term of years, say 5, plus an annual evergreen each year after until terminated with 3 months notification? If not, please provide some guidance regarding what term and conditions Pac may be willing to consider.

Thank you, Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: [Griswold, Bruce {Mkt Function}](#)
To: [Lynn Culp](#)
Cc: [Reid, Michael](#); [Kirk Gibson](#); [Brad Kresge](#); [Erb, Jeff](#); [Till, Dustin](#); [Link, Rick {Mkt Function}](#); [Younie, John](#)
Subject: RE: SVE PPA Concern
Date: Tuesday, August 26, 2014 9:09:06 PM

Lynn

Going forward, please address your concerns on the PPA to me directly. John is addressing other QF PPA issues at the time. While I understand your issue, I want to be clear on the status of your requested Schedule 37 PPA. From the beginning of your request, PacifiCorp has attempted to address your ability to be qualified as a Schedule 37 PPA. We have held multiple meetings with your team, with BPA, with our transmission business and our metering department to find a solution for you actually physically delivering power to PacifiCorp's system. We have looked at your project being off-system and scheduling delivery, we have initiated a transmission service request with our transmission business to do a system impact study to assess options for metering and measuring your actual delivery under the assumption that the company can basically accept a physical swap of power at an alternative location. Nothing in PURPA obligates us to do a swap however we have expended a large effort to find a physical means to show that your project's generated power reaches our system. It does not. PacifiCorp is accommodating your generation through a swap with power that is coming from BPA to serve your load that we are delivering on BPA's behalf. PacifiCorp merchant has made it clear from our beginning discussions that we were not going to do any PPA that could not be physically metered and measured as having been delivered to PacifiCorp's system. That is the purpose of the system impact study and the involvement of our metering. As of today, we do not have a final confirmation on the metering, the cost of the metering, agreement in place on who pays for metering and whether that metering schemes without a doubt clearly shows that your project is delivering power to our system.

Regarding the status of the PPA. We have a redline from you. It is still in draft form and we have not agreed to final commercial terms and conditions to address metering and power true-up or the final form of the PPA with SVEC. There are outstanding items on metering, true ups between actual generation and deliveries to our system. We are reviewing the Oregon commission order from August 19 2014 with our attorneys and will respond on the status of your agreement relative to the August 19 2014 order in the near future. In the interim, we will continue moving forward to ensure that our customers are receiving your physical power.

If you have questions, call me at 503-813-5218.

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Lynn Culp [lynnsvec@frontier.com]
Sent: Tuesday, August 26, 2014 8:05 PM
To: Younie, John
Cc: Griswold, Bruce {Mkt Function}; Reid, Michael; Kirk Gibson; Brad Kresge
Subject: SVE PPA Concern

Hello John,

We understand that PacifiCorp reached an agreement on their Schedule 37 and has initiated the new rates effective 8/20. In our discussions with PacifiCorp throughout the Spring and Summer months this year, PacifiCorp represented that there was no concern whether the power supplied by the Paisley Project would be under the rate schedule then in effect (in place before this recent rate change). As you know we have been working on the PPA with PacifiCorp for many, many months now and numerous times SVEC has been made to wait for PacifiCorp to respond. The most recent revised agreement (sent to you on July 22) was sent with the collective understanding that it needed to be completed quickly because of the proposed rate change. I am sure you will recall the concerns raised by GM Brad Kresge's regarding the SVEC Board's questions surrounding the importance of receiving the rates that were in place when SVEC committed to the arrangement with PacifiCorp. The lack of response to our July 22 submittal of the agreement following the earlier discussions is disconcerting in light of the news of the approved rate change.

It is important that SVEC understand whether we still on track to execute the PPA with the Schedule 37 rates that were in place during all of our discussions. Please clarify PacifiCorp's position regarding the rates that will apply to the PPA with SVEC for the power generated by the Paisley Project as soon as practicable.

Thank you,
Lynn

SVEC Data Request 2.6

For each of the interconnection, affected system, facilities, system impact, and/or other transmission studies that PacifiCorp merchant requested be performed for the Paisley Project, please identify whether PacifiCorp merchant requested that any study be pulled, resubmitted, withdrawn or the dates otherwise be changed, when the request was made, and the reason for the request.

Response to SVEC Data Request 2.6

Please refer to Attachment SVEC 2.6, which contains each of the PacifiCorp merchant email requests and withdrawals with PacifiCorp transmission relating to the Paisley project.

From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans Ltr 1-27-14 Network Resource Status Req 3.7 MW for Surprise Valley 79220634
Date: Tuesday, February 04, 2014 12:27:14 PM

Available at the included hyperlink is PacifiCorp's correspondence to PacifiCorp Transmission Services - Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 to March 31, 2020 resource delivered on 69kV Lakeview Switch Pole near Lakeview Oregon - AREF 79220634, Dated January 27, 2014.

P8 Link - <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B770B4F44-01A0-442D-A276-6F160BC6FF5C%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,

Michael Liljenwall

Contract Coordinator

Marketing & Trading Contracts

Telephone: 503-813-5288

Fax: 503-813-6291

E-mail: Michael.Liljenwall@PacifiCorp.com

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From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans Ltr 3-21-14 Network Resource Status Req 3.7 MW Surprise Valley Electrification 79456228
Date: Thursday, March 27, 2014 3:04:35 PM

Available at the included hyperlink is Commercial and Trading correspondence to PacifiCorp Transmission Services - Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 to March 31, 2020 will be delivered to

PacifiCorp's system on the 69 kV Lakeview Switch (pole #9/2) near Lakeview, Oregon - AREF 79456228, Dated March 20, 2014.

P8 hyperlink: <http://p8.pacifiCorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7BA6C863A0-B78D-46CB-81A3-C6F2655C795E%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall
Contract Coordinator
Marketing & Trading Contracts
Telephone: 503-813-5288
Fax: 503-813-6291
E-mail: Michael.Liljenwall@PacifiCorp.com

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From: Liljenwall, Michael
To: C&T Contract Notice Distribution
Cc: Erb, Jeff; Reid, Michael
Subject: Doc Dist - Pac Trans Ltr 4-16-14 Withdrawn Network Resource Req 3.7 MW Surprise Valley 79220634 eff 4-9-14
Date: Wednesday, April 16, 2014 2:14:42 PM

Available at the included hyperlink is PacifiCorp's correspondence to PacifiCorp Transmission Services - WITHDRAWN Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 to March 31, 2020 resource delivered on 69kV Lakeview Switch Pole near Lakeview Oregon - AREF 79220634 Effective 4/9/14 - Letter dated April 14, 2014.

P8 hyperlink: <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B1E9343AD-551F-44E2-A2AE-0EE9A2EB8CA5%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall
Contract Coordinator
Marketing & Trading Contracts
Telephone: 503-813-5288
Fax: 503-813-6291
E-mail: Michael.Liljenwall@PacifiCorp.com

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From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans Ltr 4-23-14 Partially Executed SIS Agt Surprise Valley QF 4 MW 79456228
Date: Thursday, April 24, 2014 11:35:48 AM

Available at the included hyperlink is PacifiCorp's correspondence to PacifiCorp Transmission Services for PARTIALLY EXECUTED System Impact Study Agreement for Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 near Lakeview, Oregon - AREF 79456228 Dated April 22, 2014.

P8 hyperlink: <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B2BAD3320-CE90-409A-AE0D-AF4285ADD41D%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall
Contract Coordinator
Marketing & Trading Contracts
Telephone: 503-813-5288
Fax: 503-813-6291
E-mail: Michael.Liljenwall@PacifiCorp.com

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From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans Fully Executed STS Agt Surprise Valley QF 4 MW 79456228 dtd 4-28-14
Date: Monday, April 28, 2014 2:53:47 PM

Available at the included hyperlink is PacifiCorp Transmission Services - FULLY EXECUTED System Impact Study Agreement for Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 near Lakeview, Oregon - Effective 4/28/14 - 6/28/14 (60-day expected Report Due Date) under AREF 79456228, Agreement dated April 28, 2014.

P8 hyperlink: <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B2BAD3320-CE90-409A-AE0D-AF4285ADD41D%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall
Contract Coordinator
Marketing & Trading Contracts
Telephone: 503-813-5288
Fax: 503-813-6291
E-mail: Michael.Liljenwall@PacifiCorp.com

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From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans Ltr 7-29-14 Partially Executed FS Agt for Surprise Valley 4 MW 79456228
Date: Wednesday, July 30, 2014 2:14:22 PM

Available at the included hyperlink is PacifiCorp's correspondence to PacifiCorp Transmission Services PARTIALLY EXECUTED Facilities Study Agreement for Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. starting April 1, 2014 near Lakeview, Oregon - AREF 79456228 effective July 28, 2014.

P8 hyperlink: <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B0DD5C623-EB4F-4381-8B28-86A023128B44%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall

Contract Coordinator

Marketing & Trading Contracts

Telephone: 503-813-5288

Fax: 503-813-6291

E-mail: Michael.Liljenwall@PacifiCorp.com

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From: [Liljenwall, Michael](#)
To: [C&T Contract Notice Distribution](#)
Cc: [Erb, Jeff](#); [Reid, Michael](#)
Subject: Doc Dist - Pac Trans 7-30-14 Fully Executed FS Agt for Surprise Valley 4 MW 79456228
Date: Thursday, July 31, 2014 11:46:51 AM
Attachments: [RM Memo 7-31-14 Pac Trans - Fully Executed FS Agt for Surprise Valley Elect Corp 4 MW 79456228 dtd 7-30-14.pdf](#)

Available at the included hyperlink is PacifiCorp Transmission Services - EXECUTED Facility Study Agreement for Network Resource Surprise Valley Electrification Corp. 4 MW, AREF 79456228 Dated July 30, 2014. System Impact Study was completed 6/26/14. Report due (60-day) 9/28/14.

P8 hyperlink: <http://p8.pacificorp.us:1000/ContentCentral/getContent?objectStoreName=CORPORATE&objectType=document&vsId=%7B0DD5C623-FB4F-4381-8B28-86A023128B44%7D>

Please contact me if you have any questions or if you believe you have received this message in error.

Thank you,
Michael Liljenwall
Contract Coordinator
Marketing & Trading Contracts
Telephone: 503-813-5288
Fax: 503-813-6291
E-mail: Michael.Liljenwall@PacifiCorp.com

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APR 25 2014

TRANSMISSION SYSTEM IMPACT STUDY AGREEMENT

THIS TRANSMISSION SYSTEM IMPACT STUDY AGREEMENT ("Agreement") is made and entered into this 28th day of April, 2014 by and between PacifiCorp Energy, a division of PacifiCorp, which is a Corporation organized and existing under the laws of the State of Oregon ("Transmission Customer"), and PacifiCorp, a Corporation existing under the laws of the State of Oregon ("Transmission Provider"). Transmission Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, on March 18, 2014, Transmission Customer requested the following Network Integration Transmission Service from PacifiCorp Transmission Services via its Open Access Same-Time Information System ("OASIS") and in writing: AREF 79456228, For 4 MW Network Resource Designation for the Surprise Valley Electrification Corp starting April 1, 2014 and ending April 1, 2020; and

WHEREAS, Transmission Provider has determined that a System Impact Study is necessary to accommodate the requested service, pursuant to Section 32.1 of its Open Access Transmission Tariff ("OATT");

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agreed as follows:

- 1.0 Transmission Customer shall reimburse PacifiCorp for the actual costs of performing the required System Impact Study. Transmission Provider shall perform the System Impact Study pursuant to the prevailing provisions in Section 32 of its OATT.
- 2.0 Pursuant to the procedures outlined in Section 32.1 of PacifiCorp's OATT, Transmission Customer shall execute and return this Agreement, along with payment in the amount of \$15,000, representing the estimate of the actual study costs, payable to PacifiCorp Transmission Services.
- 3.0 Upon completion of the System Impact Study, Transmission Provider shall correct any difference between the actual costs and estimated study costs and Transmission Customer shall be billed or credited by Transmission Provider for such difference.
- 4.0 PacifiCorp Transmission Services shall use commercially reasonable efforts to complete the System Impact Study within sixty (60) days of Transmission Customer's execution and return of this Agreement and funding of the estimated study costs.

5.0 If in concurrence with this Agreement, Transmission Customer shall sign both attached originals and return both copies to the Transmission Provider for full execution. Transmission Provider shall return one fully executed copy to Transmission Customer. If Transmission Customer elects to not execute this Agreement by May 3, 2014 (along with payment of the estimated study costs), its Completed Application shall be deemed withdrawn and Transmission Customer's deposit shall be returned with interest.

6.0 Miscellaneous Provisions

6.1 **Integration; Amendment.** This Agreement contains the entire agreement of the Parties with respect to the subject matter, and replaces and supersedes in the entirety all prior agreements between the Parties related to the same subject matter. This Agreement may be modified only by a subsequent written amendment or agreement executed by both Parties.

6.2 **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.


6.3 **Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Oregon applicable to contracts made and to be performed wholly within the State of Oregon. Any judicial action or proceeding arising under this Agreement shall be adjudicated in Portland, Oregon.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

PacifiCorp

By: Brian McClelland
PRINT NAME

Title: Manager, Transmission Services

Signature: 

Date: 4/28/14

PacifiCorp Energy

By: John Apperson
PRINT NAME

Title: Trading Director

Signature: 

Date: 22 Apr 2014

April 22, 2014

APR 25 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

RE: Partially Executed System Impact Study Agreement for PACW - PACW (Surprise Valley Electrification Corp.) 4 MW Network Integration Service AREF 79456228

Dear Mr. McClelland:

Enclosed for your review and execution are two partially executed originals of the System Impact Study (SIS) Agreement for PACW - PACW (Surprise Valley Electrification Corp.) between PacifiCorp Merchant and PacifiCorp Transmission Services. These SIS Agreements have been executed by Commercial & Trading ("C&T"). Please execute both originals, date them and return one fully executed original for C&T's files.

A journal voucher in the amount of \$15,000 was sent under a different cover.

Please call me at 503-813-5954 if you have any questions or comments regarding this Facilities Study Agreement.

Sincerely,



Jim Schroeder
Manager, Contract Administration
C&T Front Office

Enclosure:

cc: Erb, Reid



P.O. Box 2757
Portland, OR 97208-2757

April 18, 2014

Jim Schroeder
Manager, C&T Contract Administration
PacifiCorp
825 NE Multnomah St., 600-LCT
Portland, OR 97232

**RE: Distribution of System Impact Study Agreement (AREF 79456228)
PACW-PACW (Suprise Valley Electrification Corp.)**

Dear Mr. Schroeder:

Enclosed are two copies of Transmission Services System Impact Study Agreement for PacifiCorp Energy ("Transmission Customer") service request PACW - PACW 4 MW Network Integration Service.

Transmission Customer shall **sign the two original copies of the Agreement and submit both of them to PacifiCorp with a deposit in the amount of \$15,000** cost to perform the study, no later than fifteen (15) Calendar Days from the date of this letter. PacifiCorp will retain one fully executed master agreement for its records and return the other fully executed original to Transmission Customer for their records.

Please note that PacifiCorp will complete the month, day, and year sections on the first page of the System Impact Study Agreement upon receipt of all materials necessary to proceed with the study.

If you have any questions, please contact me at (503) 813-6958.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Stofiel".

Veronica Stofiel
Transmission Services

Cunningham, Melanie

From: Griswold, Bruce {Mkt Function}
Sent: Friday, April 18, 2014 3:30 PM
To: Cunningham, Melanie
Subject: RE: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Yes

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Cunningham, Melanie
Sent: Friday, April 18, 2014 3:22 PM
To: Griswold, Bruce {Mkt Function}
Subject: FW: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Do I have permission to get this SIS Agt executed?

From: Tien, Paul
Sent: Friday, April 18, 2014 1:51 PM
To: Schroeder, Jim; Cunningham, Melanie; Contract Administration
Cc: McClelland, Brian; _Transmission Contracts
Subject: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Hi Jim –

The attached document was sent to you today by interoffice mail. Please let me know if you do not receive it within two business days.

Thanks,

Paul Tien
PacifiCorp Transmission Services
825 NE Multnomah Street Suite 1600
Portland, Oregon 97232
503 813 6079

JUL 30 2014

TRANSMISSION FACILITIES STUDY AGREEMENT

THIS TRANSMISSION FACILITIES STUDY AGREEMENT ("Agreement") is made and entered into this 30th day of July, 2014 by and between PacifiCorp Energy, a division of PacifiCorp, which is a Corporation organized and existing under the laws of the State of Oregon ("Transmission Customer"), and PacifiCorp, a Corporation existing under the laws of the State of Oregon ("Transmission Provider"). Transmission Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, on March 18, 2014, Transmission Customer requested the following Network Integration Transmission Service from PacifiCorp Transmission Services via its Open Access Same-Time Information System ("OASIS") and in writing: AREF 79456228, from PACW to PACW for 4 MW of Surprise Valley Electrification Corp Network Resource, with a requested start date of April 1, 2020; and

WHEREAS, Transmission Provider has completed a System Impact Study and provided the results of said study to Transmission Customer on June 26, 2014; and

WHEREAS, Transmission Provider has determined that a Facilities Study is necessary to accommodate the requested service, pursuant to Section 32.4 of its Open Access Transmission Tariff ("OATT");

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agreed as follows:

- 1.0 Transmission Customer shall reimburse PacifiCorp for the actual costs of performing the required Facilities Study. Transmission Provider shall perform the Facilities Study pursuant to the prevailing provisions in Section 32 of its OATT.
- 2.0 Pursuant to the procedures outlined in Section 32.4 of PacifiCorp's OATT, Transmission Customer shall execute and return this Agreement, along with payment in the amount of \$50,000, representing the estimate of the study costs, payable to PacifiCorp Transmission Services.
- 3.0 Upon completion of the Facilities Study, Transmission Provider shall correct any difference between the actual costs and estimated study costs and Transmission Customer shall be billed or credited by Transmission Provider for such difference.
- 4.0 PacifiCorp Transmission Services shall use commercially reasonable efforts to complete the Facilities Study within sixty (60) days of Transmission Customer's execution and return of this Agreement and funding of the estimated study costs.

5.0 If in concurrence with this Agreement, Transmission Customer shall sign both attached originals and return both copies to the Transmission Provider for full execution. Transmission Provider shall return one fully executed copy to Transmission Customer. If Transmission Customer elects to not execute this Agreement by August 8, 2014 (along with payment of the estimated study costs), its Completed Application shall be deemed withdrawn and Transmission Customer's deposit shall be returned with interest.

6.0 Miscellaneous Provisions

6.1 **Integration; Amendment.** This Agreement contains the entire agreement of the Parties with respect to the subject matter, and replaces and supersedes in the entirety all prior agreements between the Parties related to the same subject matter. This Agreement may be modified only by a subsequent written amendment or agreement executed by both Parties.

6.2 **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

6.3 **Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Oregon applicable to contracts made and to be performed wholly within the State of Oregon. Any judicial action or proceeding arising under this Agreement shall be adjudicated in Portland, Oregon.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

PacifiCorp

By: Brian McClelland
PRINT NAME

Title: Manager, Transmission Services

Signature: 

Date: 7/30/14

PacifiCorp Energy

By: John Apperson
PRINT NAME

Title: Trading Director

Signature: 

Date: 28 July 2014



January 27, 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

RE: Network Resource Status Request for 3.700 MW for Surprise Valley Electrification Corp. (AREF #79220634)

Dear Mr. McClelland:

Pursuant to Section 31.1 of PacifiCorp's Volume No. 11 Open Access Transmission Tariff, PacifiCorp's Commercial & Trading Department makes a request for 3.700 megawatt of Network Resource for Surprise Valley Electrification Corp.

Commercial and Trading ("C&T") requests 3.700 MW Network Resource status for Surprise Valley Electrification Corp starting April 1, 2014 and extending through March 31, 2020. Resource output will be delivered to PacifiCorp's system on the 69 kV Lakeview Switch (pole #9/2) near Lakeview, Oregon.

AREF 79220634 shall supersede all previous Network Resource designations for this resource.

Please call me at 503-813-5954 if you have any questions regarding this transmission request.

Sincerely,

A handwritten signature in black ink, appearing to be "Jim Schroeder".

Jim Schroeder
Manager, Contracts Administration
C&T Front Office

Enclosure:

cc: Erb, Reid

bc: C&T Contract Notice Distribution

File: PacifiCorp Transmission Services - Correspondence

NETWORK INTEGRATION TRANSMISSION SERVICE SERVICE MODIFICATION FORM

*** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:	
Customer: PacifiCorp - Commercial & Trading (C&T)	AREF: 79220634
Service Description: Network Resource	MWs: 3.700
Service Start Date: April 1, 2014 00:00 PD	Service End Date: April 1, 2020 00:00 PD

Submit the application as soon as possible. Submit the Service Modification Form via facsimile to:

PacifiCorp
Attn: Transmission Service
Fax Number: 503-813-6893
Verification Phone Number: 503-813-5588

***** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:**

Date of receipt of OASIS Request: **Date of receipt of Written Application:**

Initial Application review completed by: **Date:**

By signing, I certify that I have reviewed this form and any accompanying materials and to the best of my knowledge have determined that all of the information required by OATT Section 29 has been provided and is a Completed Application.

Control review completed by: **Date:**

By signing, I certify that I have reviewed this form and any accompanying materials and to the best of my knowledge have determined that all of the information required by OATT Section 29 has been provided and is a Completed Application.

***** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:**

The Transmission Provider may, on a non-discriminatory basis, waive the deposit requirement for an existing Network Customer, provided (Transmission Provider must check each box and indicate date of waiver determination and OASIS posting):

- Network Customer has maintained its creditworthiness pursuant to the Tariff and is not in default in its obligations under the Tariff, and
- Transmission Provider has posted on OASIS notice of such waiver if granted in favor of an affiliate within one business day of the act of a waiver and that Transmission Provider has added the act of waiver to its waiver log.

Date of waiver determination: **Date of OASIS posting:**

SERVICE MODIFICATION FORM
NETWORK INTEGRATION TRANSMISSION SERVICE

INSTRUCTIONS:

This form is intended to be used by a Network Customer seeking to modify any aspect of its existing Network Integration Transmission Service Agreement (NITSA) on the PacifiCorp Transmission System.

This form should not be used to:

- Temporarily undesignate a Network Resource, or
- Make an initial request for Network Integration Transmission Service (NITS).

Network Customer must submit an application pursuant to Section 29 of PacifiCorp's Open Access Transmission Tariff (OATT or Tariff) consisting of the following (Network Customer must check each box to indicate that the required data or information is enclosed with this Service Modification Form):

- Network Customer requests that Transmission Provider waive deposit,*** and

ELIGIBLE CUSTOMER INFORMATION
OATT Sections 29.2 (i) and (ii)

Provide the following information:

Name: PacifiCorp - Commercial & Trading (C&T)

Address: 825 NE Multnomah Street, Suite 600

Telephone Number: 503.813.5954

Facsimile Number: 503.813.6291

Identify NITSA to be Modified (Service Agreement #): 66

- Check Box to attest that the Network Customer continues to be an Eligible Customer under the Tariff.

NETWORK LOAD DESCRIPTION

OATT Section 29.2 (iii)

Check Box to attest that there are no changes to the Network Load description(s) identified in the Network Customer's Load and Resources data submittal to PacifiCorp, dated: 06/12/2013

Unless the above box is checked, the following changes are requested to the Network Load at each delivery point identified in the NITSA/Loads and Resources data submittal. Separately identify your best estimate of the following:

Identify Network Load	Delivery Point	Total MW Load To Be Served	Transmission Voltage	Network Customer's other Loads served from Transmission Provider substation at the same Transmission Voltage

Service Start Date and Hour	Service End Date and Hour

Check Box to attest that a ten (10) year forecast of summer and winter load requirements beginning with the first year after the service is scheduled to commence is included in Network Customer's OASIS transmission service request, or is otherwise attached herewith for each modification. If OASIS transmission service request is for less than ten (10) years, please attach forecast of summer and winter load requirements (or if loads are not expected to vary seasonally, a forecasted peak load requirement) for balance of ten (10) year period or explain why a ten (10) year period cannot be provided:

INTERRUPTIBLE LOAD INCLUDED IN NETWORK LOAD
OATT Section 29.2 (iv)

Check Box to attest that there are no changes to the interruptible load description in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 06/12/2013

Unless the above box is checked, the following are requested changes to the interruptible load description in the NITSA/Loads and Resources data submittal:

Interruptible Load	Delivery Point	Summer Capacity Requirements		Winter Capacity Requirements		Conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruption
		Total (MW)	Interruptible Amount (MW)	Total (MW)	Interruptible Amount (MW)	

NETWORK RESOURCES

OATT Section 29.2(v)

Check Box to attest that there are no changes to the Network Resource(s) identified in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 06/12/2013

Unless the above box is checked, the following are requested changes to the Network Resource(s) identified in the NITSA/Loads and Resources data submittal. Attach additional sheets as necessary.

Check Box to attest that a ten (10) year forecast of summer and winter resource requirements beginning with the first year after the service is scheduled to commence is included in Network Customer's OASIS transmission service request, or is otherwise noted herein for each modification. If OASIS transmission service request is for less than ten (10) years, please attach forecast of summer and winter resource requirements (or if resources are not expected to vary seasonally, a forecasted peak load requirement) for balance of ten (10) year period or explain why a ten (10) year period cannot be provided. Annual forecast for the term of the contract will be a monthly maximum of 3.7 MW for all months

Part A
Resource Information

Resource Name Surprise Valley Electrification Corp.
Delivery Information Start Date and Time: April 1, 2014 00:00 PD End Date and Time: April 1, 2020 00:00 PD
Control Area where title to the resource output is received: PACW
Resource Size 3.700
Total MW of ownership rights in the resource: 3.700
MW of Capacity being designated: 3.700
On-System Resources Only: Describe the sale arrangements for the Network Customer's portion of the resource output that is not being designated: There will be no sales arrangements.
System Resources Only: VAR Capability of all Generators (Indicate if other than +/- 0.95) Non-owned system generator
Leading: Non-owned system generator
Lagging: Non-owned system generator

Part B
External Transmission Arrangements

Check Box to attest that resource(s) is located within the PacifiCorp transmission system.

Unless the above box is checked, the information requested in this Part B is required when title to the resource output is received outside the PacifiCorp transmission system.

Delivery Locations:			
Point of Receipt where title to the resource output is received:			
Specific location where the resource output will enter the PacifiCorp transmission system:			
The firm, Point-to-Point Transmission Arrangements for delivery of the resource output from the point of receipt where title to the resource output is received to the location where the resource output will enter the PacifiCorp transmission system are as follows:			
Transmission Provider	Point of Receipt	Point of Delivery	Transmission Reservation Number

CUSTOMER TRANSMISSION SYSTEM

OATT Section 29.2(vi)

- Check Box to attest that Network Customer does not have a transmission system,
or
 Check Box to attest that, if Network Customer does have a transmission system, there are no changes to the customer transmission system information identified in the Western Electricity Coordinating Council (WECC) base case study, dated

Unless one of the above boxes is checked, check the following boxes to indicate that the required data or information is enclosed with this Service Modification Form:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider;
- Operating restrictions needed for reliability;
- Operating guides employed by system operators;
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources;
- Location of Network Resources described in Network Resources section above;
- 10 year projection of system expansions or upgrades;
- Transmission System maps that include any proposed expansions or upgrades; and
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas

SERVICE DATES

OATT Section 29.2(vii)

- Check Box to attest that there are no changes to the Network Resource(s) identified in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 06/12/2013

Unless the above box is checked, the following service dates are requested. This information must be submitted over the OASIS and on this form. Unless mutually agreed to, the minimum term for NITS is one year.

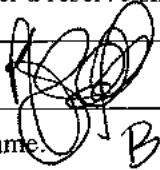
Service Start Date and Hour	Service End Date and Hour
April 1, 2014 00:00 PD	April 1, 2020 00:00 PD

ATTESTATION and SIGNATURE

OATT Section 29.2(viii)

Check Box to attest that there are no changes to the Network Resource(s) identified in the NITSA.

Unless the box is checked, answer the following questions for all Network Resource changes requested in this form:

1. Do you, an authorized officer or agent of the applicant, attest that the applicant owns the proposed Network Resources identified above, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the OATT?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
2. Do you, an authorized officer or agent of the applicant, attest that the proposed Network Resources identified above do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the applicant's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
By: 		
Print Name: Bruce Griswold		
Company: Pacifi Corp		
Title: Director, Short-term Origination		
Date: Jan 27, 2014		

OASIS REQUEST INFORMATION

SVEC/203
Culp/90

OASIS NUMBER:

79220634

PROJECT NAME:

Surprise Valley Electrification Corp

PURPOSE:

Request 3.700 MW Network Resource status for Surprise Valley Electrification Corp starting April 1st, 2014 and extending through March 31st, 2019. Resource output will be delivered to PacifiCorp's system on the 69 kV Lakeview Switch (pole #9/2) near Lakeview, Oregon.

DOCUMENTATION:

OWNERS:

Apperson/Portouw/Meeuwsen

Transmission Reservation Detail 79220634 RECEIVED

Seller	Source Sink	POR POD	Request Type	Start	Stop	MW Req	MW Grant	Bid Price	Offer Price	Ceiling Price	Price Unit
PPW	PACW PACWLOAD	PACW PACW	ORIGINAL	2014-04-01 00:00 PD	2020-04-01 00:00 PD	4		0.0000		0.0000	\$/MW-YEAR
Path: W/PPW/PACW-PACW/PACW-PACW/											
Service Code			Increment	Class	Type	Period		Window	Subclass		
YEARLY_NETWORK_EXTENDED			YEARLY	FIRM	NETWORK	FULL_PERIOD		EXTENDED	NITS		
Preconfirmed: No			Competing: No	Negotiated: No		Nerc Priority: 7		Affiliate: Yes			
Reservation Profile											
Start Date			Stop Date		MW Req	MW Grant	MWH	Bid Price	Offer Price		
2014-04-01 00:00 PD			2020-04-01 00:00 PD		4		210432.00	0.00			
Profile Total:							210432.00				
Times						References					
Queued		2014-01-22 08:09:42 PS						Deal			
Updated		2014-01-22 08:10:39 PS						Sale			
Response								Posting			
Impacted		0						Reassigned			
Last Customer Action		2014-01-22 08:09:42 PS						Seller			
Last Seller Action		2014-01-22 08:10:39 PS						Related			
Comments											
Status											
Seller											
Provider											
Customer		Request Network resource status for Supnse Valley Electrification Corp. Letter to follow.									
Provisions											
Status Notification		mailto:C&T.Transmissiondesk@pacificorp.com									
Anc-Service-Link											
Anc-Required		RV:M;SC:M;									
Customer: PAC						Seller: PPW					
Name	D_Meeuwsen					Name	PPW_WEBTRANS				
Phone	503-813-6467					Phone	503-813-5342				
Fax	503-813-6265					Fax					
E-mail	Doug.meeuwsen@PacifiCorp.com					E-mail	Brian.McClland@PacifiCorp.com				

March 20, 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

RE: Network Resource Status Request for 3.7 MW for Surprise Valley Electrification Corp. (AREF #79456228)

Dear Mr. McClelland:

Pursuant to Section 31.1 of PacifiCorp's Volume No. 11 Open Access Transmission Tariff, PacifiCorp's Commercial & Trading Department makes a request for 3.7 megawatt of Network Resource for Surprise Valley Electrification Corp.

Commercial and Trading ("C&T") requests 3.700 MW Network Resource status for Surprise Valley Electrification Corp starting April 1st, 2014 and extending through March 31st, 2019. Resource output will be delivered to PacifiCorp's system on the 69 kV Lakeview Switch (pole #9/2) near Lakeview, Oregon.

There will be no documented Third Party transmission arrangements to deliver resource to PacifiCorp system. Resource is owned by SVEC, who is on a radial tap from the Lakeview Switch.

Please call me at 503-813-5954 if you have any questions regarding this transmission request.

Sincerely,



Jim Schroeder
Manager, Contracts Administration
C&T Front Office

Enclosure:

cc: Erb, Reid

NETWORK INTEGRATION TRANSMISSION SERVICE SERVICE MODIFICATION FORM

*** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:	
Customer: PacifiCorp - Commercial & Trading (C&T)	AREF: 79456228
Service Description: Network Resource	MWs: 3.7
Service Start Date: April 1, 2014 00:00 PD	Service End Date: April 1, 2020 00:00 PD

Submit the application as soon as possible. Submit the Service Modification Form via facsimile to:

PacifiCorp
Attn: Transmission Service
Fax Number: 503-813-6893
Verification Phone Number: 503-813-5588

***** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:**

Date of receipt of OASIS Request: _____ **Date of receipt of Written Application:** _____

Initial Application review completed by: _____ **Date:** _____

By signing, I certify that I have reviewed this form and any accompanying materials and to the best of my knowledge have determined that all of the information required by OATT Section 29 has been provided and is a Completed Application.

Control review completed by: _____ **Date:** _____

By signing, I certify that I have reviewed this form and any accompanying materials and to the best of my knowledge have determined that all of the information required by OATT Section 29 has been provided and is a Completed Application.

***** FOR USE BY PACIFICORP/TRANSMISSION PROVIDER ONLY:**

The Transmission Provider may, on a non-discriminatory basis, waive the deposit requirement for an existing Network Customer, provided (Transmission Provider must check each box and indicate date of waiver determination and OASIS posting):

- Network Customer has maintained its creditworthiness pursuant to the Tariff and is not in default in its obligations under the Tariff; and
- Transmission Provider has posted on OASIS notice of such waiver if granted in favor of an affiliate within one business day of the act of a waiver and that Transmission Provider has added the act of waiver to its waiver log.

Date of waiver determination: _____ **Date of OASIS posting:** _____

SERVICE MODIFICATION FORM
NETWORK INTEGRATION TRANSMISSION SERVICE

INSTRUCTIONS:

This form is intended to be used by a Network Customer seeking to modify any aspect of its existing Network Integration Transmission Service Agreement (NITSA) on the PacifiCorp Transmission System.

This form should not be used to:

- Temporarily undesignate a Network Resource, or
- Make an initial request for Network Integration Transmission Service (NITS).

Network Customer must submit an application pursuant to Section 29 of PacifiCorp's Open Access Transmission Tariff (OATT or Tariff) consisting of the following (Network Customer must check each box to indicate that the required data or information is enclosed with this Service Modification Form):

- Network Customer requests that Transmission Provider waive deposit,*** and

ELIGIBLE CUSTOMER INFORMATION
OATT Sections 29.2 (i) and (ii)

Provide the following information:

Name: PacifiCorp - Commercial & Trading (C&T)

Address: 825 NE Multnomah Street, Suite 600

Telephone Number: 503.813.5954

Facsimile Number: 503.813.6291

Identify NITSA to be Modified (Service Agreement #): 66

- Check Box to attest that the Network Customer continues to be an Eligible Customer under the Tariff.

NETWORK LOAD DESCRIPTION

OATT Section 29.2 (iii)

Check Box to attest that there are no changes to the Network Load description(s) identified in the Network Customer's Load and Resources data submittal to PacifiCorp, dated: 02/25/2014

Unless the above box is checked, the following changes are requested to the Network Load at each delivery point identified in the NITSA/Loads and Resources data submittal. Separately identify your best estimate of the following:

Identify Network Load	Delivery Point	Total MW Load To Be Served	Transmission Voltage	Network Customer's other Loads served from Transmission Provider substation at the same Transmission Voltage

Service Start Date and Hour	Service End Date and Hour

Check Box to attest that a ten (10) year forecast of summer and winter load requirements beginning with the first year after the service is scheduled to commence is included in Network Customer's OASIS transmission service request, or is otherwise attached herewith for each modification. If OASIS transmission service request is for less than ten (10) years, please attach forecast of summer and winter load requirements (or if loads are not expected to vary seasonally, a forecasted peak load requirement) for balance of ten (10) year period or explain why a ten (10) year period cannot be provided:

INTERRUPTIBLE LOAD INCLUDED IN NETWORK LOAD
OATT Section 29.2 (iv)

Check Box to attest that there are no changes to the interruptible load description in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 02/25/2014

Unless the above box is checked, the following are requested changes to the interruptible load description in the NITSA/Loads and Resources data submittal:

Interruptible Load	Delivery Point	Summer Capacity Requirements		Winter Capacity Requirements		Conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruption
		Total (MW)	Interruptible Amount (MW)	Total (MW)	Interruptible Amount (MW)	

NETWORK RESOURCES

OATT Section 29.2(v)

Check Box to attest that there are no changes to the Network Resource(s) identified in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 02/25/2014

Unless the above box is checked, the following are requested changes to the Network Resource(s) identified in the NITSA/Loads and Resources data submittal. Attach additional sheets as necessary.

Check Box to attest that a ten (10) year forecast of summer and winter resource requirements beginning with the first year after the service is scheduled to commence is included in Network Customer's OASIS transmission service request, or is otherwise noted herein for each modification. If OASIS transmission service request is for less than ten (10) years, please attach forecast of summer and winter resource requirements (or if resources are not expected to vary seasonally, a forecasted peak load requirement) for balance of ten (10) year period or explain why a ten (10) year period cannot be provided: Annual forecast for the term of the contract will be a monthly maximum of 3.7 MW for all months

Part A
Resource Information

Resource Name Surprise Valley Electrification Corp.
Delivery Information Start Date and Time: April 1, 2014 00:00 PD End Date and Time: April 1, 2020 00:00 PD
Control Area where title to the resource output is received: PACW
Resource Size 3.7
Total MW of ownership rights in the resource: 3.7
MW of Capacity being designated: 3.7
On-System Resources Only: Describe the sale arrangements for the Network Customer's portion of the resource output that is not being designated: There will be no sales arrangements.
System Resources Only: VAR Capability of all Generators (Indicate if other than +/- 0.95) Non-owned system generator
Leading: Non-owned system generator
Lagging: Non-owned system generator

Part B
External Transmission Arrangements

Check Box to attest that resource(s) is located within the PacifiCorp transmission system.

Unless the above box is checked, the information requested in this Part B is required when title to the resource output is received outside the PacifiCorp transmission system.

Delivery Locations:			
Point of Receipt where title to the resource output is received: PACW			
Specific location where the resource output will enter the PacifiCorp transmission system: 69 kV Lakeview Switch (Pole #9/2)			
The firm, Point-to-Point Transmission Arrangements for delivery of the resource output from the point of receipt where title to the resource output is received to the location where the resource output will enter the PacifiCorp transmission system are as follows:			
Transmission Provider	Point of Receipt	Point of Delivery	Transmission Reservation Number
NA	NA	NA	NA

CUSTOMER TRANSMISSION SYSTEM

OATT Section 29.2(vi)

Check Box to attest that Network Customer does not have a transmission system,

or

Check Box to attest that, if Network Customer does have a transmission system, there are no changes to the customer transmission system information identified in the Western Electricity Coordinating Council (WECC) base case study, dated

Unless one of the above boxes is checked, check the following boxes to indicate that the required data or information is enclosed with this Service Modification Form:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider;
- Operating restrictions needed for reliability;
- Operating guides employed by system operators;
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources;
- Location of Network Resources described in Network Resources section above;
- 10 year projection of system expansions or upgrades;
- Transmission System maps that include any proposed expansions or upgrades; and
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas

SERVICE DATES

OATT Section 29.2(vii)

Check Box to attest that there are no changes to the Network Resource(s) identified in the Network Customer's Loads and Resources data submittal to PacifiCorp, dated: 02/25/2014

Unless the above box is checked, the following service dates are requested. This information must be submitted over the OASIS and on this form. Unless mutually agreed to, the minimum term for NITS is one year.

Service Start Date and Hour	Service End Date and Hour
April 1, 2014 00:00 PD	April 1, 2020 00:00 PD

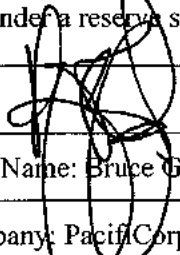
ATTESTATION and SIGNATURE
 OATT Section 29.2(viii)

Check Box to attest that there are no changes to the Network Resource(s) identified in the NITSA.

Unless the box is checked, answer the following questions for all Network Resource changes requested in this form:

1. Do you, an authorized officer or agent of the applicant, attest that the applicant owns the proposed Network Resources identified above, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the OATT?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
2. Do you, an authorized officer or agent of the applicant, attest that the proposed Network Resources identified above do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the applicant's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

By:



Print Name: Bruce Griswold

Company: PacifiCorp

Title:

Director Shortterm Operations

Date:

3/20/2014

OASIS REQUEST INFORMATION

SVEC/203
Culp/101

OASIS NUMBER:

79456228

PROJECT NAME:

Surprise Valley Electrification Corp (SVEC)

PURPOSE:

Request 3.700 MW pseudo tied Network Resource status for Surprise Valley Electrification Corp starting April 1st, 2014 and extending through March 31st, 2019. Resource output will be delivered to PacifiCorp's system on the 69 kV Lakeview Switch (pole #9/2) near Lakeview, Oregon.

There will be no documented Third Party transmission arrangements to deliver resource to PacifiCorp system. Resource is owned by SVEC, who is on a radial tap from the Lakeview Switch.

DOCUMENTATION:

OWNERS:

Apperson/Portouw/Meeuwsen

Transmission Reservation Detail 79456228 RECEIVED

Seller	Source Sink	POR POD	Request Type	Start	Stop	MW Req	MW Grant	Bid Price	Offer Price	Ceiling Price	Price Unit
PPW	PACW PACWLOAD	PACW PACW	ORIGINAL	2014-04-01 00:00 PD	2020-04-01 00:00 PD	4		0.0000		0.0000	\$/MW-YEAR
Path: W/PPW/PACW-PACW/PACW-PACW/											
Service Code		Increment	Class	Type	Period	Window	Subclass				
YEARLY_NETWORK_EXTENDED		YEARLY	FIRM	NETWORK	FULL_PERIOD	EXTENDED	NITS				
Preconfirmed: No		Competing: No		Negotiated: No		Nerc Priority: 7		Affiliate: Yes			
Reservation Profile											
Start Date		Stop Date		MW Req	MW Grant	MWH	Bid Price	Offer Price			
2014-04-01 00:00 PD		2020-04-01 00:00 PD		4		210432.00	0.00				
Profile Total:						210432.00					
Times				References							
Queued	2014-03-18 09:59:15 PD			Deal							
Updated	2014-03-18 10:00:17 PD			Sale							
Response				Posting							
Impacted	0			Request							
Last Customer Action	2014-03-18 09:59:15 PD			Reassigned							
Last Seller Action	2014-03-18 10:00:17 PD			Seller							
				Related							
Comments											
Status											
Seller											
Provider											
Customer	Request Network resource status for Surprise Valley Electrification Corp. Letter to follow.										
Provisions											
Status Notification	mailto:C&T.Transmissiondesk@pacificorp.com										
Anc-Service-Link											
Anc-Required	RV:M;SC:M;										
Customer: PAC						Seller: PPW					
Name	D_Meeuwssen					Name	PPW_WEBTRANS				
Phone	503-813-6467					Phone	503-813-5342				
Fax	503-813-6265					Fax					
E-mail	Doug.meeuwssen@PacifiCorp.com					E-mail	Brian.McClelland@PacifiCorp.com				

April 14, 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

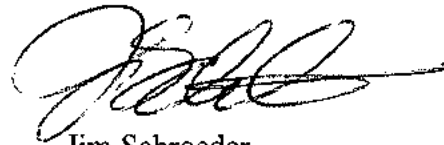
Re: Withdrawn Network Resource Status Request 3.7 MW for Surprise Valley Electrification Corp. (AREF #79220634)

Dear Mr. McClelland:

In a transmission request dated January 27, 2014 PacifiCorp Merchant Function ("Merchant") made a transmission request for Network Resource of 3.7 MW for Surprise Valley Electrification Corp. Commercial and Trading has chosen to withdraw this transmission request. The original request type (see control numbers under OASIS AREF 79220634) was withdrawn from the OASIS on April 9, 2014.

Please call me at 503-813-5954 if you have any questions regarding this transmission request.

Sincerely,



Jim Schroeder
Manager, Contract Administration
C&T Front Office

cc: Erb, Reid

Transmission Reservation Detail 79220634 WITHDRAWN

Seller	Source Sink	POR POD	Request Type	Start	Stop	MW Req	MW Grant	Bid Price	Offer Price	Ceiling Price	Price Unit
PPW	PACW PACWLOAD	PACW PACW	ORIGINAL	2014-04-01 00:00 PD	2020-04-01 00:00 PD	4		0.0000		0.0000	\$/MW-YEAR
Path: W/PPW/PACW-PACW/PACW-PACW/											
Service Code				Increment	Class	Type	Period		Window	Subclass	
YEARLY_NETWORK_EXTENDED				YEARLY	FIRM	NETWORK	FULL_PERIOD		EXTENDED	NITS	
Preconfirmed: No			Competing: No			Negotiated: No		Nerc Priority: 7		Affiliate: Yes	
Reservation Profile											
Start Date			Stop Date			MW Req	MW Grant	MWH	Bid Price	Offer Price	
2014-04-01 00:00 PD			2020-04-01 00:00 PD			4		210432.00	0.00		
Profile Total:								210432.00			
Times						References					
Queued	2014-01-22 08:09:42 PS					Deal					
Updated	2014-04-09 12:50:36 PD					Safe					
Response						Posting					
Impacted	0					Request					
Last Customer Action	2014-04-09 12:50:36 PD					Reassigned					
Last Seller Action	2014-01-22 08:10:39 PS					Seller					
Related											
Comments											
Status											
Seller											
Provider											
Customer	Request Network resource status for Suprise Valley Electrification Corp. Letter to follow.										
Provisions											
Status Notification	mailto:C&T.Transmissiondesk@pacifiCorp.com										
Anc-Service-Link											
Anc-Required	RV:M;SC:M;										
Customer: PAC						Seller: PPW					
Name	D_Meeuwsen					Name	PPW_WEBTRANS				
Phone	503-813-6467					Phone	503-813-5342				
Fax	503-813-6265					Fax					
E-mail	Doug.meeuwsen@PacifiCorp.com					E-mail	Brian.McClelland@PacifiCorp.com				

April 22, 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

RE: Partially Executed System Impact Study Agreement for PACW - PACW (Surprise Valley Electrification Corp.) 4 MW Network Integration Service AREF 79456228

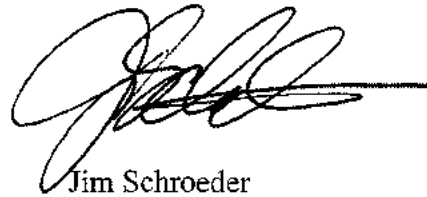
Dear Mr. McClelland:

Enclosed for your review and execution are two partially executed originals of the System Impact Study (SIS) Agreement for PACW - PACW (Surprise Valley Electrification Corp.) between PacifiCorp Merchant and PacifiCorp Transmission Services. These SIS Agreements have been executed by Commercial & Trading ("C&T"). Please execute both originals, date them and return one fully executed original for C&T's files.

A journal voucher in the amount of \$15,000 was sent under a different cover.

Please call me at 503-813-5954 if you have any questions or comments regarding this Facilities Study Agreement.

Sincerely,



Jim Schroeder
Manager, Contract Administration
C&T Front Office

Enclosure:

cc: Erb, Reid



P.O. Box 2757
Portland, OR 97208-2757

April 18, 2014

Jim Schroeder
Manager, C&T Contract Administration
PacifiCorp
825 NE Multnomah St., 600-LCT
Portland, OR 97232

**RE: Distribution of System Impact Study Agreement (AREF 79456228)
PACW-PACW (Suprise Valley Electrification Corp.)**

Dear Mr. Schroeder:

Enclosed are two copies of Transmission Services System Impact Study Agreement for PacifiCorp Energy ("Transmission Customer") service request PACW - PACW 4 MW Network Integration Service.

Transmission Customer shall **sign the two original copies of the Agreement and submit both of them to PacifiCorp with a deposit in the amount of \$15,000** cost to perform the study, no later than fifteen (15) Calendar Days from the date of this letter. PacifiCorp will retain one fully executed master agreement for its records and return the other fully executed original to Transmission Customer for their records.

Please note that PacifiCorp will complete the month, day, and year sections on the first page of the System Impact Study Agreement upon receipt of all materials necessary to proceed with the study.

If you have any questions, please contact me at (503) 813-6958.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Stofiel".

Veronica Stofiel
Transmission Services

TRANSMISSION SYSTEM IMPACT STUDY AGREEMENT

THIS TRANSMISSION SYSTEM IMPACT STUDY AGREEMENT ("Agreement") is made and entered into this ____ day of _____, _____ by and between PacifiCorp Energy, a division of PacifiCorp, which is a Corporation organized and existing under the laws of the State of Oregon ("Transmission Customer"), and PacifiCorp, a Corporation existing under the laws of the State of Oregon ("Transmission Provider "). Transmission Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, on March 18, 2014, Transmission Customer requested the following Network Integration Transmission Service from PacifiCorp Transmission Services via its Open Access Same-Time Information System ("OASIS") and in writing: AREF 79456228, For 4 MW Network Resource Designation for the Surprise Valley Electrification Corp starting April 1, 2014 and ending April 1, 2020; and

WHEREAS, Transmission Provider has determined that a System Impact Study is necessary to accommodate the requested service, pursuant to Section 32.1 of its Open Access Transmission Tariff ("OATT");

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agreed as follows:

- 1.0 Transmission Customer shall reimburse PacifiCorp for the actual costs of performing the required System Impact Study. Transmission Provider shall perform the System Impact Study pursuant to the prevailing provisions in Section 32 of its OATT.
- 2.0 Pursuant to the procedures outlined in Section 32.1 of PacifiCorp's OATT, Transmission Customer shall execute and return this Agreement, along with payment in the amount of \$15,000, representing the estimate of the actual study costs, payable to PacifiCorp Transmission Services.
- 3.0 Upon completion of the System Impact Study, Transmission Provider shall correct any difference between the actual costs and estimated study costs and Transmission Customer shall be billed or credited by Transmission Provider for such difference.
- 4.0 PacifiCorp Transmission Services shall use commercially reasonable efforts to complete the System Impact Study within sixty (60) days of Transmission Customer's execution and return of this Agreement and funding of the estimated study costs.

5.0 If in concurrence with this Agreement, Transmission Customer shall sign both attached originals and return both copies to the Transmission Provider for full execution. Transmission Provider shall return one fully executed copy to Transmission Customer. If Transmission Customer elects to not execute this Agreement by May 3, 2014 (along with payment of the estimated study costs), its Completed Application shall be deemed withdrawn and Transmission Customer's deposit shall be returned with interest.

6.0 Miscellaneous Provisions

6.1 **Integration; Amendment.** This Agreement contains the entire agreement of the Parties with respect to the subject matter, and replaces and supersedes in the entirety all prior agreements between the Parties related to the same subject matter. This Agreement may be modified only by a subsequent written amendment or agreement executed by both Parties.

6.2 **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

6.3 **Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Oregon applicable to contracts made and to be performed wholly within the State of Oregon. Any judicial action or proceeding arising under this Agreement shall be adjudicated in Portland, Oregon.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

PacifiCorp

By: _____
PRINT NAME

Title: _____

Signature: _____

Date: _____

PacifiCorp Energy

By: John Apperson
PRINT NAME

Title: Trading Director

Signature: John A Apperson

Date: 22 Apr 2014

Cunningham, Melanie

From: Griswold, Bruce {Mkt Function}
Sent: Friday, April 18, 2014 3:30 PM
To: Cunningham, Melanie
Subject: RE: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Yes

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Cunningham, Melanie
Sent: Friday, April 18, 2014 3:22 PM
To: Griswold, Bruce {Mkt Function}
Subject: FW: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Do I have permission to get this SIS Agt executed?

From: Tien, Paul
Sent: Friday, April 18, 2014 1:51 PM
To: Schroeder, Jim; Cunningham, Melanie; Contract Administration
Cc: McClelland, Brian; _Transmission Contracts
Subject: System Impact Study Agreement - Q1824 Suprise Valley Electrification Corp - AREF 79456228

Hi Jim –

The attached document was sent to you today by interoffice mail. Please let me know if you do not receive it within two business days.

Thanks,

Paul Tien
PacifiCorp Transmission Services
825 NE Multnomah Street Suite 1600
Portland, Oregon 97232
503 813 6079



SVEC/203

Commercial and Trading Culp/111
825 NE Multnomah Street, Suite 600
Portland, OR 97232

July 28, 2014

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

RE: Partially Executed Facilities Study Agreement for PACW - PACW (Surprise Valley Electrification Corp.) 4 MW Network Integration Service AREF 79456228

Dear Mr. McClelland:

Enclosed for your review and execution are two partially executed originals of the Facilities Study (FS) Agreement for PACW - PACW (Surprise Valley Electrification Corp.) between PacifiCorp Merchant and PacifiCorp Transmission Services. These FS Agreements have been executed by Commercial & Trading ("C&T"). Please execute both originals, date them and return one fully executed original for C&T's files.

A journal voucher in the amount of \$50,000 will be sent under a different cover.

Please call me at 503-813-5954 if you have any questions or comments regarding this Facilities Study Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Schroeder".

Jim Schroeder
Manager, Contract Administration
C&T Front Office

Enclosure:

cc: Erb, Reid



P.O. Box 2757
Portland, OR 97208-2757

July 25, 2014

Jim Schroeder
Manager, C&T Contract Administration
PacifiCorp Merchant Function (Merchant)
825 NE Multnomah St., 600-LCT
Portland, OR 97232

**RE: Distribution of Facilities Study Agreement (AREF 79456228)
PACW-PACW (Surprise Valley Electrification Corp.)**

Dear Mr. Schroeder:

Enclosed are two copies of Transmission Services Facility Study Agreement for Customer's ("Transmission Customer") service request PACW - PACW 4 MW Network Integration Service.

Transmission Customer shall **sign the two original copies of the Agreement and submit both of them to PacifiCorp with a deposit in the amount of \$50,000** cost to perform the study, no later than fifteen (15) Calendar Days (August 8, 2014) from the date of this letter. PacifiCorp will retain one fully executed master agreement for its records and return the other fully executed original to Transmission Customer for their records.

Please note that PacifiCorp will complete the month, day, and year sections on the first page of the Facilities Study Agreement upon receipt of all materials necessary to proceed with the study.

If you have any questions, please contact me at (503) 813-6958.

Sincerely,

Veronica Stofiel
Transmission Account Manager

TRANSMISSION FACILITIES STUDY AGREEMENT

THIS TRANSMISSION FACILITIES STUDY AGREEMENT ("Agreement") is made and entered into this ___ day of _____, _____ by and between PacifiCorp Energy, a division of PacifiCorp, which is a Corporation organized and existing under the laws of the State of Oregon ("Transmission Customer"), and PacifiCorp, a Corporation existing under the laws of the State of Oregon ("Transmission Provider"). Transmission Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, on March 18, 2014, Transmission Customer requested the following Network Integration Transmission Service from PacifiCorp Transmission Services via its Open Access Same-Time Information System ("DASIS") and in writing: AREF 79456228, from PACW to PACW for 4 MW of Surprise Valley Electrification Corp Network Resource, with a requested start date of April 1, 2020; and

WHEREAS, Transmission Provider has completed a System Impact Study and provided the results of said study to Transmission Customer on June 26, 2014; and

WHEREAS, Transmission Provider has determined that a Facilities Study is necessary to accommodate the requested service, pursuant to Section 32.4 of its Open Access Transmission Tariff ("OATT");

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, the Parties agreed as follows:

- 1.0 Transmission Customer shall reimburse PacifiCorp for the actual costs of performing the required Facilities Study. Transmission Provider shall perform the Facilities Study pursuant to the prevailing provisions in Section 32 of its OATT.
- 2.0 Pursuant to the procedures outlined in Section 32.4 of PacifiCorp's OATT, Transmission Customer shall execute and return this Agreement, along with payment in the amount of \$50,000, representing the estimate of the study costs, payable to PacifiCorp Transmission Services.
- 3.0 Upon completion of the Facilities Study, Transmission Provider shall correct any difference between the actual costs and estimated study costs and Transmission Customer shall be billed or credited by Transmission Provider for such difference.
- 4.0 PacifiCorp Transmission Services shall use commercially reasonable efforts to complete the Facilities Study within sixty (60) days of Transmission Customer's execution and return of this Agreement and funding of the estimated study costs.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

PacifiCorp

By: _____
PRINT NAME

Title: _____

Signature: _____

Date: _____

PacifiCorp Energy

By: John Apperson
PRINT NAME

Title: Trading Director

Signature: John A Apperson

Date: 28 July 2014

Cunningham, Melanie

From: Griswold, Bruce {Mkt Function}
Sent: Monday, July 28, 2014 10:47 AM
To: Cunningham, Melanie
Subject: RE: Facilities Study Agreement - PAC C&T (Q1824 PAC PACW - PACW NR Surprise Valley Electrification Corp AREF 79456228)

yes

Bruce Griswold
PacifiCorp C&T
503.813.5218 Office
503.702.1445 Cell

From: Cunningham, Melanie
Sent: Monday, July 28, 2014 10:45 AM
To: Griswold, Bruce {Mkt Function}
Subject: FW: Facilities Study Agreement - PAC C&T (Q1824 PAC PACW - PACW NR Surprise Valley Electrification Corp AREF 79456228)
Importance: High

Can I get the Facility Study Agreement executed?

From: Tien, Paul
Sent: Friday, July 25, 2014 3:15 PM
To: Schroeder, Jim; Cunningham, Melanie; Contract Administration
Cc: McClelland, Brian; _Transmission Contracts
Subject: Facilities Study Agreement - PAC C&T (Q1824 PAC PACW - PACW NR Surprise Valley Electrification Corp AREF 79456228)

Hi Jim –

The attached documents were sent to you today by interoffice mail. Please let me know if you do not receive it within two business days.

Thanks,

Paul Tien
PacifiCorp Transmission Services
825 NE Multnomah Street Suite 1600
Portland, Oregon 97232
503 813 6079



SVEC/203
Energy Supply Management Culp/116
825 NE Multnomah Street, Suite 600
Portland, OR 97232

October 13, 2015

Brian McClelland
Manager, Transmission Services
PacifiCorp Transmission Services
825 NE Multnomah, Suite 1600
Portland, Oregon 97232

**Re: Withdrawn Network Resource Request 4 MW for Surprise Valley Electrification Corp
QF PPA AREF 79456228**

Dear Mr. McClelland:

In a transmission request dated March 20, ~~2015~~ ²⁰¹⁴ PacifiCorp Merchant Function ("Merchant") made a request for Network Resource for Surprise Valley Electrification Corp for 4 MW. Merchant has chosen to withdraw this transmission request. The original request type (see control numbers under OASIS AREF 79456228) was withdrawn from the OASIS on October 13, 2015.

Please call me at 503-813-6559 if you have any questions regarding this transmission request.

Sincerely,

A handwritten signature in black ink that reads "Melanie Cunningham".

Melanie Cunningham
Contract Administration
Energy Supply Management

cc: Erb

Transmission Reservation Detail 79456228 WITHDRAWN

Seller	Source Sink	POR POD	Request Type	Start	Stop	MW Req	MW Grant	Bid Price	Offer Price	Celling Price	Price Unit
PPW	PACW PACWLOAD	PACW PACW	ORIGINAL	2014-04-01 00:00 PD	2020-04-01 00:00 PD	4		0.0000		0.0000	\$/MW-YEAR
Path: W/PPW/PACW-PACW/PACW-PACW/											
Service Code				Increment	Class	Type	Period	Window	Subclass		
YEARLY_NETWORK_EXTENDED				YEARLY	FIRM	NETWORK	FULL_PERIOD	EXTENDED	NITS		
Preconfirmed: No		Competing: No		Negotiated: No		Nerc Priority: 7		Affiliate: Yes			
Reservation Profile											
Start Date		Stop Date		MW Req	MW Grant	MWH	Bid Price	Offer Price			
2014-04-01 00:00 PD		2020-04-01 00:00 PD		4		210432.00	0.00				
Profile Total:						210432.00					
Times						References					
Queued	2014-03-18 09:59:15 PD					Deal					
Updated	2015-10-13 11:42:08 PD					Sale					
Response						Posting					
						Request					
						Impacted	0				
						Reassigned					
						Seller					
						Related					
CG Deadline											
Comments											
Status											
Seller											
Provider											
Customer	Request Network resource status for Surprise Valley Electrification Corp. Letter to follow.										
Provisions											
CG Status											
Status Notification	mailto:C&T.Transmissiondesk@pacificorp.com										
Anc-Service-Link											
Anc-Required	RV:M;SC:M;										
Rollover Waived											
Concomitant Eval Flag											
Customer: PAC						Seller: PPW					
Name	D_Meeuwsen					Name	PPW_WEBTRANS				
Phone	503-813-6467					Phone	503-813-5342				
Fax	503-813-6265					Fax					
E-mail	Doug.meeuwsen@PacifiCorp.com					E-mail	Brian.McClelland@PacifiCorp.com				

SVEC Data Request 2.8

Following February 10, 2014, please identify whether PacifiCorp provided any draft power purchase agreements or power purchase agreement language to Surprise Valley. If so, please provide copies of all related correspondence and documents.

Response to SVEC Data Request 2.8

PacifiCorp did not provide any additional draft power purchase agreements (PPA) or PPA language to Surprise Valley after February 10, 2014 because PacifiCorp rejected Surprise Valley's proposed sale concept based on PacifiCorp accepting energy from the Bonneville Power Administration (BPA) under a qualifying facility (QF) PPA. Surprise Valley is in possession of PacifiCorp's draft PPAs following the initiation of settlement negotiations after receipt of Surprise Valley's April 16, 2015 demand letter.

SVEC Data Request 2.9

Following February 10, 2014, please identify whether PacifiCorp commented in writing regarding Surprise Valley's proposed power purchase agreement drafts or language. If so, please provide copies of all related correspondence and documents.

Response to SVEC Data Request 2.9

PacifiCorp provided only oral comments to Surprise Valley's proposed power purchase agreement (PPA) because PacifiCorp rejected Surprise Valley's proposed sale concept based on PacifiCorp accepting energy from the Bonneville Power Administration (BPA) under a qualifying facility (QF) PPA. Surprise Valley is in possession of PacifiCorp's comments following the initiation of settlement negotiations after receipt of Surprise Valley's April 16, 2015 demand letter.

SVEC Data Request 2.10

Following February 10, 2014, please identify all PacifiCorp's proposed revisions to Surprise Valley's proposed power purchase agreement drafts or language. Please provide copies of all related correspondence and documents.

Response to SVEC Data Request 2.10

PacifiCorp did not propose revisions to Surprise Valley's proposed power purchase agreement (PPA) drafts or language because PacifiCorp rejected Surprise Valley's proposed sale concept based on PacifiCorp accepting energy from the Bonneville Power Administration (BPA) under a qualifying facility (QF) PPA. Surprise Valley is in possession of PacifiCorp's proposed revisions following the initiation of settlement negotiations after receipt of Surprise Valley's April 16, 2015 demand letter.

SVEC Data Request 2.11

Please admit or deny whether PacifiCorp, BPA or Surprise Valley has installed or will have installed metering that shows or demonstrates that the Paisley Project will deliver power to PacifiCorp's system when commercially operational. If admitted, please identify when PacifiCorp agreed and provide all supporting documents and correspondence. If denied, please identify when PacifiCorp explained and identified what metering would be sufficient to show or demonstrate that the Paisley Project is delivering power to PacifiCorp's system

Response to SVEC Data Request 2.11

Installation of a bidirectional meter between the Surprise Valley and PacifiCorp systems would identify when generation on the Surprise Valley system exceeds Surprise Valley's load and energy flows into PacifiCorp's system. PacifiCorp has not installed any such metering and installation of such metering would depend on a request for transmission service requiring such installation, from PacifiCorp energy supply management (ESM), Surprise Valley or a third-party. PacifiCorp has no knowledge regarding whether Bonneville Power Administration (BPA) has or will install any metering regarding the Paisley Project. Surprise Valley is in possession of information related to Surprise Valley. PacifiCorp has not installed any metering, but may depending on execution of a power purchase agreement (PPA) with Surprise Valley. Surprise Valley identified the metering necessary for power to flow into PacifiCorp's system in its February 6, 2013 notification that PacifiCorp was an affected system due to the interconnection of the Paisley Project to Surprise Valley's system. Surprise Valley specifically identified that a bidirectional meter would be required during light loading conditions on the Surprise Valley system where excess generation from the Paisley Project may feed into the PacifiCorp system. Please refer to Attachment SVEC 2.11.

SVEC Data Request 2.12

Please admit or deny that PacifiCorp was willing to accommodate and accept the Paisley Project's net output through a swap, exchange or displacement of power that came from BPA that PacifiCorp was delivering on BPA's behalf. If admitted, please identify when PacifiCorp explained the metering that Surprise Valley would need to have installed to allow PacifiCorp to measure or otherwise verify the power deliveries, and identify the metering that Surprise Valley would need to have installed to allow PacifiCorp to measure or otherwise verify the power deliveries. If denied, please explain. Please provide supporting correspondence and documents.

Response to SVEC Data Request 2.12

PacifiCorp denies that it was willing to accept power delivered by Bonneville Power Administration (BPA) to serve BPA's load as net-output from a qualifying facility (QF). PacifiCorp has no legal obligation to purchase power from the BPA under the Public Utility Regulatory Policies Act (PURPA).

SVEC Data Request 2.14

Please identify all other contractual, metering, distribution or transmission facilities, or other changes that Surprise Valley or any third parties would need to make to allow PacifiCorp to accommodate and accept the Paisley Project's net output through a swap, exchange or displace with power that came from BPA that PacifiCorp was delivering on BPA's behalf.

Response to SVEC Data Request 2.14

PacifiCorp does not have information responsive to the request. PacifiCorp has no obligation to accept Bonneville Power Administration (BPA) power as net-output from the Paisley qualifying facility (QF) project or any other QF project. The particular contractual, metering, distribution or transmission facilities would depend on the specific terms of any swap, exchange or displacement arrangement.

SVEC Data Request 2.15

If PacifiCorp is not currently willing to accommodate and accept the Paisley Project's net output through a swap, exchange or displacement of power that came from BPA that PacifiCorp was delivering on BPA's behalf, please identify all other contractual, physical or other changes that PacifiCorp previously identified that Surprise Valley or any third parties would need to make to allow PacifiCorp to accommodate and accept the Paisley Project's net output that came from BPA that PacifiCorp was delivering on BPA's behalf. Please provide supporting correspondence and documents.

Response to SVEC Data Request 2.15

PacifiCorp does not have information responsive to the request. The particular contractual, metering, distribution or transmission facilities would depend on the specific terms of any swap, exchange or displacement arrangement.

SVEC Data Request 3.2

Please refer to the June 22, 2015 power purchase agreement executed by Surprise Valley Electric Corp., and provide a revised power purchase agreement in redline format that PacifiCorp is willing to execute.

Response to SVEC Data Request 3.2

The Company objects to this request as seeking to negotiate the terms of a power purchase agreement through the discovery process and as not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, the Company responds as follows:

PacifiCorp is willing to execute a power purchase agreement (PPA) at any time following evidence of verifiable delivery of net output of the Paisley Project to PacifiCorp's system. PacifiCorp will accept any energy that flows into PacifiCorp's system during light loading conditions on Surprise Valley's system. PacifiCorp will also accept delivery of net output upon a showing a transmission arrangement evidencing the ability to provide firm delivery across Surprise Valley's system to PacifiCorp's system. Agreements for either form of delivery are available on PacifiCorp website at: <https://www.pacificpower.net/about/rr/ori.html>.

SVEC Data Request 3.3

If PacifiCorp is not willing to execute a power purchase agreement at this time, please identify what information PacifiCorp needs to execute a power purchase agreement and provide a revised power purchase agreement in redline format that PacifiCorp would be willing to execute after the additional information is provided by Surprise Valley.

Response to SVEC Data Request 3.3

The Company objects to this request as seeking to negotiate the terms of a power purchase agreement through the discovery process and as not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, the Company responds as follows:

Please refer to the Company's response to SVEC Data Request 3.2.

SVEC Data Request 3.5

Is PacifiCorp willing to enter into a power purchase agreement with Surprise Valley at current market rates at duration of PacifiCorp's choosing? If so, please identify if additional metering would need to be installed or if additional transmission arrangements would need to be obtained.

Response to SVEC Data Request 3.5

Surprise Valley's legal counsel has clarified that this request refers to any power purchase agreement (PPA), Public Utility Regulatory Policies Act (PURPA) or non-PURPA, with Surprise Valley at current market rates at duration of PacifiCorp's choosing.

The Company objects to this request as requiring speculation and as not reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, the Company responds as follows:

PacifiCorp cannot speculate about its willingness to enter into a PPA at current market rates at duration of PacifiCorp's choosing. Any agreement regarding a non-PURPA wholesale purchase of energy would depend on the negotiated terms and conditions of a PPA. As with PacifiCorp's qualifying facility (QF) PPAs, PacifiCorp generally requires that the seller arrange for firm delivery to PacifiCorp's system with associated transmission schedules. Metering of the net output of the Surprise Valley generator as a non-QF generator is not required because Surprise Valley's delivery would be a scheduled firm delivery of capacity and energy backed by liquidated damages for non-performance and the pricing would be negotiated and not subject to the particular requirements under PURPA. PURPA PPAs of the size of the Paisley Project are based on PacifiCorp's template agreements and at avoided cost prices, in accordance with the requirements in PURPA.

SVEC Data Request 4.1

Please refer PacifiCorp's Answer at 1-4, then please identify in detail the specific transmission arrangements that Surprise Valley must provide to be able to sell the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.1

If Surprise Valley would like to sell the entire net output of the Paisley Project, which is an off-system qualifying facility (QF) interconnected to Surprise Valley's system, Surprise Valley must provide PacifiCorp with transmission service arrangements to deliver net output to PacifiCorp on a firm scheduled basis consistent with the requirements in Addendum W of PacifiCorp's standard off-system power purchase agreement available on PacifiCorp website at <https://www.pacificpower.net/about/rr/ori.html>.

SVEC Data Request 4.2

Please refer PacifiCorp's Answer at 1-4, please identify in detail the specific metering that PacifiCorp ESM needs for Surprise Valley, the Bonneville Power Administration (BPA), and/or PacifiCorp to install so that Surprise Valley is able to sell the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.2

Please refer to PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.3

Please explain what evidence would satisfy PacifiCorp ESM that a transmission arrangement is in place that will allow for the delivery of the net output of the Paisley Project across Surprise Valley's system for delivery to PacifiCorp's system at the point of interconnection between Surprise Valley's system and PacifiCorp's system.

Response to SVEC Data Request 4.3

PacifiCorp would require written documentation from Surprise Valley of the contractual transmission service arrangement with the transmitting utility to deliver net output to PacifiCorp on a firm scheduled basis consistent with the requirements in Addendum W of PacifiCorp's standard available on PacifiCorp website at <https://www.pacificpower.net/about/rr/ori.html>.

SVEC Data Request 4.4

Please identify the transmission arrangements that PacifiCorp ESM agrees would entitle Surprise Valley to a PURPA contract for sale of the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.4

Please refer to the Company's response to SVEC Data Request 4.1.

SVEC Data Request 4.5

Please identify the means PacifiCorp ESM believes must be in place so that Surprise Valley could verifiably deliver the net output of the Paisley Project.

Response to SVEC Data Request 4.5

Please refer to the Company's response to SVEC Data Request 4.1 and PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.6

Please identify the what type of method of tracking and transferring the Paisley Project's net output across its own distribution system that is acceptable to PacifiCorp ESM.

Response to SVEC Data Request 4.6

PacifiCorp energy supply management (ESM) has no knowledge regarding Surprise Valley's system and the specific methods of tracking and transferring the Paisley Project's net output across Surprise Valley's distribution system. Regarding deliveries to PacifiCorp's system, hourly energy schedules consistent with the applicable transmission arrangements showing firm delivery of energy to PacifiCorp's system of the net output of the Paisley Project is the standard method of tracking off-system qualifying facility (QF) deliveries. Alternatively, metering to measure the delivery of the amount of energy flowing into PacifiCorp's system could be tracked through a bidirectional meter installed between the PacifiCorp and Surprise Valley systems. Please refer to the Company's response to SVEC Data Request 4.1 and PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.7

Please identify the verifiable delivery arrangements that PacifiCorp ESM agrees would make it possible for PacifiCorp to purchase the net output of the Paisley Project.

Response to SVEC Data Request 4.7

Please refer to the Company's response to SVEC Data Request 4.1.

SVEC Data Request 4.8

Please refer PacifiCorp's Answer 1-4, then please identify in detail the specific transmission arrangements that PacifiCorp Transmission needs so that Surprise Valley is able to sell the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.8

Please refer to PacifiCorp's response to SVEC Data Request 4.10.

SVEC Data Request 4.9

Please refer PacifiCorp's Answer at 1-4, then please identify in detail the specific metering that PacifiCorp Transmission needs for Surprise Valley, the Bonneville Power Administration ("BPA"), or PacifiCorp to install so that Surprise Valley must provide to be able to sell the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.9

Please refer to PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.10

Please explain what evidence would satisfy PacifiCorp Transmission that a transmission arrangement is in place for the delivery of the net output of the Paisley Project across Surprise Valley's system for delivery to PacifiCorp's system at the point of interconnection between Surprise Valley's system and PacifiCorp's system.

Response to SVEC Data Request 4.10

PacifiCorp Transmission requires that PacifiCorp energy supply management (ESM) apply for Designated Network Resource status for the Surprise Valley Paisley Project as an off-system resource pursuant to the requirements of Sections 29 and 30 of PacifiCorp's Open Access Transmission Tariff (OATT). Please refer to OATT Section 29.2 outlining the requirements for off-system Network Resources. Specifically, these include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area from which the power will originate
- Delivery point(s) to the Transmission Provider's Transmission System
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWh) for redispatch computations

The term transmission arrangement is not defined in the OATT, and can take various forms depending on the form of transfer service provided by transmitting utility delivering energy to the PacifiCorp system, as well as the commercial arrangement between ESM and Surprise Valley.

SVEC Data Request 4.11

Please identify the transmission arrangements that PacifiCorp Transmission agrees would entitle Surprise Valley to a PURPA contract for sale of the net output of the Paisley Project to PacifiCorp.

Response to SVEC Data Request 4.11

Please refer to PacifiCorp's response to SVEC Data Request 4.10.

SVEC Data Request 4.12

Please identify the means by which PacifiCorp Transmission agrees that Surprise Valley could verifiably deliver the net output of the Paisley Project.

Response to SVEC Data Request 4.12

Please refer to the Company's response to SVEC Data Request 4.1 and PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.13

Please identify what type of method of tracking and transferring the Paisley Project's net output across its own distribution system that is acceptable to PacifiCorp Transmission.

Response to SVEC Data Request 4.13

PacifiCorp transmission has no knowledge regarding Surprise Valley's system and the specific type of methods of tracking and transferring the Paisley Project's net output across Surprise Valley's distribution system. Please refer to the Company's response to SVEC Data Request 4.1 and PacifiCorp's 1st Supplemental Response to SVEC Data Request 1.31.

SVEC Data Request 4.14

Please identify the verifiable delivery arrangements that PacifiCorp Transmission agrees would make possible for PacifiCorp to purchase the net output of the Paisley Project.

Response to SVEC Data Request 4.14

Please refer to the Company's response to SVEC Data Request 4.1 and PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31.

SVEC Data Request 4.22

Please clarify the status of the construction agreement between PacifiCorp ESM and PacifiCorp Transmission regarding upgrades necessary for the Paisley Project, including whether PacifiCorp is still evaluating the need for the facilities anticipated in the construction agreement, and whether PacifiCorp is exploring the possibility of phasing construction to install the bi-directional meter between the two systems.

Response to SVEC Data Request 4.22

The construction agreement was filed with the Federal Energy Regulatory Commission (FERC) on June 9, 2015, in Docket ER-1892 with an effective date of June 1, 2015. Work identified in the agreement started in June 2015. With PacifiCorp energy supply management's (ESM) withdrawal of its request to designate Surprise Valley's Paisley Project as a network resource, all work has been suspended, but the agreement has not been terminated. PacifiCorp continues to evaluate the need for the facilities anticipated in the construction agreement and whether phasing construction will allow for installation of upgrades in a timely manner if the parties resolve the dispute through settlement negotiations.

SVEC Data Request 4.25

Please admit or deny that it is PacifiCorp's position that Surprise Valley will pay for the construction upgrades contemplated in the construction agreement filed with FERC between PacifiCorp ESM and PacifiCorp Transmission. If so, specify when and how PacifiCorp intends to recover payment from Surprise Valley. If not, please explain.

Response to SVEC Data Request 4.25

It is PacifiCorp's position that, if PacifiCorp and Surprise Valley were to execute a power purchase agreement (PPA), Surprise Valley should be responsible for any and all construction costs associated with facilitating delivery of its off-system qualifying facility (QF) to PacifiCorp's system consistent with the Public Utility Regulatory Policy Act (PURPA), Federal Energy Regulatory Commission (FERC) regulations and the treatment of other off-system QFs selling to PacifiCorp. The construction agreement filed with FERC is between PacifiCorp ESM and PacifiCorp Transmission, associated with ESM's network transmission service. Accordingly, ESM would have to negotiate and execute a separate agreement with Surprise Valley to recover construction costs.

SVEC Data Request 4.26

Since Surprise Valley initiated contact with PacifiCorp regarding a PPA, please provide all communications between Bruce Griswold or John Younie and any other PacifiCorp employee or Surprise Valley regarding Surprise Valley/the Paisley Project and “eTags.”

Response to SVEC Data Request 4.26

Please refer to Attachment SVEC 4.26.

From: [Younie, John](#)
To: [Portouw, Jim](#); [Griswold, Bruce {Mkt Function}](#); [Meeuwsen, Doug](#)
Subject: FW: Surprise Valley PPA
Date: Monday, December 30, 2013 9:15:00 AM

Jim and Doug,

A couple of weeks ago we met and discussed the SVEC geothermal generator interconnection to the PAC system. In our discussion we determined that SVEC would have to provide SCADA, schedule deliveries, and produce a tag. We also determined that SVEC would be an on-system generator; their 69 KV line would be their line extension. Can you think of any other issues or items we should convey to SVEC? Tagging requirements?

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, December 30, 2013 7:48 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann; Dan (BPA) - PSE-BEND Bloyer; Eric Taylor
Subject: Re: Surprise Valley PPA

Hello John, Hope you had a great Christmas.

Wondering how your internal meeting went concerning delivery from our Paisley geothermal plant. Are you able to comment at this time? Thanks, Lynn

From: [Younie, John](#)
Sent: Tuesday, December 17, 2013 4:21 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#) ; [Dan \(BPA\) - PSE-BEND Bloyer](#) ; [Eric Taylor](#)
Subject: RE: Surprise Valley PPA

Lynn,

We are scheduling an internal meeting to determine how to receive the generation from your Paisley geothermal generator. I will get back to you.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Friday, December 13, 2013 10:59 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann; Dan (BPA) - PSE-BEND Bloyer; Eric Taylor
Subject: Re: Surprise Valley PPA

Hello John,

I have reviewed the Bonneville Power Administration transmission agreements with BPA account executives and engineer. They have told me that neither of the agreements suggested (Use of Facilities and Transmission Service) are needed. BPA does not own any of

the equipment on this system except for the revenue meter at the plant and the meter at the 690 switch in Lakeview. The output should be metered at the plant and delivered to the 690 switch in Lakeview, with a reasonable loss factor for the transmission from the plant to Lakeview. The 2 to 2.5 MW produced at the plant is not a resource that contractually serves the SVEC load. SVEC is contractually purchasing power from BPA to serve SVEC's entire load.

I also would like PacifiCorp to clarify the first sentence of Addendum W, "Whereas, Seller's Facility is not within the control area of PacifiCorp." In discussions with both PacifiCorp and BPA we have been told that the facility is within PacifiCorp's balancing area. Can this be clarified? If the plant is confirmed to be in the PacifiCorp balancing area, what implications are there for scheduling? If PacifiCorp requires SVEC to schedule this resource, what is your scheduling protocol? BPA is not requiring scheduling since the resource does not reside in their BAA.

I would also like clarification on the next sentence of Addendum W, "Whereas Seller's Facility will not interconnect directly to PacifiCorp's System". Please clarify what PacifiCorp means by direct interconnection. SVEC's resource is not physically interconnected to PacifiCorp's system, however, SVEC's system directly connects to PacifiCorp at Lakeview. The resource itself must be wheeled across SVEC's system to get to Lakeview.

Thank you, Lynn

From: [Younie, John](#)
Sent: Tuesday, December 03, 2013 11:28 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

Bruce reminded me that if you were using your generation to off-set your BPA delivery you would not be a QF. In order for you to be a QF you must deliver the net output of your generator to PacifiCorp, we cannot do an accounting transaction. In this case BPA will be required to deliver your generation to PacifiCorp's system either through a Transmission Service Agreement or a Use-of-Facilities Agreement. If expensive improvements are required at Mile High in order to receive your generation we may ask that the power be delivered somewhere else on our system. I will ask our Transmission Desk if Mile High is an acceptable delivery point. In the meantime you need to initiate the delivery process with BPA.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Monday, December 02, 2013 11:23 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

See attached. Lynn

From: [Younie, John](#)

Sent: Monday, December 02, 2013 11:03 AM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#) ; [Jeff Mann](#)
Subject: RE: Surprise Valley PPA

Lynn,

Could you send me a one-line diagram that shows the generator, metering, and point of delivery?

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Monday, December 02, 2013 9:27 AM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge; Jeff Mann
Subject: Re: Surprise Valley PPA

Hello John, I hope you had a nice Thanksgiving holiday.

Following are the items in the draft PPA we would like to discuss tomorrow. We wanted to provide them to you so you could know what we are looking at and be prepared for the call.

Clause 1.27 – Net Output - We are interconnecting and metering the plant at the 69 kV line adjacent to the Paisley Plant. We assume that this is the point that Net Output should be based on. Please confirm.

Clause 1.31 – Point of Delivery – We would like to discuss the Point of Delivery and Interconnection Point. We are assuming that this is the same location at the 69 kV line adjacent to the plant.

Clause 1.36 – Replacement Price – Please provide clarification on how the quantity of replacement energy will be determined. Is this calculated based on the Exhibit D-1 projection or is this amount calculated based on the Energy Imbalance Accumulation determined under the Settlement Period in Addendum W?

Clause 4.5 – Energy Delivery Schedule – Please provide clarification on the purpose of developing the Net Energy schedule in Exhibit D. Based on Addendum D, Seller will be developing a day ahead hourly forecast with Settlement over a one month period. Which of these monthly forecasts will be used to determine positive or negative energy balance?

Clause 4.2 and Clause 6.2 – Clause 4.2 notes that the Average Annual Generation can be modified, upon six month notice, every other Contract year. Clause 6.2 allows Seller to increase Net Output at any time upon at least six month notice. We want to discuss the requirements behind these requirements and impact on increase/decrease of projected generation.

Clause 5.4 – We would like to discuss the payment of Excess Output in relationship to the facility operation. Excess Output is defined as Net Output produced in excess of the Facility Capacity Rating. Facility Capacity Rating is defined as the nameplate capacity rating of the generator. We are

unclear on how the unit can generate in excess of a nameplate rating.

Addendum W – We would appreciate PacifiCorp discussion on the monthly settlement process and how positive and negative balances are settled.

Surplus Delivery – Please clarify the relationship between Addendum W definition and Clause 5.4. We would like to discuss the statement that PacifiCorp will accept Surplus Delivery, but shall not pay for it.

Section 8c – We would like to discuss the option of revising the Settlement Period to one year.

Thank you. Talk to you tomorrow. Lynn

Lynn Culp
Member Service Manager
Surprise Valley Electric
530.233.3511 office
530.640.2666 cell

From: [Younie, John](#)
Sent: Wednesday, November 27, 2013 3:01 PM
To: [Lynn Culp](#)
Cc: [Mike Long](#) ; [Chun Chin](#) ; [Jim Hays](#) ; [Brad Kresge](#)
Subject: RE: Surprise Valley PPA

Tuesday works best for me.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Wednesday, November 27, 2013 2:39 PM
To: Younie, John
Cc: Mike Long; Chun Chin; Jim Hays; Brad Kresge
Subject: Surprise Valley PPA

Hello John,

I would like to have a phone conversation with you along with a couple of the gentlemen from Power Engineers who are assisting us with this project. We have a number of questions and clarifications with the PPA that we would like to discuss with you.

Are you available next Monday or Tuesday (11-1pm PT) or Wed (9-1pm PT). Any of those dates/times work for you?

Thank you. Looking forward to speaking with you. Have a great Thanksgiving. Lynn

C&T Discovery

From: Stofiel, Veronica
Sent: Tuesday, January 07, 2014 12:00 PM
To: Portouw, Jim
Cc: Meeuwsen, Doug; McClelland, Brian
Subject: RE: SVEC future Resource for C&T
Attachments: Tag Template.xlsx

Hi Jim –

See my responses below. Let me know if I have missed anything. I expect there will be more questions, so happy to talk about it further.

Thanks,
Veronica

From: Portouw, Jim
Sent: Tuesday, January 07, 2014 6:06 AM
To: Stofiel, Veronica
Cc: Meeuwsen, Doug; Raypush Dombrowsky, Laura
Subject: RE: SVEC future Resource for C&T

Veronica,

Have you had a chance to look at the questions below? We are moving ahead with process to submit Network Resource request and want to make sure nothing is overlooked.

Thanks,
Jim

From: Raypush Dombrowsky, Laura
Sent: Friday, December 27, 2013 10:46 AM
To: Portouw, Jim
Cc: Meeuwsen, Doug; Stofiel, Veronica
Subject: RE: SVEC future Resource for C&T

Jim,

It looks like SVEC is in PAC's BAA. I confirmed this with Grid Operations this am. Veronica will be the best person to assist you with your remaining questions. I have sent them onto her this am. Please let me know if you have any other questions that we can help out with.

Thanks,
Laura

From: Portouw, Jim
Sent: Friday, December 27, 2013 10:30 AM
To: Raypush Dombrowsky, Laura
Cc: Meeuwsen, Doug
Subject: SVEC future Resource for C&T

Laura,

Not sure who to direct these questions to so please forward on to who you think can best respond.

We have been approached by Surprise Valley with a generation project they want to sell to us as a QF. It will be interconnected to their system and delivered to us at facility change of ownership near Lakeview substation in southern Oregon.

1. Please confirm that SVEC is in PACW BAA. **Confirmed.**
2. What is process for this? Is there anything additional needed than a Network Resource request from C&T?
Please submit a network resource application following the off-system requirements in OATT 29.2 (v).
3. Would think that PacifiCorp Transmission would need real-time information on the generation and we would want that information made available to C&T. Will this requirement come out in the study done for Network Resource status? **For the transmission request, we need only the maximum capacity. Whether or not real-time generation data is needed would be determined in the study, though it's not typically required.**
4. Please confirm scheduling/eTagging requirement for generation amounts from SVEC to C&T (dynamic transfer?). **SVEC would need to arrange for delivery to the point where you pick it up. You would need to register a new source for that point. Attached is what we think a tag would look like.**

Thanks,
Jim

GCA	PSE	Source
PACW	SVEC	TBD

TP	PSE	POR	POD	SE	OASIS #	OWNER
PPW	SVEC	PACW	PACW			

LCA	PSE	Sink
PACW	PAC01	TBD

SVEC Data Request 5.2

What basis did PacifiCorp ESM have to request to designate the Paisley Project as a Network Resource (and enter into the Sept 2014 Construction Agreement to complete such designation) if PacifiCorp ESM did not understand Paisley Project to intend to deliver and sell its entire net output, up to 3.7 MW identified in the agreement, to PacifiCorp for purchase as a QF?

Response to SVEC Data Request 5.2

PacifiCorp energy supply management (ESM), as a network transmission customer taking service under PacifiCorp's Open Access Transmission Tariff, is required to submit a Network Resource designation request for any new resource or power purchase agreement that will be used to serve PacifiCorp's retail load. PacifiCorp assumed that Surprise Valley would deliver the net output of the Paisley Project to PacifiCorp's system, creating a mandatory purchase obligation under PURPA, and ESM sought to determine if, and what, metering would be required to measure any portion of the net output generated and delivered from the Paisley Project to PacifiCorp's system.

SVEC Data Request 5.3

Admit or deny that the OATT requires that PacifiCorp ESM have a contractual commitment to purchase the output of the generator in order to an application for designated network resource status. Reference PacifiCorp's OATT Section 30.2, requiring the request for designation of new network resource meet the following requirement:

This request must include a statement that the new network resource satisfies the following conditions:

(1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a noninterruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

Response to SVEC Data Request 5.3

PacifiCorp admits that PacifiCorp's Open Access Transmission Tariff (OATT) requires that a request for designation of new network resources by network customers, including PacifiCorp Energy Supply Management, include a statement that: (1) the network customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the OATT; and (2) the network resource does not include any resource, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the network customer's network load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program..

SVEC Data Request 7.3

Please provide copies of all industrial customer contracts with simultaneous buy-sell arrangements (for all or part of their power sales or purchases). Please identify whether any of the industrial customers are purchasing electricity under direct access.

Response to SVEC Data Request 7.3

The customers listed below are industrial customers with qualifying facility (QF) power purchase agreements (PPA) selling 100 percent of their output or selling QF generation in excess of their load. None of the customers listed below are participating in direct access. Please refer to the Company’s 1st Supplemental response to SVEC 1.7, which provides copies of the power sale contracts.

Industrial Customer	Retail Service
Ballard Hog Farms Inc	Utah Schedule 6
Brigham Young University Idaho	Idaho Schedule 9
Douglas Country Forest Products (Douglas County Inc)	Oregon Schedule 47
Evergreen BioPower	Oregon Schedule 48
ExxonMobil Production Company	Wyoming Schedule 47
Hill Air Force Base	Utah Schedule 9
Kennecott Refinery	Special contract [†]
Kennecott Smelter	Special contract [†]
Oregon Institute of Technology	Oregon Schedule 47
Oregon State University	Oregon Schedule 47
Roseburg Forest Products - Dillard	Oregon Schedule 47
Roseburg Forest Products - Weed	California Schedule 47
Rough & Ready Lumber	Oregon Schedule 47
Tesoro Refining and Marketing Company	Utah Schedule 9

[†] Kennecott Utah Copper LLC is a party to an Electric Services Agreement (ESA). The ESA does not include any buy-sell arrangements. The ESA does, however, allow the parties to offset of amounts owing under the ESA, QF power purchase agreements, generation interconnection agreement, or any other agreement between the parties.

SVEC Data Request 8.1

For an off-system contract between PacifiCorp and Surprise Valley, would PacifiCorp Transmission, acting as the control area operator, sell energy imbalance and other ancillary services to be used in deliveries of the QF's net output to PacifiCorp's system. If yes, please explain how this arrangement would work both contractually and operationally. If no, please explain why PacifiCorp Transmission, acting as the control area operator, would not be required to offer these services for deliveries from a generator interconnecting within PacifiCorp's control area.

Response to SVEC Data Request 8.1

Yes, assuming that the output will be used to serve load in PacifiCorp's control area. Normally, ancillary services are provided by the transmission provider, a third party, or acquired through self-supply by the transmission customer. However, if a transmission customer's transmission provider cannot provide ancillary services PacifiCorp is required to offer ancillary services to transmission customers serving load within PacifiCorp's Control Area under Section 3 of PacifiCorp's Open Access Transmission Tariff.. If the Transmission Provider provides the ancillary services, the terms of this service are identified in the Transmission Customer's transmission service agreement. If the Control Area operator provides the ancillary services, the terms of this service would be identified in an Ancillary Services Agreement.

SVEC Data Request 8.1

For an off-system contract between PacifiCorp and Surprise Valley, would PacifiCorp Transmission, acting as the control area operator, sell energy imbalance and other ancillary services to be used in deliveries of the QF's net output to PacifiCorp's system. If yes, please explain how this arrangement would work both contractually and operationally. If no, please explain why PacifiCorp Transmission, acting as the control area operator, would not be required to offer these services for deliveries from a generator interconnecting within PacifiCorp's control area.

1st Supplemental Response to SVEC Data Request 8.1

Surprise Valley's legal counsel requested clarification regarding how a contract to provide ancillary services would work operationally. PacifiCorp provides the following supplemental response:

While details of applicable charges would be determined at time of contract execution when the specific services to be provided are known, the information necessary to provide and account for ancillary services to support Surprise Valley's firm delivery of energy from the Paisley Project to PacifiCorp's system would come from:

- Metering installed at the Paisley Project's interconnection to Surprise Valley's system;
- Metering installed to measure flows between Surprise Valley's system and PacifiCorp's system; and
- Surprise Valley's energy schedules (eTags) for firm transfer of Paisley Project energy to PacifiCorp's system.

Data from these three inputs would provide the necessary information to determine the amount of ancillary services provided to Surprise Valley to support the firm transfer of Paisley Project net output to PacifiCorp's system. PacifiCorp's grid operations group would monitor the data to determine the real time ancillary services requirements to support the firm transfer. Billing would be determined after the fact by accessing the data to determine actual usage over the billing period.

Surprise Valley would be responsible for ensuring the appropriate metering is installed at the Paisley Project to ensure the services provided under any agreement can be accurately accessed and billed to Surprise Valley by PacifiCorp. Metering equipment for the Paisley Project interconnection would be owned and maintained by Surprise Valley. Surprise Valley would provide real-time data from its meters to PacifiCorp in accordance with PacifiCorp's generally applicable metering and communications requirements.

PacifiCorp would be responsible for ensuring the appropriate metering is installed at, or near, the interconnection of the Surprise Valley and PacifiCorp systems. Metering equipment to measure flows between the Surprise Valley and PacifiCorp systems would be owned and maintained by PacifiCorp.

All metering, communications, and data exchanges required to implement any agreement for ancillary services would need to be automated to the greatest extent reasonably practicable. The standards and specifications for metering and communications equipment as well as any related hardware and software required to implement any agreement for ancillary services must, if reasonably practicable, be compatible with PacifiCorp's existing or planned facilities or software, meet all applicable WECC and NERC requirements, and be consistent with good utility practice.

SVEC Data Request 8.2

For an off-system contract between PacifiCorp and Surprise Valley, would PacifiCorp
ESM accept energy imbalance and ancillary services provided by PacifiCorp
Transmission to be used in deliveries of the QF's net output to PacifiCorp's system.

Response to SVEC Data Request 8.2

Yes. Under an off-system qualifying facility (QF) power purchase agreement (PPA), it is
Surprise Valley's choice as to how Surprise Valley will procure firm transmission and
delivery service and all necessary imbalance and ancillary services to move net output
from the generator to PacifiCorp's system.

SVEC Data Request 8.3

Is it PacifiCorp ESM's position that Surprise Valley must provide energy imbalance or other ancillary services in order to provide necessary "transmission arrangements" or otherwise provide firm, uninterruptible transmission service across Surprise Valley's system? If yes, please identify all instances in which PacifiCorp ESM communicated this to Surprise Valley.

Response to SVEC Data Request 8.3

Yes. Please refer to the documentation provided with the following previous Company responses to Surprise Valley data requests:

- SVEC Data Request 1.19; specifically Attachment SVEC 1.19;
- SVEC Data Request 2.13; specifically Attachment SVEC 2.13; and
- SVEC Data Request 7.4; specifically Attachment SVEC 7.4.

SVEC Data Request 8.3

Is it PacifiCorp ESM's position that Surprise Valley must provide energy imbalance or other ancillary services in order to provide necessary "transmission arrangements" or otherwise provide firm, uninterruptible transmission service across Surprise Valley's system? If yes, please identify all instances in which PacifiCorp ESM communicated this to Surprise Valley.

1st Supplemental Response to SVEC Data Request 8.3

Further to the Company's response to SVEC Data Request 8.3 dated December 28, 2015, the Company provides the following additional information:

Yes. Please refer to Attachment SVEC 8.3 1st Supplemental. In addition, the Company specifically discussed, with Surprise Valley, transmission arrangements during a conference call held December 3, 2013, and during an in-person meeting held in Portland Oregon on March 17, 2014.

SVEC Data Request 8.4

Is it PacifiCorp ESM's position that Surprise Valley must provide energy imbalance or other ancillary services in order to provide necessary "transmission arrangements" or otherwise provide firm, uninterruptible transmission service across Surprise Valley's system? If yes, please identify the FERC rule or policy that requires all firm point-to-point transmission be supported by imbalance energy service. If yes, please identify all instances in which PacifiCorp ESM communicated this to Surprise Valley.

Response to SVEC Data Request 8.4

Yes. It is PacifiCorp's position that Surprise Valley must provide firm, uninterruptible transmission service across Surprise Valley's system if it seeks to sell the entire net output of the Paisley Project to PacifiCorp. The requirements in PacifiCorp's Oregon standard off-system qualifying facility power purchase agreement (PPA) include the requirement that a qualifying facility (QF) must arrange for firm transmission service to the purchasing utility's system in order to receive standard avoided cost pricing. These terms were approved by the Public Utility Commission of Oregon (OPUC). Federal Energy Regulatory Commission (FERC) open access policies have long contemplated the provision of ancillary services to support firm transmission service arrangements. FERC Order No. 888 required that six ancillary services be offered in an open access transmission tariff (OATT), and FERC Order No. 890 added a seventh ancillary service. As relevant here, the OATT's seventh required ancillary service – Generator Imbalance Service – is akin to the energy imbalance service defined in the Oregon standard off-system PPA. Specifically, the OATT's Generator Imbalance Service is provided when a difference occurs between a generator's delivery schedule and a generator's actual energy generated. Transmission Providers must offer and transmission customers must acquire Generator Imbalance Service for transmission service used to deliver energy from a generator located within the control area.

PacifiCorp's standard off-system PPA has been available to the public, including Surprise Valley, since 2007. Moreover, PacifiCorp provided Surprise Valley with a copy of the Company's standard Oregon off-system PPA on November 6, 2013. Finally, Surprise Valley's firm transmission requirements have been a key component of the discussions between Surprise Valley and PacifiCorp throughout the PPA negotiations between the companies. Please also refer to the Company's response to SVEC Data Request 8.3.

SVEC Data Request 8.5

Is it PacifiCorp Transmission's position that Surprise Valley must provide energy imbalance or other ancillary services in order to provide necessary "transmission arrangements" or otherwise provide firm, uninterruptible transmission service across Surprise Valley's system? If yes, please identify the FERC rule or policy that requires all firm point-to-point transmission be supported by imbalance energy service.

Response to SVEC Data Request 8.5

Yes, Surprise Valley must either provide ancillary services (on its own or by a third-party), or make arrangements with PacifiCorp as the control area operator. Under FERC Order 888, if a transmission provider is unable to provide ancillary services, it may fulfill its obligation by securing these services from the control area operator. The control area operator must offer to provide all ancillary services to any transmission customer that takes transmission service over facilities in its control area whether or not the control area operator owns or controls the facilities used to provide the basic transmission service.

SVEC Data Request 8.6

Is it PacifiCorp ESM's position that any energy imbalance or other ancillary services associated with transmission service across Surprise Valley's system must be provided by an entity other than PacifiCorp. If yes, please explain why PacifiCorp Transmission has no obligation to provide these services for transmission deliveries made within PacifiCorp's control area. If yes, please identify all instances in which PacifiCorp ESM communicated this to Surprise Valley.

Response to SVEC Data Request 8.6

No. Under an off-system qualifying facility (QF) power purchase agreement (PPA), it is Surprise Valley's choice as to how Surprise Valley will procure firm transmission and delivery service and all necessary imbalance and ancillary services to move net output from the generator to PacifiCorp's system.

SVEC Data Request 8.7

Is it PacifiCorp Transmission's position that any energy imbalance or other ancillary services associated with transmission service across Surprise Valley's system must be provided by an entity other than PacifiCorp. If yes, please explain why PacifiCorp Transmission has no obligation to provide these services for transmission deliveries made within PacifiCorp's control area.

Response to SVEC Data Request 8.7

Please refer to the Company's response to SVEC Data Request 8.5. Surprise Valley can either provide the ancillary services as the transmission provider, or make arrangements with PacifiCorp as the control area operator.

SVEC Data Request 8.8

Is it PacifiCorp ESM's position that under the standard off-system contract Surprise Valley must form its own balancing authority and provide itself the energy imbalance and other ancillary services to support the form of transmission arrangements across Surprise Valley's system to PacifiCorp's system that PacifiCorp ESM asserts are necessary under the off-system standard contract? If yes, please explain why Surprise Valley cannot acquire these services from the existing control area operator – PacifiCorp Transmission. If yes, please identify all instances in which PacifiCorp ESM communicated this to Surprise Valley.

Response to SVEC Data Request 8.8

No. Under an off-system qualifying facility (QF) power purchase agreement (PPA), it is Surprise Valley's choice as to how Surprise Valley will procure firm transmission and delivery service and all necessary imbalance and ancillary services to move net output from the generator to PacifiCorp's system.

SVEC Data Request 8.9

Is it PacifiCorp Transmission's position that under the standard off-system contract Surprise Valley must form its own balancing authority and provide itself the energy imbalance and other ancillary services to support the form of transmission arrangements across Surprise Valley's system to PacifiCorp's system that PacifiCorp ESM asserts are necessary under the off-system standard contract? If yes, please explain why Surprise Valley cannot acquire these services from the existing control area operator – PacifiCorp Transmission.

Response to SVEC Data Request 8.9

No. Please refer to the Company's response to SVEC Data Request 8.5.

SVEC Data Request 8.10

Is it PacifiCorp Transmission's position that in order to provide firm transmission, as defined by FERC and the OATT, Surprise Valley must acquire or provide itself with the energy imbalance and other ancillary services that PacifiCorp ESM asserts are necessary under the off-system standard contract? If yes, please identify the regulation or requirement that requires imbalance energy and ancillary services be included with all firm transmission deliveries under FERC's policies.

Response to SVEC Data Request 8.10

Yes, it is PacifiCorp's position that ancillary services are needed with all transmission service to maintain reliability within and among the control areas affected by the transmission service. See Section 3 of PacifiCorp's Open Access Transmission Tariff and FERC Order 888.

SVEC Data Request 8.11

Is PacifiCorp Transmission technically capable of providing energy imbalance and other ancillary services to support the form of transmission arrangements across Surprise Valley's system to PacifiCorp's system that PacifiCorp ESM asserts are necessary under the off-system standard contract? If yes, please identify all instances where PacifiCorp Transmission offered to provide the ancillary services to Surprise Valley that PacifiCorp ESM asserts are necessary, and provide all written documents and correspondence communicating PacifiCorp Transmission's offer to sell these services to Surprise Valley. If no, please explain why not.

Response to SVEC Data Request 8.11

PacifiCorp is capable of providing ancillary services within its control area. PacifiCorp Transmission has not offered to provide ancillary services to Surprise Valley because Surprise Valley is not a Transmission Customer of PacifiCorp. In order for Surprise Valley to obtain ancillary services from PacifiCorp, Surprise Valley as a Transmission Provider must contact PacifiCorp as the Control Area operator to assist in arranging ancillary services for Surprise Valley.

SVEC Data Request 8.13

Please refer to PacifiCorp's response to Surprise Valley's Data Request 1.31. Please assume that Surprise Valley provides whatever "firm transmission delivery arrangements for itself" PacifiCorp is requesting that Surprise Valley provide. Please admit, deny, or provide an explanation regarding whether PacifiCorp Transmission agrees that the existing metering at the Paisley Project, the Point of Interconnection between Surprise Valley and PacifiCorp, and any other location is sufficient on at least an interim basis to sell the QF's entire net output to PacifiCorp, provided that a power purchase agreement is in place with PacifiCorp. If PacifiCorp denies, please explain and provide all documents explaining why PacifiCorp is unable to accept the QF's entire net output. If PacifiCorp agrees the metering is sufficient on an interim basis, please explain why it is inadequate for a long-term basis.

Response to SVEC Data Request 8.13

The Company objects to this request because it calls for speculation, is vague, and is not likely to lead to the discovery of admissible evidence. PacifiCorp Transmission cannot "admit or deny" whether existing metering facilities are adequate to facilitate a hypothetical interim sale. Nor can PacifiCorp speak to the adequacy of facilities owned by other parties that Surprise Valley might use to deliver its power to PacifiCorp's system to enable such a sale. Without waiving these objections, PacifiCorp provides the following hypothetical examples for the interchange point at the change of ownership from PacifiCorp's Mile Hi substation and the Paisley generator:

Regardless of the arrangements made for service between the generator and PacifiCorp's transmission system, the same process must be met to determine plan of service including system improvements required.

PacifiCorp has provided Surprise Valley with the authorization to operate their resource on an interim basis within prescribed limits where PacifiCorp utilizes BPA's metering equipment at the point of change of ownership from PacifiCorp's Mile Hi substation. A technical review of the existing equipment to determine adequacy under an interim basis would be required to fully determine if delivery and sales could be supported. As the existing metering is not owned by PacifiCorp, then long term delivery and sales would require PacifiCorp owned metering in some configuration as determined through Transmission Service Request studies. The need for PacifiCorp metering stems from the need to collect real time data, feed the metering data in the PacifiCorp SCADA system as required to support the energy imbalance market, along with the requirement of BPA that their meters not be accessed for interrogation by others and PacifiCorp would not have the ability to test BPA-owned meters to assure accuracy and adequacy as periodically required. Because of these reasons, utilizing foreign owned meters will not work on a long term basis but may be acceptable for use until the final plan of service is completed.

SVEC Data Request 8.14

Please refer to PacifiCorp's response to Surprise Valley's Data Request 1.31. Please assume that Surprise Valley provides whatever "firm transmission delivery arrangements for itself" PacifiCorp is requesting that Surprise Valley provide. Please admit, deny, or provide an explanation regarding whether PacifiCorp Transmission agrees that the existing metering at the Paisley Project, the Point of Interconnection between Surprise Valley and PacifiCorp, and any other location is sufficient on a long-term basis to sell the QF's entire net output to PacifiCorp, provided that a power purchase agreement is in place with PacifiCorp. If PacifiCorp denies, please explain and provide all documents explaining why PacifiCorp is unable to accept the QF's entire net output, including whether or not the upgrades identified in the construction agreement between PacifiCorp ESM and Transmission are necessary for PacifiCorp to accept the net output and/or will allow PacifiCorp to accept the QF's entire net output.

Response to SVEC Data Request 8.14

Please refer to the Company's response to SVEC Data Request 8.13.

SVEC Data Request 8.15

Please refer to PacifiCorp's response to Surprise Valley's Data Request 1.31. Please assume that the Oregon Public Utility Commission does not require Surprise Valley to provide any additional "firm transmission delivery arrangements for itself." Please admit, deny, or provide an explanation regarding whether PacifiCorp Transmission agrees that the existing metering at the Paisley Project, the Point of Interconnection between Surprise Valley and PacifiCorp, and any other location is sufficient on at least an interim basis to deliver and sell the QF's entire net output to PacifiCorp, provided that a power purchase agreement is in place with PacifiCorp. If PacifiCorp denies, please explain and provide all documents explaining why PacifiCorp is unable to accept the QF's entire net output. If PacifiCorp agrees the metering is sufficient on an interim basis, please explain why it is inadequate for a long-term basis.

Response to SVEC Data Request 8.15

Please refer to the Company's response to SVEC Data Request 8.13.

SVEC Data Request 9.1

Reference PacifiCorp's December 17, 2015 Supplemental Response to SVEC Request 1.29, stating that "Lower Valley and Bonneville may not have been submitting e-Tags, as are required under PacifiCorp's Transmission Business Practice #38".

- (a) In the circumstance referenced, please explain why the transmission business practice implementing PacifiCorp's OATT and thus applicable to PacifiCorp transmission customers would apply to an entity such as Lower Valley that is not a transmission customer of PacifiCorp Transmission.
- (b) Is it PacifiCorp Transmission's position that a generator such as Lower Valley (that makes deliveries over transmission lines not owned by PacifiCorp but located in PacifiCorp's control area) possesses the right to compel PacifiCorp Transmission to provide the services specified in Business Practice #38? Please explain why or why not.
- (c) Is it PacifiCorp Transmission's position that PacifiCorp Transmission has an obligation to provide the services specified in Business Practice #38 to an entity such as Lower Valley (that makes deliveries over transmission lines not owned by PacifiCorp but located in PacifiCorp's control area)? Please explain why or why not.
- (d) If an entity in the position of Lower Valley (that makes deliveries over transmission lines not owned by PacifiCorp but located in PacifiCorp's control area) is unable to secure E-tags and other services specified in Business Practice #38 from PacifiCorp Transmission, please explain where such an entity would obtain these services for use within PacifiCorp's control area.

Response to SVEC Data Request 9.1

- (a) Under Business Practice #38, the definition of Transmission Customers includes customers of any Transmission Service Provider (PacifiCorp and others) in the PacifiCorp Balancing Authority:

Transmission Customer(s) – for purposes of this business practice only, Transmission Customers of any Transmission Service Provider(s) (PacifiCorp and others) that schedule Transactions on e-Tags that must be approved by the PacifiCorp Balancing Authority.

Currently, Surprise Valley is located within the boundaries of PacifiCorp's Balancing Authority Area (BAA) and PacifiCorp acts as the Balancing Authority (BA) for Surprise Valley.

- (b) Yes, a generator seeking transmission service may be able to compel PacifiCorp Transmission to provide the services specified in Business Practice #38 if it seeks to

transfer generation across the facilities of another utility within the PacifiCorp BAA if that other utility does not otherwise provide such services. This is consistent with Federal Energy Regulatory Commission (FERC) Order No. 888 and PacifiCorp's Open Access Transmission Tariff (OATT) Section 3, Transmission Providers are required to provide ancillary services, or make arrangements with the local Control Area operator. If Lower Valley's Transmission Provider is unable to provide the ancillary services, it must offer to make arrangements with PacifiCorp as the Control Area operator. Please refer to the Company's response to SVEC Data Request 8.5.

- (c) Yes. Please refer to the Company's response to subpart (b) above.
- (d) Depending on the requirements of the utility providing the transfer, entities like Lower Valley are required to obtain the ancillary services described in Business Practice #38, either from their Transmission Provider, through self-supply, from third-party providers or from PacifiCorp as the Control Area operator if the Transmission Provider is unable to provide such services. Lower Valley, as an example, would submit electronic tags (eTags) according to standard industry practices.

SVEC Data Request 9.2

Reference PacifiCorp's December 17, 2015 Supplemental Response to SVEC Request 1.29, stating, "Business Practice #38 requires that all transactions (any agreement to transfer energy from a seller to a buyer) between transmission customers (regardless of transmission service provider) within PacifiCorp's balancing authority area must be ETagged, without exception".

- (a) Is it PacifiCorp Transmission's position that this Business Practice applies to the deliveries from the Paisley Project to PacifiCorp at issue in the complaint?
- (b) If the response to a. is "yes":
 - (i) Please explain whether PacifiCorp Transmission considers Surprise Valley to be an eligible transmission customer of PacifiCorp Transmission that is lawfully entitled to purchase the services specified in Business Practice #38 on a non-discriminatory basis, and if so please explain the process for obtaining such services.
 - (ii) Please identify each instance where a PacifiCorp transmission function employee communicated with Surprise Valley regarding the Paisley Project and notified Surprise Valley of its right to purchase the E-tagging services referenced in the business practice.
 - (iii) Please admit or deny that PacifiCorp Transmission never communicated to Surprise Valley the necessity for Surprise Valley to obtain the services in the business practice to make deliveries to PacifiCorp's system from the Paisley Project.
- (c) If the response to a. is "no":
 - (i) Please explain where Surprise Valley would obtain these services for use within PacifiCorp's control area if Surprise Valley is unable to secure E-tags and other services specified in Business Practice #38 from PacifiCorp Transmission.
 - (ii) Please explain who PacifiCorp Transmission believes must be the entity that purchases the E-tagging services specified in the business practice for deliveries from the Paisley Project.
- (d) Please identify the PacifiCorp employee who is the sponsor for this response.

Response to SVEC Data Request 9.2

- (a) Yes.
- (b) Please refer to the definition of “Transmission Customer” in Business Practice #38. For purposes of this business practice only, the definition includes Transmission Customers of any Transmission Service Provider(s) (PacifiCorp and others) that schedule Transactions on e-Tags that must be approved by the PacifiCorp Balancing Authority. Surprise Valley can obtain these services through an Ancillary Services Agreement with PacifiCorp Transmission. Under Federal Energy Regulatory Commission (FERC) Order No. 888 and Section 3 of PacifiCorp’s Open Access Transmission Tariff (OATT), it was Surprise Valley’s obligation as the Transmission Provider to provide ancillary services for the Paisley Project (or offer to make arrangements with PacifiCorp as the local Control Area operator). Surprise Valley can obtain ancillary services from PacifiCorp pursuant to an Ancillary Services Agreement.
- (c) PacifiCorp is not aware of any specific communications where a PacifiCorp transmission function employee communicated with Surprise Valley regarding the Paisley Project and notified Surprise Valley of its right to purchase the e-tagging services referenced in the business practice. However, the legal obligation of the control area operator to provide such services is expressly stated in FERC Order No. 888 and PacifiCorp’s OATT. Additionally, Surprise Valley is an electric utility and network transmission customer of the Bonneville Power Administration (BPA), whose OATT contains the same provision as Section 3 of PacifiCorp’s OATT.
- (d) Rick Vail, Vice President, PacifiCorp Transmission

SVEC Data Request 9.3

Reference PacifiCorp's December 17, 2015 Supplemental Response to SVEC Request 1.29, stating, "Business Practice #38 requires that all transactions (any agreement to transfer energy from a seller to a buyer) between transmission customers (regardless of transmission service provider) within PacifiCorp's balancing authority area must be e-Tagged, without exception".

- (a) Is it PacifiCorp ESM's position that this Business Practice applies to the deliveries from the Paisley Project to PacifiCorp at issue in the complaint?
- (b) Identify the date on which PacifiCorp ESM informed Surprise Valley that it expected Surprise Valley to follow this business practice.
- (c) Provide all documents evidencing PacifiCorp ESM's communication to Surprise Valley that this business practice exists and that PacifiCorp ESM expected Surprise Valley to follow it.

Response to SVEC Data Request 9.3

- (a) Yes.
- (b) It is PacifiCorp energy supply management's (ESM) position that the seller is responsible for delivery of off-system qualifying facility (QF) generation to PacifiCorp's system. As an electric utility, Surprise Valley should have been aware of any requirements imposed by the Balancing Authority (BA). PacifiCorp ESM's draft QF power purchase agreement (PPA) with Addendum W, provided to Surprise Valley on November 6, 2013, outlined the requirement to provide scheduling services by the QF through its transmitting entity.
- (c) PacifiCorp ESM is not aware of any documentation evidencing a communication from PacifiCorp ESM to Surprise Valley that the business practice #38 exists and that PacifiCorp ESM expected Surprise Valley to follow it. As stated above, as an electric utility, Surprise Valley should have been aware of any requirements imposed by the BA. That being said, please refer to Attachment SVEC 9.3; which provides a copy of the Company's email to Surprise Valley, and contains the draft QF PPA with Addendum W defining the requirements for firm delivery of the output of the QF generation to PacifiCorp, including scheduling.

SVEC Data Request 9.6

Reference PacifiCorp's December 17, 2015 Supplemental Response to SVEC Request 1.29, stating, "Business Practice #38 requires that all transactions (any agreement to transfer energy from a seller to a buyer) between transmission customers (regardless of transmission service provider) within PacifiCorp's balancing authority area must be e Tagged, without exception". Identify and provide copies of all other PacifiCorp Transmission business practices that PacifiCorp Transmission believes would apply the transmission delivery of energy from the Paisley Project to PacifiCorp's system.

Response to SVEC Data Request 9.6

Depending on the services a customer is responsible for or requests from the balancing authority (BA) operator, the following Business Practices may apply.

- Business Practice #5: Real-Time Processing of Late Electronic Tags (e-Tags);
- Business Practice #25: Application of Capacity Reservations, Capacity and Dynamic e-Tags;
- Business Practice # 34: Self-Supply or Third-Party Supply of Ancillary Services-Certification Process and Requirements;
- Business Practice #38: E-Tagging Intra-Balancing Authority Sales and Purchases;
- Business Practice #39: Electronic Tagging of Reserves (e-Tags);
- Business Practice #43: Generator Imbalance and Unauthorized Use Charges;
- Business Practice #48: Intra-Hour Transmission Scheduling;
- Business Practice #56: Use of Scheduling Identifiers on an E-Tag;
- Business Practice #63: Transmission Customer Provision of Reactive Supply and Voltage Control from Generation or Other Sources Service; and
- Business Practice #64: Calculating Operating Reserve Charges (Schedules 5 and 6) for Self-Supply Transmission Customers.

All PacifiCorp Business Practices are available on the PacifiCorp Open Access Same-Time Information System (OASIS) website which can be accessed via the following link:

<https://www.oasis.oati.com/ppw/>

UM 1742 / PacifiCorp
January 7, 2016
SVEC Data Request 9.6

SVEC/203
Culp/178

Links to all PacifiCorp Business Practices are listed under the Business Practices folder on this site.

SVEC Data Request 9.7

Reference PacifiCorp's December 17, 2015 Supplemental Response to SVEC Request 1.29, stating, providing Business Practice #38, which in turn defines "Transmission Customer" as "for purposes of this business practice only, Transmission Customers of any Transmission Service Provider(s) PacifiCorp and others) that schedule Transactions on e-Tags that must be approved by the PacifiCorp Balancing Authority".

- (a) Identify all entities that have ever met the definition of "Transmission Customer" under this business practice, but have not also purchased point-to-point or network transmission from PacifiCorp for the transaction utilizing this business practice.
- (b) For each such transaction, also identify: (1) the seller, (2) the buyer, and (3) the transmission provider/owner of the facilities over which energy is transmitted.
- (c) Provide all documents in PacifiCorp ESM's and PacifiCorp Transmission's possession related to such transaction, organized by transaction. This request includes but is not limited to all contracts and communications between PacifiCorp Transmission and the entity that secured the services specified in the business practice.

Response to SVEC Data Request 9.7

- (a) All entities receiving transmission service from any provider located within PacifiCorp's balancing authority area (BAA) that have not also purchased point-to-point (PTP) or network transmission from PacifiCorp for the transaction are subject to Business Practice #38. At this time, PacifiCorp is aware of one such customer - Lower Valley Electric.
- (b) Lower Valley Electric is the seller. The Bonneville Power Administration (BPA) is the transmission provider and owner of the facilities over which the energy is transmitted, and PacifiCorp energy supply management (ESM) is the buyer under an off-system qualifying facility (QF) power purchase agreement (PPA).
- (c) Documents related to the PPA between PacifiCorp ESM and Lower Valley Electric have already been provided to Surprise Valley, with the exception of Confidential Attachment SVEC 9.7 -1. Please refer to Confidential Attachment SVEC 9.7 -2 for communications between PacifiCorp Transmission and Lower Valley Electric regarding ancillary services and scheduling.

The confidential attachments are designated as Protected Information under Order No. 15-351 and may only be disclosed to qualified persons as defined in that order.

SVEC Data Request 9.8

Reference PacifiCorp ESM (or its predecessor entity) March 20, 2014 Network Resource Request 79456228 to designate the Paisley Project as a network resource:

- (a) Please identify the date by which PacifiCorp Transmission acknowledged the request, and if such acknowledgement did not occur within ten (10) days of receipt as provided in Section 29 of the OATT please explain why. Provide a copy of such acknowledgement, including the specification in the acknowledgement of when the service agreement will be sent to PacifiCorp ESM as required by Section 29 of the OATT. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp Transmission's acknowledgement of the request to Surprise Valley.
- (b) Please identify the date by which PacifiCorp Transmission communicated to PacifiCorp ESM that a System Impact Study was necessary to accommodate the requested service. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp's Transmission's notification of the need for a system impact study to Surprise Valley.
- (c) Please identify the date by which PacifiCorp Transmission tendered a System Impact Study Agreement to PacifiCorp ESM, and if such date was not within 30 days of the request as required by Section 32.1 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp Transmission's tender of a system impact study agreement to Surprise Valley.
- (d) Please identify the date by which PacifiCorp ESM returned the executed system impact study agreement to PacifiCorp Transmission, and if such date was not within 15 days as required by Section 32.1 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated execution and return of a system impact study agreement to Surprise Valley.
- (e) Please identify the date by which PacifiCorp Transmission provide PacifiCorp ESM with the completed System Impact Study, and if such date was not within 60 days after submittal of the system impact study agreement as required by section 32.3 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated completion of the system impact study to Surprise Valley and the date on which PacifiCorp provided the study to Surprise Valley.
- (f) Please identify the date on which PacifiCorp Transmission provided PacifiCorp ESM with the Facilities Study Agreement and if such date with not within thirty (30) days of the completion of the System Impact Study as required by Section 32.4 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated receipt of the Facilities Study Agreement to Surprise Valley.

- (g) Please identify the date by which PacifiCorp ESM returned the executed facilities study agreement to PacifiCorp Transmission, and if such date was not within 15 days as required by Section 32.4 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated execution and return of a facilities study agreement to Surprise Valley.
- (h) Please identify the date by which PacifiCorp Transmission provided PacifiCorp ESM with the completed Facilities Study, and if such date was not within 60 days after submittal of the Facilities Study Agreement as required by section 32.4 of the OATT please explain why and provide PacifiCorp Transmission notification to PacifiCorp ESM containing an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. Please also identify the dates on which PacifiCorp ESM provided to Surprise Valley: (i) the completed facilities study, (ii) if applicable, that PacifiCorp Transmission's notification of any delays and revised timelines.
- (i) Please identify the date on which PacifiCorp ESM executed and returned the service agreement necessary to complete the upgrades identified by the Facilities Study and commence network service. If such date was not within 30 days of completion of the Facilities Study as required by section 32.4 of the OATT, please explain why. Please also identify the date on which PacifiCorp ESM communicated to Surprise Valley the execution and return of final service agreement necessary to complete the upgrades and commence network transmission service.

Response to SVEC Data Request 9.8

PacifiCorp objects to this request in that it seeks information that is not reasonably calculated to lead to admissible evidence. Timing associated with the processing of transmission requests related to transmission service on PacifiCorp's system is not at issue in this proceeding and outside the jurisdiction of the Public Utility Commission of Oregon (OPUC). If Surprise Valley was informed of the status and timing of PacifiCorp energy supply management's (ESM) request to designate the Paisley Project PPA as a network resource, Surprise Valley is already in possession of that information. Without waiving its objection, PacifiCorp responds as follows:

- (a) Please refer to Attachment SVEC 9.8; specifically the file entitled "SVEC 9.8 PTS Acknowledgment of DNR Request SVEC_20140402".
- (b) April 18, 2014.
- (c) April 18, 2014.
- (d) April 22, 2014.
- (e) June 26, 2014.

- (f) July 25, 2014.
- (g) July 28, 2014.
- (h) September 26, 2014.
- (i) June 1, 2015.

SVEC Data Request 9.8

Reference PacifiCorp ESM (or its predecessor entity) March 20, 2014 Network Resource Request 79456228 to designate the Paisley Project as a network resource:

- (a) Please identify the date by which PacifiCorp Transmission acknowledged the request, and if such acknowledgement did not occur within ten (10) days of receipt as provided in Section 29 of the OATT please explain why. Provide a copy of such acknowledgement, including the specification in the acknowledgement of when the service agreement will be sent to PacifiCorp ESM as required by Section 29 of the OATT. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp Transmission's acknowledgement of the request to Surprise Valley.
- (b) Please identify the date by which PacifiCorp Transmission communicated to PacifiCorp ESM that a System Impact Study was necessary to accommodate the requested service. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp's Transmission's notification of the need for a system impact study to Surprise Valley.
- (c) Please identify the date by which PacifiCorp Transmission tendered a System Impact Study Agreement to PacifiCorp ESM, and if such date was not within 30 days of the request as required by Section 32.1 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated PacifiCorp Transmission's tender of a system impact study agreement to Surprise Valley.
- (d) Please identify the date by which PacifiCorp ESM returned the executed system impact study agreement to PacifiCorp Transmission, and if such date was not within 15 days as required by Section 32.1 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated execution and return of a system impact study agreement to Surprise Valley.
- (e) Please identify the date by which PacifiCorp Transmission provide PacifiCorp ESM with the completed System Impact Study, and if such date was not within 60 days after submittal of the system impact study agreement as required by section 32.3 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated completion of the system impact study to Surprise Valley and the date on which PacifiCorp provided the study to Surprise Valley.
- (f) Please identify the date on which PacifiCorp Transmission provided PacifiCorp ESM with the Facilities Study Agreement and if such date with not within thirty (30) days of the completion of the System Impact Study as required by Section 32.4 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated receipt of the Facilities Study Agreement to Surprise Valley.

- (g) Please identify the date by which PacifiCorp ESM returned the executed facilities study agreement to PacifiCorp Transmission, and if such date was not within 15 days as required by Section 32.4 of the OATT please explain why. Please also identify the date on which PacifiCorp ESM communicated execution and return of a facilities study agreement to Surprise Valley.
- (h) Please identify the date by which PacifiCorp Transmission provided PacifiCorp ESM with the completed Facilities Study, and if such date was not within 60 days after submittal of the Facilities Study Agreement as required by section 32.4 of the OATT please explain why and provide PacifiCorp Transmission notification to PacifiCorp ESM containing an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. Please also identify the dates on which PacifiCorp ESM provided to Surprise Valley: (i) the completed facilities study, (ii) if applicable, that PacifiCorp Transmission's notification of any delays and revised timelines.
- (i) Please identify the date on which PacifiCorp ESM executed and returned the service agreement necessary to complete the upgrades identified by the Facilities Study and commence network service. If such date was not within 30 days of completion of the Facilities Study as required by section 32.4 of the OATT, please explain why. Please also identify the date on which PacifiCorp ESM communicated to Surprise Valley the execution and return of final service agreement necessary to complete the upgrades and commence network transmission service.

1st Supplemental Response to SVEC Data Request 9.8(i)

- (i) To further clarify PacifiCorp's response to SVEC 9.8(i), the date identified was the date of the construction agreement. PacifiCorp ESM and PacifiCorp Transmission already have a service agreement for network transmission on file with the Federal Energy Regulatory Commission. Following a request from PacifiCorp ESM and any necessary studies to determine system impacts and upgrades which may be required to satisfy the service request, updates for the addition or removal of network resources to that service agreement are made on a list of designated network resources posted to PacifiCorp's Open Access Same-time Information System.

Cunningham, Melanie

From: Stofiel, Veronica
Sent: Wednesday, April 02, 2014 4:16 PM
To: Schroeder, Jim; Cunningham, Melanie; Contract Administration
Cc: McClelland, Brian
Subject: Application Receipt - AREF 79456228 3.7 MW Network Transmission for Surprise Valley Electrification Corp.

Hi Jim –

On March 18, 2014, PacifiCorp Energy submitted to PacifiCorp's OASIS a transmission request under 79456228 for 3.7 MW Network Transmission for Surprise Valley Electrification Corp. beginning April 1, 2014 through March 31, 2019. You also submitted a written request on March 21, 2014. PacifiCorp Transmission estimates that you will receive a System Impact Study Agreement or an approval no later than April 18, 2014. Please note that due to the timing of the submittal of this request the requested in service date cannot be met.

Thanks,
Veronica

Veronica Stofiel
PacifiCorp Transmission Services
825 NE Multnomah Street Suite 1600
Portland, Oregon 97232
(503) 813-6958

SVEC Data Request 9.9

Reference PacifiCorp ESM (or its predecessor entity) March 20, 2014 Network Resource Request 79456228 to designate the Paisley Project as a network resource.

- (a) Did PacifiCorp Transmission fail to meet the study deadlines of 60 days for the system impact study or the facilities study associated with this request.
- (b) Please explain whether for purposes of compliance with sections 32.5 and 19.9 of the OATT, PacifiCorp Transmission considered Network Resource Request 79456228 to be a request related to a non-Affiliate of PacifiCorp Transmission. If this request is considered to be a request related to an Affiliate, please explain why.
- (c) For the class of all requests by PacifiCorp ESM to designate a QF as a network resource in the years 2012 through 2015, please provide the percentage of System Impact Studies and Facilities Studies completed by the Transmission Provider in each calendar quarter that were not completed within the 60-day study completion deadlines. If the percentage exceeds 20 percent for any two consecutive calendar quarters, please explain whether PacifiCorp has notified FERC consistent with section 19.9 of the OATT.

Response to SVEC Data Request 9.9

PacifiCorp objects to this request in that it seeks information that is not reasonably calculated to lead to admissible evidence. Timing associated with the processing of transmission requests related to transmission service on PacifiCorp's system is not at issue in this proceeding and outside the jurisdiction of the Public Utility Commission of Oregon (OPUC).

SVEC Data Request 10.1

Reference Mr. Bruce Griswold's email to Mr. Lynn Culp dated August 26, 2014, 9:09:05 PM, stating, in part: "PacifiCorp merchant has made it clear from our beginning discussions that we were not going to do any PPA that could not be physically metered and measured as having been delivered to PacifiCorp's system. That is the purpose of the system impact study and the involvement of our metering."

- (a) Is it PacifiCorp Transmission's position that there is no physical means to show that SVEC's project's entire net output reaches PacifiCorp's system other than through scheduling delivery and SVEC's payment for ancillary services?
- (b) If the response to subpart (a) is yes, please reconcile the response with the referenced System Impact Study, the subsequent Facilities Study and the resulting Construction Agreement filed with FERC. Specifically, PacifiCorp Transmission is requested to please explain in detail why those studies and construction agreement were able to devise a metering arrangement that would allow the output to be designated as a PacifiCorp ESM network resource in response to a network resource request (AREF # 79456228), which specifically requested designation of the project with "no documented Third Party transmission arrangements to deliver resource to PacifiCorp system."
- (c) Identify each transmission function employee of PacifiCorp who was involved in writing the System Impact Study, Facilities Study, and Construction Agreement arising from AREF # 79456228, and explain each individual's role.

Response to SVEC Data Request 10.1

PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Importantly, it also asks for interpretation by PacifiCorp's transmission function of a statement made by PacifiCorp's energy marketing function. The Federal Energy Regulatory Commission (FERC) mandated functional separation of transmission and energy marketing functions when it mandated open access to transmission facilities. The email from Mr. Griswold is in relation to the power purchase agreement (PPA), a commercial agreement between a seller and buyer. Without waiving its objection, PacifiCorp responds as follows:

- (a) No. While the term "physical means" is not defined, a transmission customer can request that PacifiCorp Transmission evaluate other ways to integrate a network resource to serve load on PacifiCorp's system. While various metering arrangements could be installed to measure the net output at the Paisley Project and Surprise Valley load, other data may be required to ensure some portion of the entire net output is not used to serve Surprise Valley's customers (specifically evidence of additional deliveries of energy to Surprise Valley to service its load). This is due to the fact that

Surprise Valley has load connected to the same system as the Paisley Project. Accordingly, generation from the Paisley Project would serve Surprise Valley's load absent other arrangements to measure deliveries to PacifiCorp's system. Currently there is a Bonneville Power Administration (BPA) meter measuring flow between the PacifiCorp and Surprise Valley systems. That meter will not "physically" measure the delivery of the Paisley Project's entire net output to PacifiCorp's system unless there is no load on Surprise Valley's system. Scheduling delivery and providing ancillary services would, however, align the Paisley Project with current industry practices, as well as comply with PacifiCorp Transmission business practices.

(b) N/A

(c) Please refer to the table below:

Name	Title	Role	Function
Eric Birch	Project Manager (no longer employed at PacifiCorp)	Transmission Service	Transmission
Tom Fishback	Project Manager (no longer employed at PacifiCorp)	Transmission Service	Transmission
Veronica Stofiel	Project Manager	Transmission Service	Transmission
Graham Retzlaff	Transmission Contract Specialist	Transmission Service/ Contracts	Transmission

SVEC Data Request 10.1

Reference Mr. Bruce Griswold’s email to Mr. Lynn Culp dated August 26, 2014, 9:09:05 PM, stating, in part: “PacifiCorp merchant has made it clear from our beginning discussions that we were not going to do any PPA that could not be physically metered and measured as having been delivered to PacifiCorp’s system. That is the purpose of the system impact study and the involvement of our metering.”

- (a) Is it PacifiCorp Transmission’s position that there is no physical means to show that SVEC’s project’s entire net output reaches PacifiCorp’s system other than through scheduling delivery and SVEC’s payment for ancillary services?
- (b) If the response to subpart (a) is yes, please reconcile the response with the referenced System Impact Study, the subsequent Facilities Study and the resulting Construction Agreement filed with FERC. Specifically, PacifiCorp Transmission is requested to please explain in detail why those studies and construction agreement were able to devise a metering arrangement that would allow the output to be designated as a PacifiCorp ESM network resource in response to a network resource request (AREF # 79456228), which specifically requested designation of the project with “no documented Third Party transmission arrangements to deliver resource to PacifiCorp system.”
- (c) Identify each transmission function employee of PacifiCorp who was involved in writing the System Impact Study, Facilities Study, and Construction Agreement arising from AREF # 79456228, and explain each individual’s role.

1st Supplemental Response to SVEC Data Request 10.1

At the request of Surprise Valley’s legal counsel, PacifiCorp provides this supplemental response to subpart (c) to include all PacifiCorp employees, not just transmission function employees, who were involved in writing the System Impact Study, Facilities Study, and Construction Agreement arising from AREF # 79456228. PacifiCorp continues to object to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

Name	Title	Role	Function
Eric Birch	Project Manager (no longer employed at PacifiCorp)	Transmission Service	Transmission
Tom Fishback	Project Manager (no longer employed at PacifiCorp)	Transmission Service	Transmission
Veronica Stoffel	Project Manager	Transmission Service	Transmission
Graham Retzlaff	Transmission Contract Specialist	Transmission Service/ Contracts	Transmission
Howard Ferris	Project Manager (no longer employed at PacifiCorp)	Project Management West	Shared
John Aniello	Director,	Project Management	Shared

	Engineering/Environmental	West	
John Mark	Principal Engineer	Metering Engineering	Shared
Mike Trembath	Cost Estimating Engineer	Cost Engineering	Shared
Mark Robinson	Telecommunications Engineer	Telecommunications Engineering	Shared
Glen Fortner	Area Transmission Planner	Transmission Planning	Shared

SVEC Data Request 10.3

Reference Mr. Bruce Griswold's email to Mr. Lynn Culp dated August 26, 2014, 9:09:05 PM, stating, in part: "As of today, we do not have a final confirmation on the metering, the cost of the metering, agreement in place on who pays for metering and whether that metering schemes without a doubt clearly shows that your project is delivering power to our system."

- (a) Please identify all instances where PacifiCorp ESM or PacifiCorp Transmission asked Surprise Valley to pay for the metering arrangement referenced. Provide all supporting documents regarding such communications.
- (b) Please identify all instances where Surprise Valley rejected any cost-allocations proposed by PacifiCorp for the metering arrangement referenced. Provide all supporting documents regarding such communications.

Response to SVEC Data Request 10.3

- (a) The standard qualifying facility (QF) power purchase agreement (PPA) provided to Surprise Valley (on multiple occasions) contains specific language in Section 8 stating that the QF is responsible for all costs associated with the metering installed to administer the PPA. Those draft PPA documents were provided to Surprise Valley on November 3, 2013 and February 10, 2014. The QF cost responsibility was also discussed verbally in meeting and on telephone calls over the course of the PPA negotiations. A draft construction reimbursement agreement, including reimbursement for metering costs, was provided to Surprise Valley in April 2015, which Surprise Valley subsequently executed and returned on April 21, 2015. Please refer to Attachment SVEC 10.3 for supporting documents.
- (b) PacifiCorp is not aware of any instances or communications where Surprise Valley rejected any cost allocations for the metering. However, at this time no costs have been assigned to Surprise Valley.

SVEC Data Request 10.4

Reference PacifiCorp's Response to SVEC's Request No. 8.4, stating that firm transmission across Surprise Valley's system must be supported by energy imbalance and six other ancillary services.

- (a) Please provide the contract demonstrating that PacifiCorp has arranged to acquire imbalance energy and ancillary services for deliveries of energy that PacifiCorp makes across Surprise Valley's system under the "Transfer Agreement" executed by PacifiCorp and Surprise Valley on November 13, 2013.
- (b) Please admit or deny that the Transfer Agreement executed by PacifiCorp and Surprise Valley on November 13, 2013 contains no requirement for imbalance energy, schedules, any ancillary services, e-tags, or any sort of OATT or wholesale distribution tariff. If deny, please explain in detail how these services are procured by PacifiCorp for the deliveries across Surprise Valley's system.
- (c) Please explain why Surprise Valley cannot use an arrangement similar to the Transfer Agreement executed by PacifiCorp and Surprise Valley on November 13, 2013, as a basis to make deliveries of the Paisley Project's entire net output to PacifiCorp's system.

Response to SVEC Data Request 10.4

- (a) PacifiCorp objects to this request as overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. .
- (b) PacifiCorp objects to this request as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.
- (c) Surprise Valley is required to provide firm delivery as described in Addendum W of the standard and Public Utility Commission of Oregon (OPUC) approved qualifying facility (QF) power purchase agreement (PPA) as provided to Surprise Valley since November 2013. The delivery requirements in the PacifiCorp's standard off-system QF PPA, approved by the OPUC, are reasonable and designed to allow for capacity payments in the standard contract, as discussed in UM 1129.

SVEC Data Request 11.1

Provide the proposed terms under which PacifiCorp Transmission will sell the necessary ancillary and scheduling services to Surprise Valley that PacifiCorp ESM believes to be necessary under Addendum W in the standard off-system contract.

Response to SVEC Data Request 11.1

PacifiCorp objects to this request as outside the scope of this proceeding and unlikely to lead to the discovery of admissible evidence. The request seeks speculation based on assumptions of factual scenarios unknown to PacifiCorp. PacifiCorp does not own or operate Surprise Valley's electric system and cannot speak to the specific ancillary and scheduling services required by Surprise Valley. Surprise Valley has not provided PacifiCorp Energy Supply Management with a wheeling arrangement detailing how firm delivery to PacifiCorp's system would be accomplished. Without waiving this objection, PacifiCorp responds as follows:

Please refer to PacifiCorp's response and 1st supplemental response to SVEC Data Request 8.1. Assuming Surprise Valley does not make alternative arrangements for ancillary and scheduling services, including self-supply, then the following services could be obtained from PacifiCorp. These services are the ancillary services associated with point-to-point transmission service under PacifiCorp's Open Access Transmission Tariff (OATT). Settlement would be based on a charge for the maximum amount that could be scheduled for delivery to a scheduling point on PacifiCorp's system with the possibility of adjustments for losses. The rates charged would be the cost-based rates identified in the OATT, as may be amended. The data utilized for settlement could include hourly amounts scheduled, or actual generation depending on the service provided. The following services could apply:

- Schedule 1 –Scheduling, System Control and Dispatch Service
- Schedule 2 – Reactive Supply and Voltage Control From Generation or Other Source Service
- Schedule 3a-Generator Regulation and Frequency Response Service
- Schedule 4 –Energy Imbalance Service (Assuming the resource meets the requirements then the resource requires forecasting and the potential for deemed load imbalances under Schedule 4 could apply)
- Schedule 5 – Operating Reserve – Spinning Reserve Service
- Schedule 6 – Operating Reserve – Supplemental Reserve Service
- Schedule 9 – Generator Imbalance Service (Assuming the resource meets the requirements for supplying forecasts)
- Schedule 10 – Real Power Losses (this may be required depending on the form of delivery to accommodate whole megawatt scheduling)

SVEC Data Request 11.2

Provide the proposed terms under which PacifiCorp Transmission will sell the necessary ancillary and scheduling services to Surprise Valley that PacifiCorp ESM believes to be necessary under Addendum W in the standard off-system contract (modified to reflect that Surprise Valley is located in PacifiCorp's balancing authority).

Response to SVEC Data Request 11.2

Please refer to the Company's response to Data Request SVEC 11.1.

SVEC Data Request 11.3

Provide confirmation as to the new metering and communications (if any) that will be required for Surprise Valley to effect the deliveries under Addendum W in the standard off-system contract.

Response to SVEC Data Request 11.3

The standard off-system contract with Addendum W requires metering and communication be installed at the interconnection of the generator with Surprise Valley's electrical system to determine the actual net output from the generator. PacifiCorp would also require installation of a revenue grade meter at the interface between PacifiCorp's and Surprise Valley Electrification Corp's transmission systems. The metering would necessarily need to include communications that allow real time interrogation of the meters by PacifiCorp's grid operations, and integration of the generator into PacifiCorp's SCADA system as required to include the generator in the California ISO's model, consistent with the requirement of the energy imbalance market to include all generators in PacifiCorp's Balancing Authority Area with a name plate rating over 3 megawatts. Other data requirements under Addendum W in the standard off-system contract would likely be provided by energy schedules and eTags.

SVEC Data Request 11.4

Provide confirmation as to the new metering and communications (if any) that will be required for Surprise Valley to effect the deliveries under Addendum W in the standard off-system contract (modified to reflect that Surprise Valley is located in PacifiCorp's balancing authority).

Response to SVEC Data Request 11.4

Please refer to the Company's response to SVEC Data Request 11.3.

SVEC Data Request 11.5

Provide confirmation as to the new metering and communications (if any) that will be required to effect deliveries if Surprise Valley is not required to effect deliveries under Addendum W in the standard off-system contract.

Response to SVEC Data Request 11.5

Please refer to the Company's response to SVEC Data Request 11.3.

SVEC Data Request 12.3

Please refer to PacifiCorp's response to Surprise Valley data request 1.31. The network transmission request PacifiCorp Energy Service Management submitted to PacifiCorp transmission identified approximately \$450,000 in metering and other upgrades. Please identify whether these upgrades would need to be constructed under the three hypothetical examples identified in the response and the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014:

- (a) On-System PPA.
- (b) On-System PPA alternative.
- (c) Off-System PPA.
- (d) Either of the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014.

Response to SVEC Data Request 12.3

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. The request requires speculation and requires assumptions of factual scenarios unknown to PacifiCorp. PacifiCorp does not own or operate Surprise Valley's electric system and cannot speak to the metering or other upgrades that would be required on the Surprise Valley system or under the delivery proposals in the draft power purchase agreements (PPA) provided by Surprise Valley in May 2014 and July 2014. Surprise Valley has not provided PacifiCorp any wheeling arrangement detailing how firm delivery to PacifiCorp's system would be accomplished. Without waiving this objection, PacifiCorp responds as follows:

PacifiCorp has attempted to address each of Surprise Valley's hypothetical examples in as much detail as possible below. Generally speaking, fundamental to any PPA is the requirement that the power delivered to the buyer can be accurately measured as received. Metering provides some data, but firm delivery may require additional information depending on the form of delivery provided by the seller.

- (a) PacifiCorp assumes that the reference to an on-system PPA refers to a direct interconnection of the Paisley Project to PacifiCorp's system. Under that assumption, the actual metering would be determined during studies following a generator interconnection request submitted by Surprise Valley to PacifiCorp Transmission under PacifiCorp's Open Access Transmission Tariff (OATT). While the actual metering arrangements or system upgrades required cannot be determined without an analysis of the specific request for interconnection, it is unlikely that all of the metering upgrades identified in PacifiCorp energy supply management's (ESM) request for transmission service would be necessary if there was a direct

interconnection. It is possible that only one meter, near the point of interconnection of the generator to PacifiCorp's system, would be required. This would, however, require that the Paisley Project be separated, electrically, from Surprise Valley's system, which it currently is not. Additional system and communication upgrades may be required.

- (b) PacifiCorp assumes that the reference to an on-system PPA alternative refers to the provision in PacifiCorp's standard on-system qualifying facility (QF) PPA that allows for the sale of energy, not consumed by a utility's load, which actually flows onto PacifiCorp's system. This is referred to as an On-System—Alternative in PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31. Under that assumption, the metering required would likely consist of a meter at the generator and a bi-directional meter at or near the interconnection of the Surprise Valley and PacifiCorp electric systems. Such meters would not necessarily have to be owned by PacifiCorp, with the possible exception of the bi-directional meter at or near the interconnection of the Surprise Valley and PacifiCorp electric systems. PacifiCorp would need real-time access to those meters and certain other balancing authority (BA) and energy imbalance market (EIM) requirements may also apply. Such a determination would depend on the results of applicable studies and the quality of the meters and access to data. PacifiCorp has no basis on which to determine whether additional upgrades are required on Surprise Valley's system to effectuate delivery to PacifiCorp's system. Additional system and communication upgrades may be required.
- (c) PacifiCorp cannot fully respond to subpart (c) of this request because it entirely depends on the form of delivery arranged by Surprise Valley. PacifiCorp does not own or operate Surprise Valley's electric system. Assuming Surprise Valley arranges wheeling similar to point-to-point (PTP) transmission service, under standard industry practice for transmission service, the metering required would likely be similar to the metering discussed in response to subpart (b) above. Other information to identify the actual energy scheduled and delivered to PacifiCorp's system would likely be provided by energy schedules and electronic tags (eTags). PacifiCorp has no basis on which to determine whether additional upgrades are required on Surprise Valley's system to effectuate delivery to PacifiCorp's system. Again, this request calls for speculation regarding the form of delivery selected by Surprise Valley. Additional system and communication upgrades may be required.
- (d) PacifiCorp cannot fully respond to subpart (d) of the request because it entirely depends on the form of delivery arranged by Surprise Valley. Surprise Valley's May 2014 PPA proposal includes two points of delivery (POD) across two transmitting utilities, Surprise Valley and the Bonneville Power Administration (BPA). BPA, however, has stated that it neither owns nor operates any facilities over which wheeling would occur between Surprise Valley's Paisley Project and PacifiCorp's system. Surprise Valley has not provided PacifiCorp with the underlying wheeling arrangements to support the proposed delivery method in the 2014 PPA proposal.

Surprise Valley's May 2014 PPA proposal also deleted references to the seller's responsibility to make wheeling arrangements, despite the fact that a QF is required to make such arrangements under Public Utility Regulatory Policies Act (PURPA). PacifiCorp can only assume that the metering and system upgrades required would likely be similar to the metering and upgrades discussed in response to subpart (b) above, along with additional metering and upgrades that Surprise Valley may require on its system and what BPA may require on its system. Again, this request calls for speculation regarding the form of delivery selected by Surprise Valley. Additional system and communication upgrades may be required.

Surprise Valley's July 2014 PPA proposal appears to be based, loosely, on an on-system PPA, redrafted by Surprise Valley and including a revised Addendum W from PacifiCorp's standard off-system qualifying facility PPA. In the July 2014 PPA proposal, Surprise Valley sought to sell the entire net output to PacifiCorp and purchase its full electric requirements from BPA. The reference to the purchase from BPA is unclear, and does not provide any further insight into how Surprise Valley planned to deliver the Paisley Project's net output to PacifiCorp's system. The agreement references a Transmission Agreement between Surprise Valley, as the seller, and Surprise Valley and BPA as the Transmitting Entities. Surprise Valley has not provided PacifiCorp with the Transmission Agreement referenced in its July 2014 PPA proposal. PacifiCorp can only assume that the metering and system upgrades required would likely be similar to the metering and upgrades discussed in response to subpart (b) above, along with additional metering and upgrades that Surprise Valley may require on its system and what BPA may require on its system. Again, this request calls for speculation regarding the form of delivery selected by Surprise Valley. Additional system and communication upgrades may be required.

As PacifiCorp has made clear in the past, PacifiCorp would be willing to discuss any of these options with Surprise Valley.

SVEC Data Request 12.4

Please refer to PacifiCorp's response to Surprise Valley data request 1.31. Please identify whether any upgrades would need to be constructed under the three hypothetical examples identified in the response and the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014:

- (a) On-System PPA.
- (b) On-System PPA alternative.
- (c) Off-System PPA.
- (d) Either of the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014.

Response to SVEC Data Request 12.4

Please refer to PacifiCorp's response to SVEC Data Request 12.3.

SVEC Data Request 12.5

Please refer to PacifiCorp's response to Surprise Valley data request 5.2. Please identify what determination PacifiCorp ESM has made regarding whether (and what) metering would be required to measure any portion of the net output generated and delivered from the Paisley Project to PacifiCorp's system.

Response to SVEC Data Request 12.5

Please refer to PacifiCorp's response to SVEC Data Request 12.3.

SVEC Data Request 12.6

Please refer to PacifiCorp's response to Surprise Valley data requests 1.31 supplemental and 10.2. Please state whether PacifiCorp intends to resubmit or submit a new network resource request if Surprise Valley enters into a PPA under the three hypothetical examples identified in the response and the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014:

- (a) On-System PPA.
- (b) On-System PPA alternative.
- (c) Off-System PPA.
- (d) Either of the draft PPAs that Surprise Valley provided to PacifiCorp in May and July 2014.

Response to SVEC Data Request 12.6

Yes. If PacifiCorp energy supply management (ESM) and Surprise Valley execute a qualifying facility (QF) power purchase agreement (PPA), PacifiCorp ESM would seek to designate the PPA as a network resource under PacifiCorp's Open Access Transmission Tariff (OATT).

SVEC Data Request 12.7

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Scheduling, System Control and Dispatch Service (Schedule 1) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.7

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

Generally speaking, ancillary services are services needed to accomplish reliable transfer of energy across an electric system and ensure the scheduled amount is actually delivered. Whether Surprise Valley would need to purchase or otherwise provide these services (and which specific services would be necessary) will depend on the circumstances under which Surprise Valley proposes to deliver the qualifying facility's (QF) power to PacifiCorp's system. Furthermore, PacifiCorp does not own or operate Surprise Valley's electric system and is not familiar with what may be required to effectuate a firm delivery across that system.

It is PacifiCorp's position that Surprise Valley would likely need scheduling, system control and dispatch service to meet the requirements of the standard Oregon QF power purchase agreement (PPA).

By way of explanation, the ancillary services required are circumstance-specific and may change based on, among other things, the type of PPA the QF elects to pursue:

- If, for example, a QF is directly interconnected with a purchasing utility's system (standard on-system PPA), the QF is not responsible for providing any transmission

service from the QF generator to the purchasing utility's system. For this reason, a QF would not typically be responsible for purchasing or providing any supporting ancillary services in order to obtain a standard on-system PPA.

- If, on the other hand, a QF is not directly interconnected with the purchasing utility's system (standard off-system PPA), the QF must purchase or provide *firm transmission service* from the QF generator, over the intervening utility system(s), to the point of interconnection with the purchasing utility's system in order to obtain a standard Oregon QF PPA.

The QF is responsible for making these firm transmission arrangements. If any ancillary services are needed to provide reliable and / or firm transmission service from the QF generator to the point of interconnection with the purchasing utility's system, a QF would be required to self-supply (or pay a third party to supply) any necessary supporting ancillary services.

- With respect to an "on/off system PPA," PacifiCorp assumes that Surprise Valley is referring to the "On-System PPA – Alternative" discussed in PacifiCorp's 1st Supplemental response to SVEC Data Request 1.31. As noted in that response, under appropriate conditions, PacifiCorp would treat the Paisley Project as the equivalent of a directly interconnected generator and purchase the amount of power that physically flows from Surprise Valley's system to PacifiCorp's system, up to the net metered generation of the Paisley Project. See 1st Supplemental response to SVEC Data Request 1.31. For this reason, the QF would not be responsible for obtaining any third-party transmission service or any supporting ancillary services in order to obtain a QF PPA. To be clear, however, the delivery would not be for the full net output of the Paisley Project, but the specific hourly amount in excess of Surprise Valley load that can be measured as flowing onto PacifiCorp's system.

For purposes of the remainder of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system QF PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's specific wheeling arrangement will determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other providers.

Specifically with respect to Schedule 1 services, the Federal Energy Regulatory Commission (FERC) requires a transmission provider to provide (and a transmission customer to purchase) Scheduling, System Control and Dispatch Service in order to maintain reliability. Under FERC precedent, the transmission provider providing the delivery from the QF project to the purchasing utility's system would therefore be responsible for providing the Scheduling, System Control and Dispatch Service.

If Surprise Valley were to arrange for transmission service to deliver QF power from the QF to PacifiCorp system over a third party's transmission system, that third-party transmission provider would be responsible for providing Surprise Valley with the

Scheduling, System Control and Dispatch Service to support that third-party transmission providers provision of that transmission service. Accordingly, if Surprise Valley chooses to deliver the power from the Paisley generator to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would provide a similar service to schedule delivery and ensure reliable delivery service.

- (a) Generally, FERC has determined that Schedule 1 services are a necessary part of transmission service. In particular, FERC has explained that Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within, or into a Control Area. More specifically, PacifiCorp's standard off-system QF PPA requires that the seller schedule delivery on an hourly basis in accordance with the Western Electricity Coordinating Council (WECC) prescheduling calendar. Scheduling deliveries allows for accurate accounting. PacifiCorp Transmission business practices also require scheduling and dispatch within the balancing authority area (BAA).
- (b) Addendum W requires the seller to arrange for firm delivery and schedule such deliveries. The purchase of Schedule 1 services may be required to support scheduling deliveries, but does not in and of itself comply with the requirements of Addendum W. The request requires speculation regarding Surprise Valley's wheeling arrangements.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.8

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Reactive Supply and Voltage Control from Generation or Other Sources Service (Schedule 2) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.8

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp does not have sufficient information regarding Surprise Valley's system to understand if reactive supply and voltage control from generation or other sources service is required, but believes it may be required to maintain system reliability.

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of power purchase agreement (PPA) chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system qualifying facility (QF) PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's chosen transmission provider will need to determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other transmission providers.

Specifically with respect to Schedule 2 services, the Federal Energy Regulatory Commission (FERC) requires a transmission provider to provide (and a transmission customer to purchase) Reactive Supply and Voltage Control in order to maintain

reliability. Under FERC precedent, the third party transmission provider providing the delivery from the QF project to the purchasing utility's system would therefore be responsible for providing the Schedule 2 service.

Here, if Surprise Valley were to purchase transmission service to deliver QF power from the QF to PacifiCorp's system over a third party's transmission system, that third-party transmission provider would be responsible for providing Surprise Valley with the Reactive Supply and Voltage Control to support the third-party transmission provider's provision of that transmission service. If Surprise Valley chooses to deliver the power from the QF to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would provide a similar service to ensure reliable delivery service.

- (a) FERC found in Order No. 888 that reactive supply is necessary to maintain the proper transmission line voltage to support the wheeling of energy and maintain system reliability. FERC, however, also determined that transmission customers have the ability to reduce (but not eliminate completely) the reactive supply and voltage control needs and costs that their transactions impose on the transmission provider's system. PacifiCorp has not been provided a specific wheeling arrangement from Surprise Valley and cannot determine whether these ancillary services are necessary to provide firm delivery to PacifiCorp without threatening the reliability of the system.
- (b) Addendum W requires the seller to arrange for firm delivery. PacifiCorp energy supply management (ESM) requires under Addendum W evidence of a commercially reasonable arrangement for firm delivery of QF power from the QF to PacifiCorp's system. The purchase of Schedule 2 services may be required to support firm delivery, but does not in and of itself comply with the requirements of Addendum W. The request requires speculation regarding Surprise Valley's wheeling arrangements.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.9

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Regulation and Frequency Response Service (Schedule 3) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.9

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

The request requires speculation regarding Surprise Valley's wheeling arrangements. Without reviewing any such wheeling arrangement, PacifiCorp is not aware of any need to purchase an ancillary service designed to follow variations in load (i.e., providing extra generating capacity that can be raised and lowered to follow moment-to-moment variations in load). PacifiCorp, however, cannot opine on how Surprise Valley is going to operate its system to facilitate firm deliveries. Addendum W requires the seller to arrange for firm delivery. PacifiCorp energy supply management (ESM) requires under Addendum W evidence of a commercially reasonable arrangement for firm delivery of qualifying facility (QF) power from the QF to PacifiCorp's system.

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of power purchase agreement (PPA) chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

SVEC Data Request 12.10

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Generator Regulation and Frequency Response Service (Schedule 3A) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.10

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp does not have sufficient information regarding Surprise Valley's system to understand if Generator Regulation and Frequency Response Service is required, but believes it may be required to maintain system reliability.

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of power purchase agreement (PPA) chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system qualifying facility (QF) PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's chosen transmission provider will need to determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other transmission providers.

Specifically with respect to Schedule 3A services, the Federal Energy Regulatory Commission (FERC) requires a transmission provider to provide, but a transmission customer may self-supply, Generator Regulation and Frequency Response Service.

Under FERC precedent, the third party transmission provider providing the delivery from the QF project to the purchasing utility's system may be responsible for providing the Schedule 3A service.

Here, if Surprise Valley were to purchase transmission service to deliver QF power from the QF to PacifiCorp system over a third party's transmission system, that third-party transmission provider may be responsible for providing Surprise Valley with the Generator Regulation and Frequency Response Service to support the third-party transmission provider's provision of that transmission service. If Surprise Valley chooses to deliver the power from the QF to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would provide a similar service to ensure reliable delivery service.

- (a) Schedule 3A recovers the costs of holding regulation reserves capacity to meet system variability. Transmission customers are not charged under both Schedules 3 and 3A for the same transaction. FERC has explained that while the pro-forma Generation Imbalance Service under the Open Access Transmission Tariff (OATT) enables transmission providers to recover the cost of providing the energy needed to manage hourly generator imbalances, it does not provide a mechanism for transmission providers to recover the costs of holding reserve capacity associated with balancing variations in generation output. FERC has acknowledged that transmission providers may incur such capacity costs and, furthermore, the Commission has clarified that public utility transmission providers may propose to assess regulation charges to recover these capacity costs from generators selling within the balancing authority area.
- (b) Addendum W requires the seller to arrange for firm delivery. PacifiCorp energy supply management (ESM) requires under Addendum W evidence of a commercially reasonable arrangement for firm delivery of QF power from the QF to PacifiCorp's system. The purchase of Schedule 3A services may be required to support firm delivery, but does not in and of itself comply with the requirements of Addendum W. The request requires speculation regarding Surprise Valley's wheeling arrangements.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.11

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Energy Imbalance Service (Schedule 4) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.11

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

PacifiCorp does not have sufficient information regarding Surprise Valley's system to understand if Energy Imbalance Service is required, but believes it may be required to maintain system reliability and comply with the requirements of the energy imbalance market (EIM).

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of power purchase agreement (PPA) chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system qualifying facility (QF) PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's chosen transmission provider will need to determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other transmission providers.

Here, if Surprise Valley were to purchase transmission service to deliver QF power from the QF to PacifiCorp system over a third party's transmission system, that third-party operating within the EIM would likely be responsible for providing Surprise Valley with the Energy Imbalance Service to meet the requirements of the EIM. If Surprise Valley chooses to deliver the power from the QF to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would provide a similar service.

- (a) Schedule 4 Energy Imbalance Service would apply if the generator is setup for EIM and the imbalance is the difference between the generator forecast and e-Tag forecast at T-57. This ancillary service is necessary to comply with the requirements of the EIM.
- (b) Addendum W requires the seller to arrange for firm delivery. PacifiCorp energy supply management (ESM) requires under Addendum W evidence of a commercially reasonable arrangement for firm delivery of QF power from the QF to PacifiCorp's system. The purchase of Schedule 4 services may be required to support firm delivery, but does not in and of itself comply with the requirements of Addendum W. The request requires speculation regarding Surprise Valley's wheeling arrangements.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.12

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Operating Reserve - Spinning Reserve Service (Schedule 5) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.12

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

Yes. It is PacifiCorp's position is that Surprise Valley would likely need Operating Reserve - Spinning Reserve Service to meet the requirements of the standard Oregon off-system qualifying facility (QF) power purchase agreement (PPA).

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of PPA chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system QF PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's chosen transmission provider will need to determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other transmission providers.

Specifically with respect to Schedule 5 services, the Federal Energy Regulatory Commission (FERC) requires a transmission customer to obtain from its transmission provider, from a third party, or through self-supply Operating Reserve – Spinning Reserve Service to support sales from generators located within the PacifiCorp balancing

authority area (BAA) in order to have extra generation available to serve load in case there is an unplanned event, such as a generator outage.

Here, if Surprise Valley were to purchase transmission service to deliver QF power from the QF to PacifiCorp system over a third party's transmission system, Surprise Valley could purchase Operating Reserve - Spinning Reserve Service from that transmission provider or from a third party, or Surprise Valley could self-supply it. If Surprise Valley chooses to deliver the power from the QF to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would either purchase from a third party or self-supply a similar service to ensure reliable delivery service.

- (a) FERC found in Order No. 888 that spinning reserve service is required to support system reliability, and is provided by generating units that are online and available to provide additional output immediately. PacifiCorp has not been provided a specific wheeling arrangement from Surprise Valley and cannot determine whether these ancillary services are necessary to provide firm delivery to PacifiCorp without threatening the reliability of the system.
- (b) Addendum W requires the transmitting entity provide all generation reserves as required by the Western Electricity Coordinating Council (WECC) and / or as required by any other governing agency or industry standard to deliver the net output to the point of delivery (POD), at no cost to PacifiCorp.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.13

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Operating Reserve - Supplemental Reserve Service (Schedule 6) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.13

PacifiCorp objects to this request as unclear, overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

Yes. It is PacifiCorp's position is that Surprise Valley would likely need Operating Reserve - Supplemental Reserve Service to meet the requirements of the standard Oregon off-system qualifying facility (QF) power purchase agreement (PPA).

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of PPA chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system QF PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load. Surprise Valley's chosen transmission provider will need to determine on a case-by-case basis which ancillary services are needed, which can be self-provided, and which can be purchased from other transmission providers.

Specifically with respect to Schedule 6 services, the Federal Energy Regulatory Commission (FERC) requires a transmission customer to obtain from its transmission provider, from a third party, or through self-supply Operating Reserve – Supplemental

Reserve Service in order to have extra generation available to serve load in case there is an unplanned event, such as a generator outage to support sales from generators located within the PacifiCorp balancing authority area (BAA).

Here, if Surprise Valley were to purchase transmission service to deliver QF power from the QF to PacifiCorp system over a third party's transmission system, Surprise Valley could purchase Operating Reserve – Supplemental Reserve Service from that transmission provider or from a third party, or Surprise Valley could self-supply it. If Surprise Valley chooses to deliver the power from the QF to PacifiCorp's system over Surprise Valley's own system, then PacifiCorp assumes that Surprise Valley would either purchase from a third party or self-provide a similar service to ensure reliable delivery service.

- (a) FERC found in Order No. 888 that supplemental reserve service is required to support system reliability, and is provided by generating units that are available to provide additional output within about 10 minutes. PacifiCorp has not been provided a specific wheeling arrangement from Surprise Valley and cannot determine whether these ancillary services are necessary to provide firm delivery to PacifiCorp without threatening the reliability of the system.
- (b) Addendum W requires the transmitting entity provide all generation reserves as required by the Western Electricity Coordinating Council (WECC) and / or as required by any other governing agency or industry standard to deliver the net output to the point of delivery (POD), at no cost to PacifiCorp.
- (c) Please refer to the Company's response to subpart (b) above.

SVEC Data Request 12.14

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service (Schedule 7) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.14

Assuming Surprise Valley wishes to execute an Oregon standard off-system qualifying facility (QF) power purchase agreement (PPA) with PacifiCorp, Surprise Valley will need to make commercially appropriate arrangements to deliver the Paisley Project's power across any intervening systems for firm delivery to PacifiCorp's system. These arrangements would presumably be Schedule 7 services or services with the attributes of Schedule 7 services.

That said, Surprise Valley need not (and cannot) obtain such services "from PacifiCorp". As an off-system QF, Surprise Valley is responsible for delivering the net output of the Paisley Project to PacifiCorp's system. PacifiCorp does not provide transmission service on other utilities' systems. Once delivered to PacifiCorp's system, PacifiCorp energy supply management (ESM) arranges for delivery to load through a separate transmission arrangement with PacifiCorp Transmission.

SVEC Data Request 12.15

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Non-Firm Point-To-Point Transmission Service (Schedule 8) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.15

No. As an off-system qualifying facility (QF), Surprise Valley is responsible for delivering the net output of the Paisley Project to PacifiCorp's system. PacifiCorp does not provide transmission service on other utility's systems. Once delivered to PacifiCorp's system, PacifiCorp energy supply management (ESM) arranges for delivery to load through a separate transmission arrangement with PacifiCorp Transmission.

SVEC Data Request 12.16

Is it PacifiCorp's position that Surprise Valley would need to purchase, or otherwise provide services similar to, Generator Imbalance Service (Schedule 9) from PacifiCorp in order to execute a PPA? Does the need for this service depend on whether the PPA would be for an on-system PPA, an off-system PPA or an on/off system PPA? If yes:

- (a) Please explain why the service is required.
- (b) Please indicate whether purchasing or otherwise acquiring this service is required under the standard off-system Addendum W and would satisfy the requirements under Addendum W.
- (c) Please indicate whether purchasing or otherwise acquiring this service is required under the an off-system Addendum W for a QF located in PacifiCorp's balancing authority and would satisfy the requirements under Addendum W a QF located in PacifiCorp's balancing authority.

Response to SVEC Data Request 12.16

PacifiCorp objects to this request as unclear, overly broad, and unduly burdensome. Surprise Valley has not provided PacifiCorp with any agreement or document providing the wheeling arrangement to deliver the net output of the Paisley Project across Surprise Valley's electric system for delivery to PacifiCorp's system. Without waiving its objection, PacifiCorp responds as follows:

Yes, possibly, but it would be specific to the needs of Surprise Valley's operations and system and the particular wheeling arrangement.

Please refer to PacifiCorp's response to SVEC Data Request 12.7 for a general discussion of how the type of power purchase agreement (PPA) chosen by Surprise Valley may affect the type of ancillary services needed to effectuate that PPA.

For purposes of this response, PacifiCorp assumes that Surprise Valley wishes to execute an Oregon standard off-system qualifying facility (QF) PPA. PacifiCorp also assumes that Surprise Valley intends to sell 100 percent of the Paisley Project's net output to PacifiCorp rather than using it to serve load.

- (a) Generator imbalance service is required to address deviations between the scheduled delivery of energy and the actual output of a generator, aggregated over a one hour period. Surprise Valley's generator output could differ from the base schedule for delivery. Generator imbalance ensures the scheduled energy is delivered.
- (b) PacifiCorp energy supply management (ESM) requires under Addendum W evidence of a commercially reasonable arrangement for firm delivery of QF power from the QF to PacifiCorp's system. Firm delivery generally provides for the delivery of the

scheduled amount of energy. This is required for both planning and system reliability purposes. Without reviewing Surprise Valley's wheeling arrangement, PacifiCorp cannot opine on how Surprise Valley is going to operate its system to facilitate firm deliveries. However, Addendum W to the standard Oregon off-system QF PPA provides for a process to address generator imbalances through an energy imbalance accumulation mechanism.

(c) Please refer to the Company's response to subpart (b) above.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/204

EMAIL AND NOVEMBER 6, 2013 DRAFT PPA

March 15, 2016

Subject: Surprise Valley Off-system Draft PPA 11062013.doc

Date: Wednesday, November 6, 2013 at 9:36:50 AM Pacific Standard Time

From: Younie, John

To: lynnsvec@frontier.com

Lynn,

Attached is a draft PPA updated with the motive force information you provided. Highlighted in yellow are blanks that I still need information. Could you please fill in the blanks and return the redline draft to me. Thanks for your help.

POWER PURCHASE AGREEMENT

BETWEEN

SURPRISE VALLEY ELECTRIFICATION CORPORATION

[Firm Qualifying Facility (new or existing) located in non-PacifiCorp Control Area, interconnecting to non-PacifiCorp system, with 10,000 kW Facility Capacity Rating, or Less, and uninterruptible transmission to the Point of Delivery]

AND

PACIFICORP

Section 1: Definitions	2
Section 2: Term; Commercial Operation Date	6
Section 3: Representations and Warranties	7
Section 4: Delivery of Power	9
Section 5: Purchase Prices	10
Section 6: Operation and Control	11
Section 7: Fuel/Motive Force	12
Section 8: Metering at the point of interconnection	12
Section 9: Billings, Computations, and Payments	13
Section 10: Security	13
Section 11: Defaults and Remedies	16
Section 12: Indemnification and Liability	19
Section 13: Insurance (<i>Facilities over 200kW only</i>)	20
Section 14: Force Majeure	21
Section 15: Several Obligations	22
Section 16: Choice of Law	22
Section 17: Partial Invalidation	22
Section 18: Waiver	22
Section 19: Governmental Jurisdictions and Authorizations	23
Section 20: Repeal of PURPA	23
Section 21: Successors and Assigns	23
Section 22: Entire Agreement	23
Section 23: Notices	23

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT (“**Agreement**”), entered into this ____ day of _____, 20____, is between Surprise Valley Electrification Corporation, "**Seller**" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "**PacifiCorp**." (Seller and PacifiCorp are referred to individually as a "**Party**" or collectively as the "**Parties**").

RECITALS

A. [**New QFs Only:**] Seller intends to construct, own, operate and maintain a geothermal facility for the generation of electric power, including interconnection facilities, located in Paisley, Lake County, Oregon with a Facility Capacity Rating of 3,650 -kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

A. [**Existing QFs Only:**] Seller owns, operates, and maintains a _____ [state type of facility] facility for the generation of electric power, including interconnection facilities, located in _____ [City, County, State] with a Facility Capacity Rating of _____ kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on February 11, 2014 ("**Scheduled Initial Delivery Date**"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on March 31, 2014 ("**Scheduled Commercial Operation Date**"); and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 19,978,562 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

Deleted: 19,715,852

E. Seller shall sell and PacifiCorp shall purchase all Net Output from the Facility in accordance with the terms and conditions of this Agreement; and

F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

G. Seller intends to transmit Net Output to PacifiCorp via transmission facilities operated by a third party, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as **Addendum W** and incorporated contemporaneously herewith.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 **“As-built Supplement”** shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 **“Average Annual Generation”** shall have the meaning set forth in Section 4.2.

1.3 **"Billing Period"** means calendar months.

1.4 **"Commercial Operation Date"** means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing (applies to new Facilities and new upgrades only);

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents (Facilities over 200 kW only) and, if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents.

1.4.4 Seller has complied with the security requirements of Section 10.

1.4.5 PacifiCorp has received an executed copy of **Exhibit F** - Seller's Interconnection Request.

1.5 **“Commission”** means the Oregon Public Utilities Commission.

1.6 **“Contract Price”** means the applicable price for Net Output stated in Sections 5.1 and 5.2.

1.7 **"Contract Year"** means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time (**"PPT"**) on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.8 “**Credit Requirements**” means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) “Baa3” or greater by Moody’s, or (2) “BBB-” or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.

1.9 “**Default Security**”, unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at Mid-C (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; provided, however, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller’s average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.

1.10 “**Effective Date**” shall have the meaning set forth in Section 2.1.

1.11 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.5.

1.12 “**Environmental Attributes**” shall have the meaning set forth in Section 5.5.

1.13 “**Excess Output**” shall mean any increment of Net Output produced at a rate, on an hourly basis, exceeding the Facility Capacity Rating.

1.14 “**Facility**” shall have the meaning set forth in Recital A.

1.15 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

1.16 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.

1.17 “**Generation Scheduling Addendum**” means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Net Output from the Facility to the Point of Delivery via a non-PacifiCorp transmission provider.

1.18 “**Interconnected Utility**” means Surprise Valley Electrification Corporation, the operator of the electric utility system at the Point of Interconnection.

1.19 “**Interconnection Agreement**” means the agreement (or contemporaneous agreements) between Seller and the Interconnected Utility governing interconnection of Seller’s Facility at the Point of Interconnection and associated use of the Interconnected Utility’s system.

1.20 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or

“A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.21 “**Licensed Professional Engineer**” means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.22 “**Material Adverse Change**” means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement

1.23 “**Maximum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.24 “**Minimum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.25 “**Nameplate Capacity Rating**” means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

1.26 “**Net Energy**” means the energy component, in kWh, of Net Output.

1.27 “**Net Output**” means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any, up to and including the Point of Interconnection. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Interconnection, less any station use not provided by the Facility.

1.28 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1.

1.29 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.30 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“**PPT**”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.31 “**Point of Delivery**” means the location in PacifiCorp’s system where PacifiCorp has agreed to receive Seller’s Net Energy, as specified in **Exhibit B**.

1.32 “**Point of Interconnection**” means the point of interconnection between Seller’s Facility and the Transmitting Entity’s system, if applicable, as specified in **Exhibit B**.

1.33 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.34 “**Prudent Electrical Practices**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.35 “**QF**” means “**Qualifying Facility,**” as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.36 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller’s failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.37 “**Required Facility Documents**” means all licenses, permits, authorizations, and agreements, including an Interconnection Agreement and Transmission Agreement(s), necessary for construction, operation and maintenance of the Facility, and delivery of Facility output, consistent with the terms of this Agreement. The Required Facility Documents are set forth in **Exhibit C**.

1.38 “**Schedule 37**” means the Schedule 37 of Pacific Power & Light Company’s Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. A copy of that Schedule 37 is attached as **Exhibit G**.

1.39 “**Scheduled Commercial Operation Date**” shall have the meaning set forth in Recital C.

1.40 “**Scheduled Initial Delivery Date**” shall have the meaning set forth in Recital B.

1.41 “**Start-Up Testing**” means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.42 “**Termination Date**” shall have the meaning set forth in Section 2.4.

1.43 “**Transmission Agreement**” means the agreement (or contemporaneous agreements) between Seller and the Transmitting Entity providing for Seller’s uninterrupted right to transmit Net Output to the Point of Delivery.

1.44 “**Transmitting Entity(s)**” means Surprise Valley Electrification Corporation, the (non-PacifiCorp) operator of the transmission system at the Point of Delivery.

**SECTION 2: TERM;
COMMERCIAL OPERATION DATE**

2.1 This Agreement shall become effective after execution by both Parties (“**Effective Date**”).

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By [REDACTED], Seller shall provide PacifiCorp with a copy of an executed Interconnection Agreement and an executed Transmission Agreement, which shall be consistent with all material terms and requirements of this Agreement.

2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

2.2.3 By the date thirty (30) days after the Effective Date, Seller shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 Except as otherwise provided herein, this Agreement shall terminate on March 30, 2019 [enter Date that is no later than 20 years after the Scheduled Initial Delivery Date] (“**Termination Date**”).

Comment [1]: Lynn – I assumed a 5 year term let me know if you want to change the term.

**SECTION 3: REPRESENTATIONS
AND WARRANTIES**

- 3.1 PacifiCorp represents, covenants, and warrants to Seller that:
- 3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.
 - 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
 - 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
 - 3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2 Seller represents, covenants, and warrants to PacifiCorp that:
- 3.2.1 Seller is a corporation duly organized and validly existing under the laws of [REDACTED].
 - 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
 - 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.

- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.
- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.
- 3.2.8 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants all of the following:
- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the

result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.

- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
- (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

_____ Seller affirms and adopts all warranties of this Section 3.2.8, and therefore is not required to post security under Section 10; or

Seller does not affirm and adopt all warranties of this Section 3.2.8, and therefore Seller elects to post the security specified in Section 10.

Comment [2]: Because the nameplate exceeds 3 MW SVEC will have to provide security

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 19,715,852 kWh per Contract Year ("**Average Annual Generation**"). Seller may,

upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall deliver (or cause to be delivered) from the Facility a minimum of 19,101,833 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced *pro rata* to reflect the Commercial Operation Date, and further provided that such minimum delivered Net Output shall be reduced on a *pro rata* basis for any periods during a Contract Year that the Facility was prevented from generating or delivering electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Seller estimates, for informational purposes, that it will deliver from the Facility a maximum of 20,645,132 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

Deleted: [redacted]

Deleted: [redacted]

4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Seller shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an option is selected the option will remain in effect for the duration of the Facility’s contract. Seller has selected the following (Seller to initial one):

- Fixed Price
- Firm Electric Market
- Gas Market
- Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Seller, is attached as **Exhibit G**.

5.2 (Applies only to “Fixed Price” Contracts Greater than 15 Years). In the event Seller elects the Fixed Price payment method, PacifiCorp shall pay Seller the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Scheduled Initial Delivery Date. Thereafter, PacifiCorp shall pay Seller market-based rates, using the following pricing option (Seller to initial one):

- Firm Electric Market

_____ Gas Market
_____ Banded Gas Market

5.3 If the Seller elects a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output and for all Net Output delivered prior to the Commercial Operation Date, PacifiCorp shall pay Seller a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Seller's ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller's Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of initial (and any subsequent) construction affecting the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six month's prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Interconnection Agreement, Transmission Agreement and any other relevant agreements.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with this Agreement, the Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Interconnection Agreement or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Interconnection Agreement or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

SECTION 8: METERING AT THE POINT OF INTERCONNECTION

8.1 Metering shall be performed at the location and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net

Output in hourly increments, and any other energy measurements required to administer this Agreement. If the Transmitting Entity requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of metering and the Point of Interconnection. The loss adjustment shall be % of the kWh energy production recorded on the Facility output meter.

8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 9: BILLINGS, COMPUTATIONS, AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: SECURITY

Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.8, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit,

Comment [3]: SVEC must provide security because the nameplate is greater than 3 MW

senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow

Letter of Credit

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section 3.2.8.

In the event Seller's obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLER SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Seller shall not cause or permit the Facility or its assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a

performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Seller).

- 10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("Facility Lender"), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp's right under this Section 10.4.
- 10.4.2 PacifiCorp shall give Seller ten (10) calendar days notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices. Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller hereby irrevocably appoints PacifiCorp as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under this Section 10.4.
- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided above, in that Seller (i) will resume operation of the Facility in accordance with the provisions of this

Agreement, and (ii) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under this Section 10.4.

- (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.

10.4.5 PacifiCorp's exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

SECTION 11: DEFAULTS AND REMEDIES

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

- 11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.
- 11.1.2 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Interconnection Agreement and any Transmission Agreement) within the time allowed for a cure under such agreement or instrument.
- 11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.

- 11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;
- 11.1.5 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.
- 11.1.6 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.
- 11.2 Notice; Opportunity to Cure.
- 11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.
- 11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 or 11.1.5 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.
- 11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.
- 11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.
- 11.3 Termination.
- 11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies

provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate: (a) for a default under Section 11.1.5 unless PacifiCorp is in a resource deficient state during the period Commercial Operation is delayed; or (b) for a default under Section 11.1.6, unless such default is material. The rights provided in Section 10 and this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of

Seller, its directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE **(FACILITIES OVER 200KW ONLY)**

13.1 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting

guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, "**Force Majeure**" or "**an event of Force Majeure**" means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall re-commence performance of such obligation, provided that:

14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and

14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and

14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

**SECTION 19: GOVERNMENTAL
JURISDICTIONS AND
AUTHORIZATIONS**

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

**SECTION 21: SUCCESSORS AND
ASSIGNS**

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

**SECTION 22: ENTIRE
AGREEMENT**

22.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when

deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Surprise Valley Electrification Corp 516 US Hwy 395 E Alturas, CA 96101 Phone: (530) 233-3511 Facsimile: (530) 233-2190 Duns: Federal Tax ID Number:
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

Seller

By: _____

Name: Bruce Griswold

Title: Director, Short Term Origination
and QF Contracts

By: _____

Name: _____

Title: _____

**EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY**

[Seller to Complete]

Seller's Facility consists of _____ generators manufactured by _____. More specifically, each generator at the Facility is described as:

A. Manufacturer's Nameplate Data:

Type (synchronous or inductive): _____

Model:

Number of Phases: 3

Rated Output (kW): 3,650 Rated Output (kVA): 4,055

Rated Voltage (line to line): _____

Rated Current (A): Stator: 563 A; Rotor: _____ A

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): _____

Deleted: _____

B. Seller's Estimate of Facility Output Under Ideal (Maximum) or Worst (Minimum) Conditions

Maximum kW Output: _____ kW Maximum kVA Output: _____ kVA

Minimum kW Output: _____ kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]: _____

Facility Capacity Rating: _____ kW at _____

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating:

Station service requirements, and other loads served by the Facility, if any, are described as follows:

C: Location of the Facility: The Facility is to be constructed in the vicinity of _____ in _____ County, _____. The location is more particularly described as follows:

[legal description of parcel]

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

1. Describe the point(s) of metering, including the type of meter(s), and the owner of the meter(s).
2. Provide single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection,
3. Specify the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output.

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification : QF13-276-000
Interconnection Agreement
Fuel Supply Agreement, if applicable
Land Lease

REQUIRED IF SELLER ELECTS TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

Deed or Lease to Facility Premises
Preliminary Title Report of Premises
Proof of ownership of Facility
Off-take sale agreements, e.g. surplus heat sale contract, if applicable

Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

**EXHIBIT D-1
SELLER'S MOTIVE FORCE PLAN**

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

Month	Average Energy (kWh)
January	1,832,131
February	1,651,907
March	1,806,073
April	1,721,729
May	1,638,304
June	1,488,457
July	1,422,111
August	1,479,590
September	1,577,180
October	1,773,307
November	1,755,002
December	1,832,772

Seller provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate. Average Net Output is 19,978,562 KWH annually based on engineering studies.

Comment [4]: Lynn – provide assumptions utilized for average calculation

B. MINIMUM ANNUAL DELIVERY CALCULATION

Seller specify the Minimum Annual Delivery of the Facility, and explain the basis for the estimate. NOTE: The Minimum Annual Delivery should be based on the most adverse natural motive force conditions reasonably expected and should take into account unscheduled repairs or maintenance and Seller's load (if any). Minimum Net Output is 19,101,833 KWH annually based on engineering studies.

Comment [5]: Lynn – provide assumptions utilized for minimum calculation

C. MAXIMUM ANNUAL DELIVERY CALCULATION

Seller specify the estimated Maximum Annual Delivery of the Facility, and explain the basis for the estimate. Maximum Net Output is 20,645,132 KWH annually based on engineering studies.

Comment [6]: Lynn – provide assumptions utilized for maximum calculation

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]**

1. Pressure tests of all steam system equipment;
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. Insulation resistance and point-to-point continuity tests;
6. Bench tests of all protective devices;
7. Tests required by manufacturer of equipment; and
8. Complete pre-parallel checks with PacifiCorp.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Stator windings dielectric test;
7. Armature and field windings resistance tests;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load;
9. Heat runs;
10. Tests required by manufacturer of equipment;
11. Excitation and voltage regulation operation tests;
12. Open circuit and short circuit; saturation tests;
13. Governor system steady state stability test;
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;
15. Auto stop/start sequence;
16. Level control system tests; and
17. Completion of all state and federal environmental testing requirements.

EXHIBIT F
Seller Authorization to Release Generation Data to PacifiCorp
See attached letter

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EXHIBIT G
SCHEDULE 37 and PRICING SUMMARY TABLE

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller's Facility is not located within the control area of PacifiCorp;

WHEREAS, Seller's Facility will not interconnect directly to PacifiCorp's System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a Generation Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum W** shall apply to this Generation Scheduling Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or **"EIA,"** means the accumulated difference between Seller's Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller's net delivery of Supplemented Output to PacifiCorp.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Point of Delivery pursuant to Seller's Transmission Agreement.

"Settlement Period" means one month.

"Supplemented Output" means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour.

"Surplus Delivery" means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to the Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4.

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Interconnection. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Power Purchase Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service;

ADDENDUM W-ctd.

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, PacifiCorp agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, PacifiCorp will declare any positive balance to be Surplus Delivery, and Seller's EIA will be reset to zero. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by PacifiCorp.

(c) **PacifiCorp's Option to Change EIA Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
			Meter	(=A-B)		(=Max (0, C-D))
		Meter Reading-	reading at	Net	Facility	Excess Output
Day	Hour	at Point of	Station	Output	Capacity	(MWh)
	ending	Interconnection	Power	(MWh)	Rating	
	(HE)	(MWh)	Meter*		(MW)	
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

· Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Interconnection, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.

ADDENDUM A
JURY TRIAL WAIVER

PacifiCorp and Surprise Valley Electrification Corp ("SVEC") are parties to that certain Power Purchase Agreement executed the date last written below (the "PPA"). This Addendum A to the PPA is entered into by and between PacifiCorp and SVEC and is intended to be interpreted and applied to the PPA.

Whereas, the Parties for their respective business purposes have an interest in not presenting a dispute to a jury for trial should a dispute arise between the Parties;

NOW, THEREFORE, for independent consideration, the receipt and sufficiency of which is acknowledged by both Parties, the Parties do hereby declare and agree as follows:

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

This Addendum A to the PPA is executed and made effective this __ day of August, 2013.

PacifiCorp

Surprise Valley Electrification Corp.

By: _____

By: _____

Name: Bruce Griswold

Name: C. James Hays

Title: Director, Short-Term Origination
and QF Contracts

Title: General Manager

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/205

EMAIL AND FEBRUARY 10, 2014 DRAFT PPA

March 15, 2016

From: Younie, John
To: "[Lynn Culp](#)"
Cc: [Brad Kresge](#); [Jeff Mann](#); [Kirk Gibson](#); [Chun Chin](#); [Dick Wanderscheid](#)
Subject: RE: Paisely Geothermal Signal
Date: Monday, February 10, 2014 1:43:00 PM
Attachments: [SVEC_On_System_PPA_02042014.docx](#)

Lynn,

Here is a draft PPA for your geothermal project. This PPA is still being reviewed by management and is subject to change.

My supervisor told me that he would not execute this PPA until the transmission service request was approved.

Could you let me know what the losses are between the point of interconnection and the point of delivery?

Let me know if you have any questions.

From: Lynn Culp [mailto:lynnsvec@frontier.com]
Sent: Monday, February 10, 2014 1:16 PM
To: Younie, John
Cc: Brad Kresge; Jeff Mann; Kirk Gibson; Chun Chin; Dick Wanderscheid
Subject: Re: Paisely Geothermal Signal

Hello John, Just checking in with you to see when we can expect the draft of the PPA.
Thanks! Lynn

From: [Younie, John](#)
Sent: Wednesday, January 29, 2014 2:51 PM
To: [Lynn Culp](#)
Cc: [Brad Kresge](#) ; [Jeff Mann](#) ; [Kirk Gibson](#) ; [Chun Chin](#)
Subject: RE: Paisely Geothermal Signal

Lynn,

We are still reviewing the PPA, it is a combination of on/off system PPA. I hope to have a draft to share with you next week.

SCADA – I talked to one of PacifiCorp's SCADA experts the policy is if there is a generator larger than 3 MW connected to our system we need SCADA. I will let you know when I have more information.

Transmission Service Request – Last week we made the request. I will let you know if we will sign the PPA without completion of the SIS and Facilities Study.

From: Lynn Culp [<mailto:lynnsvec@frontier.com>]
Sent: Tuesday, January 28, 2014 10:24 AM
To: Younie, John
Cc: Brad Kresge; Jeff Mann; Kirk Gibson; Chun Chin
Subject: Paisely Geothermal Signal

Hello John, What are Pacific's requirements for the "real time signal" required with the PPA? You have asked if we planned to install scada. We did not have that in our plans as we do not have scada on any of our system. Is there individuals in your group we could conference call with to discuss and determine how we can meet this requirement?

Also, I was speaking with Eric Birch of PacifiCorp Transmission group. He said that PacifiCorp Energy typically requests a transmission service request, which includes an impact study (100 days) and a facility study (an additional 60 days). Are these studies required for our PPA and have they been initiated with the transmission group? Do they have to be completed before the PPA can be signed and before the plant is operational?

Thanks, Lynn

POWER PURCHASE AGREEMENT

BETWEEN

SURPRISE VALLEY ELECTRIFICATION CORPORATION

**[Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less, and
uninterruptible transmission to the Point of Delivery]**

AND

PACIFICORP

Section 1: Definitions	2	
Section 2: Term; Commercial Operation Date	6	
Section 3: Representations and Warranties	7	Deleted: 6
Section 4: Delivery of Power.....	10	Deleted: 9
Section 5: Purchase Prices	10	
Section 6: Operation and Control	11	
Section 7: Fuel/Motive Force	13	Deleted: 12
Section 8: Metering	13	Deleted: 12
Section 9: Billings, Computations, and Payments.....	13	
Section 10: Security.....	14	Deleted: 13
Section 11: Defaults and Remedies	16	
Section 12: Indemnification and Liability	19	
Section 13: Insurance (<i>Facilities over 200kW only</i>).....	20	
Section 14: Force Majeure.....	21	
Section 15: Several Obligations	22	
Section 16: Choice of Law	23	Deleted: 22
Section 17: Partial Invalidity	23	Deleted: 22
Section 18: Waiver	23	Deleted: 22
Section 19: Governmental Jurisdictions and Authorizations.....	23	Deleted: 22
Section 20: Repeal of PURPA.....	23	Deleted: 22
Section 21: Successors and Assigns	24	Deleted: 23
Section 22: Entire Agreement.....	24	Deleted: 23
Section 23: Notices	24	Deleted: 23

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this ____day of _____, 20____, is between Surprise Valley Electrification Corporation, "**Seller**" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "**PacifiCorp**." (Seller and PacifiCorp are referred to individually as a "**Party**" or collectively as the "**Parties**").

RECITALS

A. Seller intends to construct, own, operate and maintain a geothermal facility for the generation of electric power, including interconnection facilities, located in Paisley, Lake County, Oregon with a Facility Capacity Rating of 3,650 -kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on **May 31, 2014** ("**Scheduled Initial Delivery Date**"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on **July 31, 2014** ("**Scheduled Commercial Operation Date**"); and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 18,880,048 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

E. Seller shall (choose one) sell all Net Output to PacifiCorp and purchase its full electric requirements from Bonneville Power Administration sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from Bonneville Power Administration, in accordance with the terms and conditions of this Agreement; and

F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

G. Seller intends to transmit Net Output to PacifiCorp via transmission facilities operated by Seller, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as **Addendum W** and incorporated contemporaneously herewith.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 **"As-built Supplement"** shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 **"Average Annual Generation"** shall have the meaning set forth in Section 4.2.

1.3 **"Billing Period"** means calendar months.

1.4 **"Commercial Operation Date"** means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing;

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, (a), in accordance with the Interconnection Agreement, if applicable, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with PacifiCorp's electric system, or (b) if the Facility is interconnected with another electric utility that will wheel Net Output to PacifiCorp, all required interconnection facilities have been completed and tested and are in place to allow for such wheeling;

1.4.4 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents (Facilities over 200 kW only) and, if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents.

1.4.5 Seller has complied with the security requirements of Section 10.

1.4.6 PacifiCorp has received an executed copy of **Exhibit F** - Seller's Interconnection Request.

- 1.5 “**Commission**” means the Oregon Public Utilities Commission.
- 1.6 “**Contract Price**” means the applicable price for capacity or energy, or both capacity and energy, stated in Sections 5.1 and 5.2.
- 1.7 “**Contract Year**” means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time (“**PPT**”) on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.
- 1.8 “**Credit Requirements**” means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) “Baa3” or greater by Moody’s, or (2) “BBB-” or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.
- 1.9 “**Default Security**”, unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at Mid-C (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; provided, however, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller’s average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.
- 1.10 “**Effective Date**” shall have the meaning set forth in Section 2.1.
- 1.11 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.5.
- 1.12 “**Environmental Attributes**” shall have the meaning set forth in Section 5.5.
- 1.13 “**Excess Output**” shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.
- 1.14 “**Facility**” shall have the meaning set forth in Recital A.
- 1.15 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.
- 1.16 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.
- 1.17 “**Generation Scheduling Addendum**” means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Seller’s Net Output from the Facility to the Point of Delivery via a non-PacifiCorp transmission provider.

1.18 “

1.19 **Interconnected Utility**” means Surprise Valley Electrification Corporation, the operator of the electric utility system at the Point of Interconnection.

1.20 **“Interconnection Agreement”** means the agreement (or contemporaneous agreements) between the Interconnected Utility and PacifiCorp governing interconnection of Interconnected Utility at the Point of Delivery and associated use of the Interconnected Utility’s system.

1.21 **“Letter of Credit”** means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.22 **“Licensed Professional Engineer”** means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.23 **“Material Adverse Change”** means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement

1.24 **“Maximum Annual Delivery”** shall have the meaning set forth in Section 4.3.

1.25 **“Minimum Annual Delivery”** shall have the meaning set forth in Section 4.3.

1.26 **“Nameplate Capacity Rating”** means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

1.27 **“Net Energy”** means the energy component, in kWh, of Net Output.

1.28 **“Net Output”** means all energy and capacity produced by the Facility, less station use excluding pumping load attributable to the extraction and transportation functions the pumps perform and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any, up to and including the Point of Delivery. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Interconnection, adjusted as set forth in this paragraph.

1.29 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1.

1.30 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.31 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“**PPT**”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.32 “**Point of Delivery**” means the point of interconnection between the Transmitting Entity’s system and PacifiCorp’s distribution/transmission system, the point at which another utility will deliver the Net Output to PacifiCorp, as specified in **Exhibit B**.

1.33 “**Point of Interconnection**” means the point of interconnection between Seller’s Facility and the Transmitting Entity’s system, as specified in **Exhibit B**.

1.34 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.35 “**Prudent Electrical Practices**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.36 “**QF**” means “**Qualifying Facility**,” as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.37 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller’s failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.38 “**Required Facility Documents**” means all licenses, permits, authorizations, and agreements, including an Interconnection Agreement or equivalent, and any Transmission

Agreement(s), necessary for construction, operation and maintenance of the Facility consistent with the terms of this Agreement. The Required Facility Documents are set forth in **Exhibit C**.

1.39 “**Schedule 37**” means the Schedule 37 of Pacific Power & Light Company’s Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. A copy of that Schedule 37 is attached as **Exhibit G**.

1.40 “**Scheduled Commercial Operation Date**” shall have the meaning set forth in Recital C.

1.41 “**Scheduled Initial Delivery Date**” shall have the meaning set forth in Recital B.

1.42 “**Start-Up Testing**” means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.43 “**Termination Date**” shall have the meaning set forth in Section 2.4.

1.44 “**Transmission Agreement**” means the agreement (or contemporaneous agreements) between Seller and the Transmitting Entity providing for Seller’s uninterrupted right to transmit Net Output to the Point of Delivery.

1.45 “**Transmitting Entity(s)**” means Surprise Valley Electrification Corporation, the (non-PacifiCorp) operator of the transmission system at the Point of Delivery.

SECTION 2: TERM;
COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties (“**Effective Date**”).

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By [REDACTED], Seller shall provide PacifiCorp with a copy of an executed Interconnection Agreement and an executed Transmission Agreement, if applicable, which shall be consistent with all material terms and requirements of this Agreement.

2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

2.2.3 By the date thirty (30) days after the Effective Date, Seller shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 Except as otherwise provided herein, this Agreement shall terminate on May 30, 2020[enter Date that is no later than 20 years after the Scheduled Initial Delivery Date] (“**Termination Date**”).

**SECTION 3: REPRESENTATIONS
AND WARRANTIES**

3.1 PacifiCorp represents, covenants, and warrants to Seller that:

- 3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.
- 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
- 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
- 3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors’ rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

- 3.2.1 Seller is a corporation duly organized and validly existing under the laws of [REDACTED].
- 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.

- 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.
- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will

provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.

3.2.8 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants all of the following:

- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
- (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

_____ Seller affirms and adopts all warranties of this Section 3.2.8, and therefore is not required to post security under Section 10; or

X Seller does not affirm and adopt all warranties of this Section 3.2.8, and therefore Seller elects to post the security specified in Section 10.

Comment [1]: Because the nameplate exceeds 3 MW SVEC will have to provide security

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take

to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 18,880,048 kWh per Contract Year (“**Average Annual Generation**”). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall deliver (or cause to be delivered) from the Facility a minimum of 12,594,025 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced *pro rata* to reflect the Commercial Operation Date, and further provided that such minimum delivered Net Output shall be reduced on a *pro rata* basis for any periods during a Contract Year that the Facility was prevented from generating or delivering electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Seller estimates, for informational purposes, that it will deliver from the Facility a maximum of 20,021,187 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Seller shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an option is selected the option will remain in effect for the duration of the Facility’s contract. Seller has selected the following (Seller to initial one):

 X Fixed Price

_____ Firm Electric Market
_____ Gas Market
_____ Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Seller, is attached as **Exhibit G**.

5.2 (Applies only to “Fixed Price” Contracts Greater than 15 Years). In the event Seller elects the Fixed Price payment method, PacifiCorp shall pay Seller the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Scheduled Initial Delivery Date. Thereafter, PacifiCorp shall pay Seller market-based rates, using the following pricing option (Seller to initial one):

_____ Firm Electric Market
_____ Gas Market
_____ Banded Gas Market

5.3 If the Seller elects a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output and for all Net Output delivered prior to the Commercial Operation Date, PacifiCorp shall pay Seller a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Seller’s ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller’s Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of initial (and any subsequent) construction of the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six month’s prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or

improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Interconnection Agreement, Transmission Agreement and any other relevant agreements.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with this Agreement, the Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Interconnection Agreement or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Interconnection Agreement or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

**SECTION 7: FUEL/MOTIVE
FORCE**

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

**SECTION 8: METERING AT THE
POINT OF INTERCONNECTION**

8.1 Metering shall be performed at the locations and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net Output in hourly increments, and any other energy measurements required to administer this Agreement. If the Transmitting Entity requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of Interconnection and the Point of Delivery. The loss adjustment shall be % of the kWh energy production recorded on the Facility output meter.

8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

**SECTION 9: BILLINGS,
COMPUTATIONS, AND PAYMENTS**

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such

payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

Comment [2]: SVEC must provide security because the nameplate is greater than 3 MW

SECTION 10: SECURITY

Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.8, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow - \$236,404

Letter of Credit - \$236,404

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section 3.2.8.

In the event Seller's obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLER SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Seller shall not cause or permit the Facility or its assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Seller).

10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("Facility Lender"), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp's right under this Section 10.4.

10.4.2 PacifiCorp shall give Seller ten (10) calendar days notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices. Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller hereby irrevocably appoints PacifiCorp as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under this Section 10.4.

- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided above, in that Seller (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under this Section 10.4.
- (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.
- 10.4.5 PacifiCorp's exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

**SECTION 11: DEFAULTS AND
REMEDIES**

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

- 11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not

limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.

11.1.2 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Interconnection Agreement and any Transmission Agreement) within the time allowed for a cure under such agreement or instrument.

11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.

11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;

11.1.5 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.

11.1.6 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.

11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 or 11.1.5 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.

11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate: (a) for a default under Section 11.1.5 unless PacifiCorp is in a resource deficient state during the period Commercial Operation is delayed; or (b) for a default under Section 11.1.6, unless such default is material. The rights provided in Section 10 and this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

**SECTION 12: INDEMNIFICATION
AND LIABILITY**

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement,

including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE **(FACILITIES OVER 200KW ONLY)**

13.1 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by

PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, "Force Majeure" or "an event of Force Majeure" means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars,

hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall re-commence performance of such obligation, provided that:

- 14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and
- 14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and
- 14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

**SECTION 17: PARTIAL
INVALIDITY**

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

**SECTION 19: GOVERNMENTAL
JURISDICTIONS AND
AUTHORIZATIONS**

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

**SECTION 21: SUCCESSORS AND
ASSIGNS**

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

**SECTION 22: ENTIRE
AGREEMENT**

22.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Surprise Valley Electrification Corp 516 US Hwy 395 E Alturas, CA 96101 Phone: (530) 233-3511 Facsimile: (530) 233-2190 Duns: Federal Tax ID Number:
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	

Notices	PacifiCorp	Seller
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

Seller

By: _____

By: _____

Name: Bruce Griswold

Name: _____

Title: Director, Short Term Origination
and QF Contracts

Title: _____

**EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY**

[Seller to Complete]

Seller's Facility consists of _____ generators manufactured by _____. More specifically, each generator at the Facility is described as:

A. Manufacturer's Nameplate Data:

Type (synchronous or inductive): _____

Model:

Number of Phases: 3

Rated Output (kW): 3,650 Rated Output (kVA): 4,055

Rated Voltage (line to line): _____

Rated Current (A): Stator: 563 A; Rotor: _____ A

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): _____

B. Seller's Estimate of Facility Output Under Ideal (Maximum) or Worst (Minimum)

Conditions

Maximum kW Output: _____ kW Maximum kVA Output: _____ kVA

Minimum kW Output: _____ kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]: _____

Facility Capacity Rating: _____ kW at _____

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating:

Station service requirements, and other loads served by the Facility, if any, are described as follows:

C: Location of the Facility: The Facility is to be constructed in the vicinity of _____ in _____ County, _____. The location is more particularly described as follows:

[legal description of parcel]

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

1. Describe the point(s) of metering, including the type of meter(s), and the owner of the meter(s).
2. Provide single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection,
3. Specify the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output.

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification : QF13-276-000
Interconnection Agreement
Fuel Supply Agreement, if applicable
Land Lease

REQUIRED IF SELLER ELECTS TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

Deed or Lease to Facility Premises
Preliminary Title Report of Premises
Proof of ownership of Facility
Off-take sale agreements, e.g. surplus heat sale contract, if applicable

Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

**EXHIBIT D-1
SELLER'S MOTIVE FORCE PLAN**

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

Month	Average Energy (kWh)
January	1,760,063
February	1,586,498
March	1,734,633
April	1,653,097
May	1,570,906
June	1,425,462
July	1,359,922
August	1,416,016
September	1,512,041
October	1,702,656
November	1,685,566
December	1,473,188

Seller provide an estimate of the average monthly Net Output of the Facility, and explain the basis for the estimate. Average Net Output is 18,880,048 KWH annually based on engineering studies.

Comment [3]: Lynn – provide assumptions utilized for average calculation

B. MINIMUM ANNUAL DELIVERY CALCULATION

Seller specify the Minimum Annual Delivery of the Facility, and explain the basis for the estimate. NOTE: The Minimum Annual Delivery should be based on the most adverse natural motive force conditions reasonably expected and should take into account unscheduled repairs or maintenance and Seller's load (if any). Minimum Net Output is 12,594,025 KWH annually based on engineering studies.

Comment [4]: Lynn – provide assumptions utilized for minimum calculation

C. MAXIMUM ANNUAL DELIVERY CALCULATION

Seller specify the estimated Maximum Annual Delivery of the Facility, and explain the basis for the estimate. Maximum Net Output is 20,021,187 KWH annually based on engineering studies.

Comment [5]: Lynn – provide assumptions utilized for maximum calculation

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]**

1. Pressure tests of all steam system equipment;
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;
3. Operating tests of all valves, operators, motor starters and motor;
4. Alarms, signals, and fail-safe or system shutdown control tests;
5. Insulation resistance and point-to-point continuity tests;
6. Bench tests of all protective devices;
7. Tests required by manufacturer of equipment; and
8. Complete pre-parallel checks with PacifiCorp.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;
3. Brake tests;
4. Energization of transformers;
5. Synchronizing tests (manual and auto);
6. Stator windings dielectric test;
7. Armature and field windings resistance tests;
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load;
9. Heat runs;
10. Tests required by manufacturer of equipment;
11. Excitation and voltage regulation operation tests;
12. Open circuit and short circuit; saturation tests;
13. Governor system steady state stability test;
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;
15. Auto stop/start sequence;
16. Level control system tests; and
17. Completion of all state and federal environmental testing requirements.

EXHIBIT F
Seller Authorization to Release Generation Data to PacifiCorp
See attached letter

EXHIBIT G
SCHEDULE 37 and PRICING SUMMARY TABLE

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller's Facility is not located within the control area of PacifiCorp;

WHEREAS, Seller's Facility will not interconnect directly to PacifiCorp's System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a Generation Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum W** shall apply to this Generation Scheduling Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or **"EIA,"** means the accumulated difference between Seller's Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller's net delivery of Supplemented Output to PacifiCorp.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Point of Delivery pursuant to Seller's Transmission Agreement.

"Settlement Period" means one month.

"Supplemented Output" means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour.

"Surplus Delivery" means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to the Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4.

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Delivery. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Power Purchase Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service;

ADDENDUM W-ctd.

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, PacifiCorp agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, PacifiCorp will declare any positive balance to be Surplus Delivery, and Seller's EIA will be reset to zero. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by PacifiCorp.

(c) **PacifiCorp's Option to Change EIA Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
			Meter	(=A-B)		(=Max (0, C-D))
		Meter Reading	reading at	Net	Facility	Excess Output
Day	Hour	at Point of	Station	Output	Capacity	(MWh)
	ending	Delivery	Power	(MWh)	Rating	
	(HE)	(MWh)	Meter*		(MW)	
			(MWh)			
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

· Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Delivery, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.

ADDENDUM A
JURY TRIAL WAIVER

PacifiCorp and Surprise Valley Electrification Corp ("SVEC") are parties to that certain Power Purchase Agreement executed the date last written below (the "PPA"). This Addendum A to the PPA is entered into by and between PacifiCorp and SVEC and is intended to be interpreted and applied to the PPA.

Whereas, the Parties for their respective business purposes have an interest in not presenting a dispute to a jury for trial should a dispute arise between the Parties;

NOW, THEREFORE, for independent consideration, the receipt and sufficiency of which is acknowledged by both Parties, the Parties do hereby declare and agree as follows:

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

This Addendum A to the PPA is executed and made effective this __ day of August, 2013.

PacifiCorp

Surprise Valley Electrification Corp.

By: _____

By: _____

Name: Bruce Griswold

Name: C. James Hays

Title: Director, Short-Term Origination
and QF Contracts

Title: General Manager

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/206

EMAIL AND MAY 20, 2014 DRAFT PPA

March 15, 2016

Subject: Surprise Valley Electric PPA

Date: Tuesday, May 20, 2014 at 2:54:08 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie, Michael Reid

CC: Kirk Gibson, Brad Kresge, Bruce Griswold

John/Michael

As we discussed during the last call, the Paisley Project is entering into the final phase of construction activities and start-up testing is due to commence within **the next week.**

SVEC appreciates the considerations discussed by PacifiCorp Transmission representatives regarding its ability to accommodate the Project's start-up activities. We are working to confirm that accommodation so the Project can maintain the established development schedule.

SVEC is prepared to enter into a standard PURPA power sales agreement with PacifiCorp. To that end, SVEC has considered some of the concerns voiced by PacifiCorp regarding the evidencing of the actual deliveries into the PacifiCorp system and SVEC has addressed those concerns in this version of the PPA. Please see the attached annotated version of the PPA that PacifiCorp forwarded in February. I have included both Bruce and Michael on this email to expedite their receipt of the attached PPA edits. Please note that the changes that are shaded in **aqua** are inserted in the PPA to provide language to address the SVEC Sales Concept. All other edits are red-lined for your convenience of review. SVEC is prepared to execute the PPA attached.

SVEC is prepared to move forward on the following matters, but needs some input from PacifiCorp:

- 1. Interconnection Agreement** – As you are aware, SVEC has an interconnection arrangement with PacifiCorp at Lakeview substation and BPA has an interconnection agreement with PacifiCorp at **Yamsay 230 kV**. These are the two locations where deliveries will be made under the SVEC Sales Concept (See Exhibit B). **There are existing interconnection agreements at these Delivery Points and therefore SVEC believes there is no further documentation required.** Please confirm that these documents evidencing interconnection at the delivery points be used for the purposes of the PPA between SVEC and PacifiCorp and simply referenced in the PPA? Please advise.
- 2. Finalizing determination that SVEC meets PacifiCorp's credit worthiness requirements** – Financial records were forwarded to PacifiCorp on May 1st. Please **confirm** PacifiCorp's determination. Please note that the attached PPA is prepared in a way which assumes that SVEC meets PacifiCorp's credit worthiness requirements for the Paisley Project obligations.
- 3. Project As Built Drawings** – These will be forwarded under a separate cover for PacifiCorp's review in accordance with Section 6.1. Please advise as to who should receive these documents.

As noted above, SVEC is prepared to execute the PPA attached to this email. SVEC is concerned about the length of time it is taking to finalize the arrangements to be captured in

the PPA for the Paisley Project output. SVEC offers the services of its attorney, Kirk Gibson, to PacifiCorp in order to assist in addressing any drafting and/or conceptual issues that may remain in finalization of the PPA (to customize the standard PPA language to accommodate SVEC's Sales Concept for the Paisley) **that is not captured in the attached PPA**. In addition, **please be advised that** SVEC is willing to consider the language in the proposed PPAs filed by PacifiCorp in its recent PURPA filing. Please indicate which proposed standard PPA **in the recent filing** that PacifiCorp filed would be applicable to the Paisley Project. As soon as PacifiCorp identifies the appropriate PPA, SVEC will review and determine whether it can accept any differences. SVEC may also be willing to accommodate PacifiCorp with other benefits of this project for PacifiCorp's immediate attention to this important issue of finalizing the PPA.

Too much time has elapsed since SVEC came to PacifiCorp with its Paisley Project. The timing of these activities is crucial for SVEC. SVEC is working with ODOE concerning achieving BETC certification for the Paisley Project. ODOE review of SVEC's eligibility for BETCs covering the Paisley Project is scheduled for next week.

Please let me know if there is anything that PacifiCorp is waiting for from SVEC and I will personally see to it that it gets resolved/delivered immediately. Additional delays could jeopardize SVEC's ability to achieve BETCs. I will be contacting you soon to set up a meeting where the issues related to the PPA can be finalized and the PPA executed.

Please do not hesitate to contact me should you have any questions or desire further information. Thank you.

Sincerely,

Lynn

POWER PURCHASE AGREEMENT

BETWEEN

SURPRISE VALLEY ELECTRIFICATION CORPORATION

**[Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less, and
uninterruptible transmission to the Point of Delivery]**

AND

PACIFICORP

Section 1: Definitions 2

Section 2: Term; Commercial Operation Date 6

Section 3: Representations and Warranties 7

Section 4: Delivery of Power 10

Section 5: Purchase Prices 10

Section 6: Operation and Control 11

Section 7: Fuel/Motive Force 13

Section 8: Metering 13

Section 9: Billings, Computations, and Payments 14

Section 10: Security 14

Section 11: Defaults and Remedies 17

Section 12: Indemnification and Liability 19

Section 13: Insurance (*Facilities over 200kW only*) 21

Section 14: Force Majeure 22

Section 15: Several Obligations 23

Section 16: Choice of Law 23

Section 17: Partial Invalidity 23

Section 18: Waiver 23

Section 19: Governmental Jurisdictions and Authorizations 23

Section 20: Repeal of PURPA 24

Section 21: Successors and Assigns 24

Section 22: Entire Agreement 24

Section 23: Notices 24

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POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this ____day of _____, 20____, is between Surprise Valley Electrification Corp., "Seller" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "PacifiCorp." (Seller and PacifiCorp are referred to individually as a "Party" or collectively as the "Parties").

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RECITALS

A. Seller intends to construct, own, operate and maintain a geothermal facility for the generation of electric power, including interconnection facilities, located in Paisley, Lake County, Oregon with a Facility Capacity Rating of 3,650 -kilowatts (kW) as further described in Exhibit A and Exhibit B ("Facility"); and

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on May 31, 2014 ("Scheduled Initial Delivery Date"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on July 31, 2014 ("Scheduled Commercial Operation Date"); and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 18,285,671 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

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E. Seller shall (choose one) sell all Net Output to PacifiCorp and purchase its full electric requirements from Bonneville Power Administration sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from Bonneville Power Administration, in accordance with the terms and conditions of this Agreement; and

F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

G. Seller intends to sell Net Output to PacifiCorp, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as Addendum W and Sellers Interconnection Facilities attached as Exhibit B which are incorporated contemporaneously herewith.

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AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 **"As-built Supplement"** shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 **"Average Annual Generation"** shall have the meaning set forth in Section 4.2.

1.3 **"Billing Period"** means calendar months.

1.4 **"Commercial Operation Date"** means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing;

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, (a), in accordance with the Interconnection Agreement, if applicable, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with PacifiCorp's electric system, or (b) if the Facility is interconnected with another electric utility that will wheel Net Output to PacifiCorp, all required interconnection facilities have been completed and tested and are in place to allow for such wheeling;

1.4.4 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents (Facilities over 200 kW only) and, if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents.

1.4.5 Seller has complied with the security requirements of Section 10.

1.4.6 PacifiCorp has received an executed copy of **Exhibit F** - Seller's Interconnection Request.

1.5 “**Commission**” means the Oregon Public Utilities Commission.

1.6 “**Contract Price**” means the applicable price for capacity or energy, or both capacity and energy, stated in Sections 5.1 and 5.2.

1.7 “**Contract Year**” means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time (“**PPT**”) on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.8 “**Credit Requirements**” means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) “Baa3” or greater by Moody’s, or (2) “BBB-” or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.

1.9 “**Default Security**”, unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at Mid-C (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; provided, however, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller’s average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.

1.10 “**Effective Date**” shall have the meaning set forth in Section 2.1.

1.11 “**Energy Delivery Schedule**” shall have the meaning set forth in Section 4.5.

1.12 “**Environmental Attributes**” shall have the meaning set forth in Section 5.5.

1.13 “**Excess Output**” shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.

1.14 “**Facility**” shall have the meaning set forth in Recital A.

1.15 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

1.16 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.

1.17 “**Generation Scheduling Addendum**” means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Seller’s Net Output from the Facility to the Point of Delivery via a non-PacifiCorp transmission provider.

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1.18 **Interconnected Utility**” means Surprise Valley Electrification Corp., ~~and/or~~ Bonneville Power Administration, the operator of the electric utility system at Points of Interconnection.

1.19 **“Interconnection Agreement”** means the agreement (or contemporaneous agreements) between the Interconnected Utility and PacifiCorp governing interconnection of Interconnected Utility at Point of Delivery and associated use of the Interconnected Utility’s system.

1.20 **“Letter of Credit”** means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.21 **“Licensed Professional Engineer”** means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.22 **“Material Adverse Change”** means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement

1.23 **“Maximum Annual Delivery”** shall have the meaning set forth in Section 4.3.

1.24 **“Minimum Annual Delivery”** shall have the meaning set forth in Section 4.3.

1.25 **“Nameplate Capacity Rating”** means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units. Usually indicated on a nameplate attached to the individual machine or device.

1.26 **“Net Energy”** means the energy component, in kWh, of Net Output.

1.27 **“Net Output”** means ~~an amount equal to~~ all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any, up to and including the Point of Delivery. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the Point of Interconnection, adjusted as set forth in this paragraph.

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1.28 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1.

1.29 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.30 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“PPT”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.31 “**Point of Delivery**” means the **Point of Point** of Interconnection between Transmitting Entity’s system and PacifiCorp’s distribution/transmission systems as specified in Exhibit B.

1.32 “**Point of Interconnection**” means the point(s) of interconnection between Transmitting Entity’s **system and PacifiCorp’s distribution/transmission system**, as specified in Exhibit B.

1.33 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.34 “**Prudent Electrical Practices**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.35 “**QF**” means “**Qualifying Facility**,” as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.36 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller’s failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.37 “**Required Facility Documents**” means all licenses, permits, authorizations, and agreements, including an Interconnection Agreement or equivalent, and any Transmission

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Agreement(s), necessary for construction, operation and maintenance of the Facility consistent with the terms of this Agreement. The Required Facility Documents are set forth in **Exhibit C**.

1.38 “**Schedule 37**” means the Schedule 37 of Pacific Power & Light Company’s Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. A copy of that Schedule 37 is attached as **Exhibit G**.

1.39 “**Scheduled Commercial Operation Date**” shall have the meaning set forth in Recital C.

1.40 “**Scheduled Initial Delivery Date**” shall have the meaning set forth in Recital B.

1.41 “**Start-Up Testing**” means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.42 “**Termination Date**” shall have the meaning set forth in Section 2.4.

1.43 “**Transmission Agreement**” means the agreement (or contemporaneous agreements) between Seller and the Transmitting Entity providing for Seller’s uninterrupted right to transmit Net Output to the Point of Delivery.

1.44 “**Transmitting Entity(s)**” means Surprise Valley Electrification Corp., and Bonneville Power Administration, the (non-PacifiCorp) operator of the transmission system at the Point of Delivery.

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**SECTION 2: TERM;
COMMERCIAL OPERATION DATE**

2.1 This Agreement shall become effective after execution by both Parties (“**Effective Date**”).

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By NEED Transmission Agreement ASAP, Seller shall provide PacifiCorp with a copy of an executed Interconnection Agreement and an executed Transmission Agreement, if applicable, which shall be consistent with all material terms and requirements of this Agreement.

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2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

2.2.3 By the date thirty (30) days after the Effective Date, Seller shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 Except as otherwise provided herein, this Agreement shall terminate on May 30, 2020, (“Termination Date”).

Deleted: enter Date that is no later than 20 years after the Scheduled Initial Delivery Date]

SECTION 3: REPRESENTATIONS AND WARRANTIES

3.1 PacifiCorp represents, covenants, and warrants to Seller that:

3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.

3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.

3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.

3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors’ rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

3.2.1 Seller is a corporation duly organized and validly existing under the laws of California.

- 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
- 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.
- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may

be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.

3.2.8 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants all of the following:

- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
- (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
- (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
- (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
- (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

- Seller affirms and adopts all warranties of this Section 3.2.8, and therefore is not required to post security under Section 10; or
- Seller does not affirm and adopt all warranties of this Section 3.2.8, and therefore Seller elects to post the security specified in Section 10.

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations

and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 18,285,671 kWh per Contract Year (“**Average Annual Generation**”). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

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4.3 Minimum and Maximum Delivery. Seller shall deliver (or cause to be delivered) from the Facility a minimum of 12,197,102 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced *pro rata* to reflect the Commercial Operation Date, and further provided that such minimum delivered Net Output shall be reduced on a *pro rata* basis for any periods during a Contract Year that the Facility was prevented from generating or delivering electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Seller estimates, for informational purposes, that it will deliver from the Facility a maximum of 19,391,369 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

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4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

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SECTION 5: PURCHASE PRICES

5.1 Seller shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an

option is selected the option will remain in effect for the duration of the Facility's contract. Seller has selected the following (Seller to initial one):

- Fixed Price
- Firm Electric Market
- Gas Market
- Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Seller, is attached as **Exhibit G**.

5.2 (Applies only to "Fixed Price" Contracts Greater than 15 Years). In the event Seller elects the Fixed Price payment method, PacifiCorp shall pay Seller the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Scheduled Initial Delivery Date. Thereafter, PacifiCorp shall pay Seller market-based rates, using the following pricing option (Seller to initial one):

- Firm Electric Market
- Gas Market
- Banded Gas Market

5.3 If the Seller elects a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output and for all Net Output delivered prior to the Commercial Operation Date, PacifiCorp shall pay Seller a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Seller's ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller's Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of initial (and any subsequent) construction of the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

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6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six months prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Interconnection Agreement, Transmission Agreement and any other relevant agreements.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with this Agreement, the Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Interconnection Agreement or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Interconnection Agreement or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to

avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

SECTION 8: METERING AT THE POINT OF INTERCONNECTION

8.1 Metering shall be performed at the locations and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net Output in hourly increments, and any other energy measurements required to administer this Agreement. If the Transmitting Entity requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of Interconnection and the Point of Delivery. The loss adjustment shall be **1.9** % of the kWh energy production recorded on the Facility output meter.

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8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

**SECTION 9: BILLINGS,
COMPUTATIONS, AND PAYMENTS**

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: SECURITY

Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.8, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow - \$236,404

Letter of Credit - \$236,404

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section

3.2.8.

In the event Seller's obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum

shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLER SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Seller shall not cause or permit the Facility or its assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Seller).

10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("Facility Lender"), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp's right under this Section 10.4.

10.4.2 PacifiCorp shall give Seller ten (10) calendar days' notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the

Facility in accordance with Prudent Electrical Practices. Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller hereby irrevocably appoints PacifiCorp as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under this Section 10.4.

- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided above, in that Seller (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under this Section 10.4.
 - (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.
- 10.4.5 PacifiCorp's exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

**SECTION 11: DEFAULTS AND
REMEDIES**

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

- 11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.
- 11.1.2 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Interconnection Agreement and any Transmission Agreement) within the time allowed for a cure under such agreement or instrument.
- 11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.
- 11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;
- 11.1.5 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.
- 11.1.6 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

- 11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.
- 11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 or 11.1.5 shall have thirty (30) days to cure after receipt of proper notice from the

non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.

11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate: (a) for a default under Section 11.1.5 unless PacifiCorp is in a resource deficient state during the period Commercial Operation is delayed; or (b) for a default under Section 11.1.6, unless such default is material. The rights provided in Section 10 and this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for

the Minimum Annual Delivery that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however,* that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE
(FACILITIES OVER 200KW ONLY)

13.1 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for

such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, “**Force Majeure**” or “**an event of Force Majeure**” means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall re-commence performance of such obligation, provided that:

14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and

14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and

14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

**SECTION 15: SEVERAL
OBLIGATIONS**

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

**SECTION 17: PARTIAL
INVALIDITY**

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

**SECTION 19: GOVERNMENTAL
JURISDICTIONS AND
AUTHORIZATIONS**

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

SECTION 21: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 22: ENTIRE AGREEMENT

22.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013	Surprise Valley Electrification Corp 516 US Hwy 395 E Alturas, CA 96101 Phone: (530) 233-3511 Facsimile: (530) 233-2190

Notices	PacifiCorp	Seller
	Federal Tax ID Number: 93-0246090	Duns: 004770020 Federal Tax ID Number: 94-0912124
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 - 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	

Deleted: [redacted]

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

Seller

By: _____

By: _____

Name: Bruce Griswold

Name: Craig Joiner

Title: Director, Short Term Origination

Title: President of the Board of

Directors

and QF Contracts

EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY

[Seller to Complete]

Seller's Facility consists of One (1) generator manufactured by Hyundai Ideal Electric Co. More specifically, each generator at the Facility is described as: Generator

A. Manufacturer's Nameplate Data:

Type (synchronous or inductive): Synchronous

Model: Synchronous Generator S/N 1210094 1800 RPM

Number of Phases: 3

Rated Output (kW): 3,650 **Rated Output (kVA):** 4,055

Rated Voltage (line to line):

Rated Current (A): Stator: 563 A; Rotor: 98 A

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): 0.90 P.F.

B. Seller's Estimate of Facility Output Under Ideal (Maximum) or Worst (Minimum) Conditions

Maximum kW Output: 2349 kW **Maximum kVA Output:** +/- .9 PF 2610
kVA

Minimum kW Output: 1644 kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]:

Facility Capacity Rating: 2349 kW at +/- .9 PF

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating: limited by geothermal resource.

Station service requirements, and other loads served by the Facility, if any, are described as follows: Parasitic load list attached

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... (1)

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

[Seller to provide its own diagram and description]

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Instructions to Seller:

Describe the point(s) of metering, including the type of meter(s), and the owner of the meter(s).

The Paisley Plant is located near Paisley Oregon within the service territory of SVEC and within the PacifiCorp Balancing Area. The net output of the Paisley Plant will be metered at the plant with a PacifiCorp revenue meter. SVEC also has a meter at the plant. The electricity produced by the plant will be interconnected to the grid at the SVEC 69 Kv transmission line at the Paisley substation. This substation is located approximately one mile from the Paisley Plant.

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The Points of Delivery for this transaction are at the Lakeview Switch 940 where BPA has a revenue meter and SVEC interconnects with PacifiCorp Transmission) and at the point near structure 47/5 in the BPA's La Pine- Chiloquin 230 kV transmission line, where 230 kV facilities of BPA and PacifiCorp are connected (Point of Receipt: Yamsay 230 kV; POR Number: 4012). SVEC has a 44 mile 69 kV transmission line from the point of interconnect to the Lakeview 940 switch Point of Delivery to PacifiCorp Transmission at Lakeview. SVEC's service territory is served from this transmission line. BPA serves the Yamsay 230 kV with a 230 kV transmission line to this Point of Delivery with PacifiCorp Transmission

PacifiCorp transmission delivers and SVEC receives its BPA power at Lakeview Switch 940. PacifiCorp transmission also delivers all of the power needs for PacifiCorp retail customers in the area surrounding SVEC's service territory. BPA will continue to supply SVEC with its full load requirements. Consequently, there will be additional power in the PacifiCorp transmission system because the Paisley Plant is generating. This excess amount will be equal to the amount of power generated by the Paisley Plant less the predetermined amount allowing for transmission line losses as determined by the meter readings at the Yamsay 230 kV Delivery Point less the deliveries to SVEC by PacifiCorp Transmission (on behalf of BPA). This power will be delivered into PacifiCorp Transmission's system and be available for use by PacifiCorp retail customers. In other words, the amount of power generated by the Paisley Plant will effectively be serving PacifiCorp retail customer loads in this remote part of the PacifiCorp Balancing Area. The PacifiCorp resources serving the PAC Mile High substation will be correspondingly reduced by the net output (minus transmission line loss) at the Paisley Plant.

Under this conceptual understanding, PacifiCorp will pay SVEC for the amount of power generated at the Paisley Plant, less the predetermined amount for transmission line losses, at the rates set forth in this contract entered into between SVEC and PacifiCorp.

2. Provide single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection,

3. Specify the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output.

The Points of Delivery for this transaction are at the Lakeview Switch 940 where BPA has a revenue meter and SVEC interconnects with PacifiCorp Transmission and at the point near structure 47/5 in BPA's La Pine- Chiloquin 230 kV transmission line, and where the 230 kV facilities of BPA and PacifiCorp are connected (Point of Receipt: Yamsay 230 kV; POR Number: 4012). SVEC has a 44 mile 69 kV transmission line from the point of interconnect to the Lakeview Switch 940 Point of Delivery to PacifiCorp Transmission at Lakeview. SVEC's service territory is served from this transmission line. BPA serves the Yamsay 230 kV with a 230 kV transmission line to the Point of Delivery with PacifiCorp Transmission

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

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REQUIRED OF ALL FACILITIES:

QF Certification : QF13-276-000

Interconnection Agreement **NEED ASAP**

Fuel Supply Agreement, if applicable

Land Lease

REQUIRED IF SELLER ELECTS TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

Deed or Lease to Facility Premises

Preliminary Title Report of Premises

Proof of ownership of Facility

Off-take sale agreements, e.g. surplus heat sale contract, if applicable

NOT REQUIRED

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Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

Exhibit D-1 Motive Force Plan

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

The following table summarizes the estimated monthly energy sales based on plant gross output, plant parasitic load consumption and assumed annual availability.

<u>Annual Monthly Energy</u>		
	<u>Monthly kWh</u>	<u>Monthly Average kW</u>
<u>January</u>	<u>1,704,725</u>	<u>2,291</u>
<u>February</u>	<u>1,536,615</u>	<u>2,286</u>
<u>March</u>	<u>1,680,082</u>	<u>2,258</u>
<u>April</u>	<u>1,601,097</u>	<u>2,223</u>
<u>May</u>	<u>1,521,422</u>	<u>2,045</u>
<u>June</u>	<u>1,380,508</u>	<u>1,917</u>
<u>July</u>	<u>1,316,967</u>	<u>1,770</u>
<u>August</u>	<u>1,371,325</u>	<u>1,843</u>
<u>September</u>	<u>1,464,407</u>	<u>2,034</u>
<u>October</u>	<u>1,649,095</u>	<u>2,216</u>
<u>November</u>	<u>1,632,560</u>	<u>2,267</u>
<u>December</u>	<u>1,426,869</u>	<u>1,918</u>
<u>TOTAL</u>	<u>18,285,671</u>	<u>2,087</u>

The estimated monthly output is based on the Net Output of the plant considering the following:

- Gross output of the plant at the generator terminals, considering average ambient wet-bulb temperature conditions
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Estimated plant degradation due to scaling/plant wear – first 2 years operation
- Annual 5 day planned maintenance shutdown (scheduled for December)
- Unplanned outages (1%)
- Transmission system outages (20 hours/year)

B. MINIMUM ANNUAL DELIVERY CALCULATION

The plant will operate as a base load facility. The minimum annual delivery is based on the expected worst case conditions of operation and availability. The Minimum Net Output is 12,197,102 kWh based on the following assumptions:

- Plant output is based on estimated average wet bulb conditions + 5^oF elevated temperature
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Five year, 14 day, major maintenance shutdown (scheduled for December)
- Estimated plant degradation 2X estimated annual average
- Unplanned outages (2%)

- [Major unplanned outage – 3 months – production pump, well or plant failure \(allocated across each operating month\)](#)

C. [MAXIMUM DELIVERY CALCULATION](#)

[The maximum delivery is based on optimal operating conditions and availability. The Maximum Net Output is 19,391,369 kWh based on the following assumptions:](#)

- [Plant output is based on estimated average wet bulb conditions - 5⁰F reduced temperature](#)
- [Plant parasitic load losses \(cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.\)](#)
- [Annual 5 day planned maintenance shutdown \(scheduled for December\)](#)
- [No plant operational degradation](#)
- [No unplanned outages](#)

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Average Energy (kWh)

... [2]

EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

After reviewing the documentation provided to me by Surprise Valley Electric Corporation I have determined that the power plant is likely to meet the power estimates represented in the table below provided that the following qualifications are met.

<u>Minimum</u>	<u>12,197,102 KWh/ year</u>
<u>Average</u>	<u>18,285,671 KWh/year</u>
<u>Maximum</u>	<u>19,391,369 KWh/year</u>

Qualifications:

1. Power output will depend on the plant's ability to maintain 3000 GPM of 232°F geothermal well water
2. These power estimates do not include the parasitic load of the geothermal well pumps
3. Plant availability factor for the average output case stays at 97.4% or better

Signed/Stamped:



Expires: 12/31/15

Date: May 15, 2014

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EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]**TAS-Turbine Air System to complete during start up and commissioning procedures

1. Pressure tests of all steam system equipment; TAS
2. Calibration of all pressure, level, flow, temperature and monitoring instruments; TAS
3. Operating tests of all valves, operators, motor starters and motor; TAS
4. Alarms, signals, and fail-safe or system shutdown control tests; TAS
5. Insulation resistance and point-to-point continuity tests; TAS
6. Bench tests of all protective devices; In Factory
7. Tests required by manufacturer of equipment; TAS and
8. Complete pre-parallel checks with PacifiCorp. TAS will support this scope but needs to understand the requirements.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements; TAS. Vibration only.
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs; TAS
3. Brake tests; NA
4. Energization of transformers; TAS
5. Synchronizing tests (manual and auto); TAS
6. Stator windings dielectric test; Determining who to perform
7. Armature and field windings resistance tests; TAS
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load; TAS plant is not designed to island mode or survive load rejection. TAS will perform plant trip testing from above load l levels.
9. Heat runs; NA
10. Tests required by manufacturer of equipment; TAS
11. Excitation and voltage regulation operation tests; TAS
12. Open circuit and short circuit; saturation tests; to be determined
13. Governor system steady state stability test; TAS
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering; TAS

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- 15. Auto stop/start sequence;[TAS](#)
- 16. Level control system tests; and[TAS](#)
- 17. Completion of all state and federal environmental testing requirements[NA](#)

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EXHIBIT F
Seller Authorization to Release Generation Data to PacifiCorp
See attached letter

EXHIBIT G
SCHEDULE 37 and PRICING SUMMARY TABLE

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller’s Facility is located within the control area of PacifiCorp;

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WHEREAS, Seller’s Facility will not interconnect directly to PacifiCorp’s System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a Generation Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from it’s QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum W** shall apply to this Generation Scheduling Addendum:

“**Day**” means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

“**Energy Imbalance Accumulation,**” or “**EIA,**” means the accumulated difference between Seller’s Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller’s net delivery of Supplemented Output to PacifiCorp.

“**Firm Delivery**” means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Point of Delivery pursuant to Transmission Agreements with Transmitting Entities.

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“**Settlement Period**” means one month.

“**Supplemented Output**” means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility’s Net Output during that same hour.

“**Surplus Delivery**” means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to the Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4 [of the Power Purchase Agreement](#).

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Delivery. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Power Purchase Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary ~~service~~;

Comment [1]: Who provides this service? PAC since we are in their balancing authority?

ADDENDUM W-ctd.

SVEC/206
Culp/43

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

Comment [2]: Is SVE the transmitting entity? And SVE is seller.

Comment [3]: Is this true with respect to BPA? Not true with respect to SVEC.

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, PacifiCorp agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, PacifiCorp will declare any positive balance to be Surplus Delivery, and Seller's EIA will be reset to zero. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by PacifiCorp.

(c) **PacifiCorp's Option to Change EIA Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
			Meter	(=A-B)		(=Max (0, C-D))
		Meter Reading	reading at	Net	Facility	Excess Output
Day	Hour	at Point of	Station	Output	Capacity	(MWh)
	ending	Delivery	Power	(MWh)	Rating	
	(HE)	(MWh)	Meter*		(MW)	
			(MWh)			
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

· Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Delivery, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.

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ADDENDUM A
JURY TRIAL WAIVER

SVEC/206
Culp/45

Deleted: PacifiCorp and Surprise Valley Electrification Corp ("SVEC") are parties to that certain Power Purchase Agreement executed the date last written below (the "PPA"). This Addendum A to the PPA is entered into by and between PacifiCorp and SVEC and is intended to be interpreted and applied to the PPA. .
and QF Contracts .

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/209

EMAIL AND LWNY 22, 2014 DRAFT PPA

March 15, 2016

Subject: SVEC Draft PPA

Date: Tuesday, July 22, 2014 at 5:17:36 PM Pacific Daylight Time

From: Lynn Culp

To: John Younie, Bruce Griswold, Michael Reid

CC: Brad Kresge, Kirk Gibson

John/Bruce/Michael,

Please find attached a draft of the PPA we discussed at our recent meeting with you. We have provided this draft in hopes that it may save you some effort while developing the final Agreement. Not all the formatting issues were addressed in this draft and we have left a few items highlighted that may be of specific interest.

We look forward to reviewing and discussing this agreement with you.

Thank you,
Lynn

Draft 7-22-14

POWER PURCHASE AGREEMENT

BETWEEN

SURPRISE VALLEY ELECTRIFICATION CORPORATION

**[Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less, and
uninterruptible transmission to the Point of Delivery]**

AND

PACIFICORP

Section 1: Definitions2

Section 2: Term; Commercial Operation Date6

Section 3: Representations and Warranties7

Section 4: Delivery of Power.....10

Section 5: Purchase Prices11

Section 6: Operation and Control12

Section 7: Fuel/Motive Force13

Section 8: Metering13

Section 9: Billings, Computations, and Payments.....14

Section 10: Security.....14

Section 11: Defaults and Remedies17

Section 12: Indemnification and Liability20

Section 13: Insurance (*Facilities over 200kW only*).....21

Section 14: Force Majeure.....22

Section 15: Several Obligations23

Section 16: Choice of Law23

Section 17: Partial Invalidity23

Section 18: Waiver23

Section 19: Governmental Jurisdictions and Authorizations.....24

Section 20: Repeal of PURPA.....24

Section 21: Successors and Assigns24

Section 22: Entire Agreement.....24

Section 23: Notices24

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this [redacted] day of July, 2014, is between Surprise Valley Electrification Corp., "**Seller**" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "**PacifiCorp.**" (Seller and PacifiCorp are referred to individually as a "**Party**" or collectively as the "**Parties**").

RECITALS

A. Seller intends to construct, own, operate and maintain a geothermal facility for the generation of electric power, including interconnection facilities, located in Paisley, Lake County, Oregon with a Facility Capacity Rating of 3,650 kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on **August 29, 2014** ("**Scheduled Initial Delivery Date**"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on or before **November 1, 2014** ("**Scheduled Commercial Operation Date**") depending on the date of receipt of the Facilities Study being prepared by PacifiCorp Transmission; and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 18,285,671 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

E. Seller shall (choose one) sell all Net Output to PacifiCorp and purchase its full electric requirements from Bonneville Power Administration sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from Bonneville Power Administration, in accordance with the terms and conditions of this Agreement; and

F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

G. Seller intends to sell Net Output to PacifiCorp, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as **Addendum W** and incorporated contemporaneously herewith.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 **“As-built Supplement”** shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 **“Average Annual Generation”** shall have the meaning set forth in Section 4.2.

1.3 **“Billing Period”** means calendar months.

1.4 **“Commercial Operation Date”** means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing;

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, (a), in accordance with the Interconnection Agreement, if applicable, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with PacifiCorp’s electric system, or (b) if the Facility is interconnected with another electric utility that will wheel Net Output to PacifiCorp, all required interconnection facilities have been completed and tested and are in place to allow for such wheeling;

1.4.4 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents (Facilities over 200 kW only) and, if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents.

1.4.5 Seller has complied with the security requirements of Section 10.

1.4.6 PacifiCorp has received an executed copy of **Exhibit F** - Seller's Interconnection Request.

1.5 "**Commission**" means the Oregon Public Utilities Commission.

1.6 "**Contract Price**" means the applicable price for capacity or energy, or both capacity and energy, stated in Sections 5.1 and 5.2.

1.7 "**Contract Year**" means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time ("**PPT**") on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.8 "**Credit Requirements**" means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) "Baa3" or greater by Moody's, or (2) "BBB-" or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.

Seller shall provide to PacifiCorp within five Business Days of receipt of a written request all reasonable financial records, including but not limited to three years of audited financial statements prepared in accordance with generally accepted accounting principles, necessary for PacifiCorp to confirm that Seller satisfies the Credit Requirements during the Term of this Agreement.

1.9 "**Default Security**", unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at Mid-C (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; provided, however, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller's average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.

1.10 "**Effective Date**" shall have the meaning set forth in Section 2.1.

1.11 "**Energy Delivery Schedule**" shall have the meaning set forth in Section 4.5.

1.12 "**Environmental Attributes**" shall have the meaning set forth in Section 5.5.

1.13 "**Excess Output**" shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.

1.14 “**Facility**” shall have the meaning set forth in Recital A.

1.15 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

1.16 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.

1.17 “**Generation Scheduling Addendum**” means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Seller’s Net Output from the Facility to the Point of Delivery via non-PacifiCorp transmission providers.

1.18 “**Interconnected Utility**” means Surprise Valley Electrification Corp. and/or Bonneville Power Administration, the operators of the electric utility system at a Point of Interconnection.

1.19 “**Interconnection Agreement**” means the agreement (or contemporaneous agreements) between the Interconnected Utility and PacifiCorp governing interconnection of Interconnected Utility at a Point of Delivery and associated use of the Interconnected Utility’s system.

1.20 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.21 “**Licensed Professional Engineer**” means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.22 “**Material Adverse Change**” means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement

1.23 “**Maximum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.24 “**Minimum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.25 “**Nameplate Capacity Rating**” means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units that are usually indicated on a nameplate attached to the individual machine or device.

1.26 “**Net Energy**” means the energy component, in kWh, of Net Output.

1.27 “**Net Output**” means an amount equal to all energy and capacity produced by the Facility, less station use excluding pumping load attributable to the extraction and transportation functions the pumps perform and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any, up to and including the Point of Delivery. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy **flowing through the revenue metering at SVEC’s Paisley generator generation substation**, adjusted as set forth in this paragraph.

1.28 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1.

1.29 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.30 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“**PPT**”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.31 “**Point of Delivery**” means the Point or Points of Interconnection between a Transmitting Entity’s system and PacifiCorp’s distribution/transmission system as specified in **Exhibit B**.

1.32 “**Point of Interconnection**” means the point(s) of interconnection between a Transmitting Entity’s system and PacifiCorp’s distribution/transmission system, as specified in **Exhibit B**.

1.33 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.34 “**Prudent Electrical Practices**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.35 “**QF**” means “**Qualifying Facility**,” as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.36 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs

reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller's failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.37 “**Required Facility Documents**” means all licenses, permits, authorizations, and agreements, including an Interconnection Agreement or equivalent, and any Transmission Agreement(s), necessary for construction, operation and maintenance of the Facility consistent with the terms of this Agreement. The Required Facility Documents are set forth in **Exhibit C**.

1.38 “**Schedule 37**” means the Schedule 37 of Pacific Power & Light Company's Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect on the Effective Date of this Agreement. A copy of that Schedule 37 is attached as **Exhibit G**.

1.39 “**Scheduled Commercial Operation Date**” shall have the meaning set forth in Recital C.

1.40 “**Scheduled Initial Delivery Date**” shall have the meaning set forth in Recital B.

1.41 “**Start-Up Testing**” means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.42 “**Termination Date**” shall have the meaning set forth in Section 2.4.

1.43 “**Transmission Agreement**” means the agreement (or contemporaneous agreements) between Seller and the Transmitting Entity providing for Seller's uninterrupted right to transmit Net Output to the Point of Delivery.

1.44 “**Transmitting Entity(s)**” means Surprise Valley Electrification Corp. and Bonneville Power Administration, the (non-PacifiCorp) operators of the transmission systems at a Points of Delivery.

SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties (“**Effective Date**”).

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

- 2.2.1 By **October 31, 2014**, Seller shall provide PacifiCorp with a copy of an executed Interconnection Agreement and an executed Transmission Agreement, if either applicable, which shall be consistent with all material terms and requirements of this Agreement.
- 2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;
- 2.2.3 By the date thirty (30) days after the Effective Date, Seller shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 This Agreement shall terminate on May 30, 2020, (“**Termination Date**”) except as otherwise provided herein,.

SECTION 3: REPRESENTATIONS AND WARRANTIES

- 3.1 PacifiCorp represents, covenants, and warrants to Seller that:
 - 3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.
 - 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
 - 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
 - 3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors’ rights

generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

- 3.2.1 Seller is a corporation duly organized and validly existing under the laws of California.
- 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
- 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as

PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.
- 3.2.8 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants all of the following:
- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
 - (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
 - (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
 - (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
 - (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

- Seller affirms and adopts all warranties of this Section 3.2.8, and therefore is not required to post security under Section 10; or
- Seller does not affirm and adopt all warranties of this Section 3.2.8, and therefore Seller elects to post the security specified in Section 10.

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 18,285,671 kWh per Contract Year (“**Average Annual Generation**”). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall deliver (or cause to be delivered) from the Facility a minimum of 12,197,102 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced *pro rata* to reflect the Commercial Operation Date, and further provided that such minimum delivered Net Output shall be reduced on a *pro rata* basis for any periods during a Contract Year that the Facility was prevented from generating or delivering electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Seller estimates, for informational purposes, that it will deliver from the Facility a maximum of 19,391,369 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Seller shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an option is selected the option will remain in effect for the duration of the Facility’s contract. Seller has selected the following (Seller to initial one):

___X___	Fixed Price
_____	Firm Electric Market
_____	Gas Market
_____	Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Seller, is attached as **Exhibit G**.

5.2 (Applies only to “Fixed Price” Contracts Greater than 15 Years). In the event Seller elects the Fixed Price payment method, PacifiCorp shall pay Seller the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Scheduled Initial Delivery Date. Thereafter, PacifiCorp shall pay Seller market-based rates, using the following pricing option (Seller to initial one):

_____	Firm Electric Market
_____	Gas Market
_____	Banded Gas Market

5.3 If the Seller elects a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output and for all Net Output delivered prior to the Commercial Operation Date, PacifiCorp shall pay Seller a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Seller’s ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable

Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller's Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of initial (and any subsequent) construction of the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six months prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Interconnection Agreement, Transmission Agreement and any other relevant agreements.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with this Agreement, the Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Interconnection Agreement or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Interconnection Agreement or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

SECTION 8: METERING AT THE POINT OF INTERCONNECTION

8.1 Metering shall be performed at the locations and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net Output in hourly increments, and any other energy measurements required to administer this Agreement. If the Transmitting Entity requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of Interconnection and the Point of Delivery. The loss adjustment shall be 1.9% of the kWh energy production recorded on the Facility output meter.

8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be

ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 9: BILLINGS, COMPUTATIONS, AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: SECURITY

Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.8, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow - \$236,404

Letter of Credit - \$236,404

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section

3.2.8.

In the event Seller's obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller

has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLER SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Seller shall not cause or permit the Facility or its assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Seller).

10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("Facility

Lender”), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp’s right under this Section 10.4.

- 10.4.2 PacifiCorp shall give Seller ten (10) calendar days’ notice in advance of the contemplated exercise of PacifiCorp’s rights under this Section 10.4. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices. Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller hereby irrevocably appoints PacifiCorp as Seller’s attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp’s step-in rights under this Section 10.4.
- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp’s reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp’s right to operate the Facility, as provided above, in that Seller (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under this Section 10.4.
- (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.
- 10.4.5 PacifiCorp’s exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability

attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

SECTION 11: DEFAULTS AND REMEDIES

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

- 11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.
- 11.1.2 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Interconnection Agreement and any Transmission Agreement) within the time allowed for a cure under such agreement or instrument.
- 11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.
- 11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;
- 11.1.5 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.
- 11.1.6 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of

Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.

11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 or 11.1.5 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.

11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate: (a) for a default under Section 11.1.5 unless PacifiCorp is in a resource deficient state during the period Commercial Operation is delayed; or (b) for a default under Section 11.1.6, unless such default is material. The rights provided in Section 10 and this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Seller was otherwise obligated to provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in

good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE
(FACILITIES OVER 200KW ONLY)

13.1 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, “**Force Majeure**” or “**an event of Force Majeure**” means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall re-commence performance of such obligation, provided that:

- 14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and
- 14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and
- 14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

**SECTION 19: GOVERNMENTAL
JURISDICTIONS AND
AUTHORIZATIONS**

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

**SECTION 21: SUCCESSORS AND
ASSIGNS**

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

**SECTION 22: ENTIRE
AGREEMENT**

22.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when

deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Surprise Valley Electrification Corp 516 US Hwy 395 E Alturas, CA 96101 Phone: (530) 233-3511 Facsimile: (530) 233-2190 Duns: __004770020____ Federal Tax ID Number: _94-0912124_____
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 – 5580	
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 – 6265	
Payments:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 – 5580	
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 – 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	

23.2 The Parties may change the person to whom such notices are addressed, or their addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

Seller

By: _____

By: _____

Name: Bruce Griswold

Name: _Craig Joiner

Title: Director, Short Term Origination
and QF Contracts

Title: __President of the Board of
Directors _____

**EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY**

[Seller to Complete]

Seller's Facility consists of One (1) generator manufactured by Hyundai Ideal Electric Co.
More specifically, each generator at the Facility is described as: Generator

A. Manufacturer's Nameplate Data:

Type (synchronous or inductive): Synchronous

Model: Synchronous Generator S/N 1210094 1800 RPM

Number of Phases: 3

Rated Output (kW): 3,650 **Rated Output (kVA):** 4,055

Rated Voltage (line to line):

Rated Current (A): Stator: 563 A; Rotor: 98 A

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): 0.90 P.F.

B. Seller's Estimate of Facility Output Under Ideal (Maximum) or Worst (Minimum) Conditions

Maximum kW Output: _2349_____ kW **Maximum kVA Output:** +/- .9 PF 2610
kVA

Minimum kW Output: ___1644_____ kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]:

Facility Capacity Rating: ___2349_____ kW at _____ +/- .9 PF

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating: limited by geothermal resource.

Station service requirements, and other loads served by the Facility, if any, are described as follows: Parasitic load list attached

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Description of the point(s) of metering, including the type of meter(s), and the owner of the meter(s).

The Paisley Plant is located near Paisley Oregon within the service territory of SVEC and within the PacifiCorp Balancing Area. The electricity produced by the Paisley Plant will be interconnected to the SVEC electric system at SVEC's 69 kV transmission line at the Paisley generator generation substation.

There will be two sets of meters used to measure the generating quantities under this agreement. The generation quantities received and delivered of the Paisley Plant will be metered at SVEC's Paisley generator generation substation with two PacifiCorp revenue grade meters (primary and back-up). The primary meter will be used for SCADA, which will include: bi-directional MWH and MVARH quantities, MW, MVAR, and per phase volts and amps. The back-up meter will be used for telemetry MW data to the Alternate Control Center. Both meters will be capable of: (i) being accessed by PacifiCorp's transmission's MV-90 data acquisition system; and (ii) equipped with digital and analog option cards that conform to current standards as will be outlined in a Facilities Study. The second set of revenue metering will be at SVEC's Lakeview Switch 940 (Bonneville Power Administration's Meter 41) . Two PacifiCorp revenue grade meters (primary and back-up) will be installed at Bonneville Power Administration's (BPA) Meter 41 Substation located near PacifiCorp's Mile Hi Substation to measure generation quantities received and retail quantities delivered to SVEC.

The specific type and model of meters will be determined as a product of the Facilities Study.

2. A single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection shall be provided,

Please see the single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection is attached.

3. Specification of the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output.

Seller will deliver energy from the Paisley Project at the Bonneville Power Administration's Meter 41 (SVEC's Lakeview Switch 940) located near PacifiCorp's Mile Hi Substation where Seller's electric system interconnects with PacifiCorp Transmission. Bonneville Power Administration will deliver energy at the point near structure 47/5 in Bonneville Power Administration's La Pine- Chiloquin 230 kV transmission line, and where the 230 kV facilities of Bonneville Power Administration and PacifiCorp are connected (Point of Receipt: Yamsay 230 kV; POR Number: 4012).

EXHIBIT C REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

- QF Certification : QF13-276-000
- Interconnection Agreement
- Fuel Supply Agreement, if applicable
- Land Lease

REQUIRED IF SELLER ELECTS TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

- Deed or Lease to Facility Premises
- Preliminary Title Report of Premises
- Proof of ownership of Facility
- Off-take sale agreements, e.g. surplus heat sale contract, if applicable

Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

Exhibit D-1 Motive Force Plan

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

The following table summarizes the estimated monthly energy sales based on plant gross output, plant parasitic load consumption and assumed annual availability.

Annual Monthly Energy		
	Monthly kWh	Monthly Average kW
January	1,704,725	2,291
February	1,536,615	2,286
March	1,680,082	2,258
April	1,601,097	2,223
May	1,521,422	2,045
June	1,380,508	1,917
July	1,316,967	1,770
August	1,371,325	1,843
September	1,464,407	2,034
October	1,649,095	2,216
November	1,632,560	2,267
December	1,426,869	1,918
TOTAL	18,285,671	2,087

The estimated monthly output is based on the Net Output of the plant considering the following:

- Gross output of the plant at the generator terminals, considering average ambient wet-bulb temperature conditions
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Estimated plant degradation due to scaling/plant wear – first 2 years operation
- Annual 5 day planned maintenance shutdown (scheduled for December)
- Unplanned outages (1%)
- Transmission system outages (20 hours/year)

B. MINIMUM ANNUAL DELIVERY CALCULATION

The plant will operate as a base load facility. The minimum annual delivery is based on the expected worst case conditions of operation and availability. The Minimum Net Output is 12,197,102 kWh based on the following assumptions:

- Plant output is based on estimated average wet bulb conditions + 5⁰F elevated temperature
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Five year, 14 day, major maintenance shutdown (scheduled for December)
- Estimated plant degradation 2X estimated annual average
- Unplanned outages (2%)
- Major unplanned outage – 3 months – production pump, well or plant failure (allocated across each operating month)

C. MAXIMUM DELIVERY CALCULATION

The maximum delivery is based on optimal operating conditions and availability. The Maximum Net Output is 19,391,369 kWh based on the following assumptions:

- Plant output is based on estimated average wet bulb conditions - 5⁰F reduced temperature
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Annual 5 day planned maintenance shutdown (scheduled for December)
- No plant operational degradation
- No unplanned outages

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

After reviewing the documentation provided to me by Surprise Valley Electric Corporation I have determined that the power plant is likely to meet the power estimates represented in the table below provided that the following qualifications are met.

Minimum	12,197,102 KWh/ year
Average	18,285,671 KWh/year
Maximum	19,391,369 KWh/year

Qualifications:

1. Power output will depend on the plant's ability to maintain 3000 GPM of 232°F geothermal well water
2. These power estimates do not include the parasitic load of the geothermal well pumps
3. Plant availability factor for the average output case stays at 97.4% or better

Signed/Stamped:



Expires: 12/31/15

Date: May 15, 2014

EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]TAS-Turbine Air System to complete during start up and commissioning procedures**

1. Pressure tests of all steam system equipment; TAS
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;TAS
3. Operating tests of all valves, operators, motor starters and motor;TAS
4. Alarms, signals, and fail-safe or system shutdown control tests;TAS
5. Insulation resistance and point-to-point continuity tests;TAS
6. Bench tests of all protective devices;In Factory
7. Tests required by manufacturer of equipment;TAS and
8. Complete pre-parallel checks with PacifiCorp. TAS will support this scope but needs to understand the requirements.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;TAS. Vibration only.
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;TAS
3. Brake tests;NA
4. Energization of transformers;TAS
5. Synchronizing tests (manual and auto);TAS
6. Stator windings dielectric test ; Determining who to perform
7. Armature and field windings resistance tests;TAS
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load; TAS plant is not designed to island mode or survive load rejection. TAS will perform plant trip testing from above load 1 levels.
9. Heat runs;NA
10. Tests required by manufacturer of equipment;TAS
11. Excitation and voltage regulation operation tests;TAS
12. Open circuit and short circuit; saturation tests;to be determined
13. Governor system steady state stability test;TAS
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;TAS

15. Auto stop/start sequence;TAS
16. Level control system tests; andTAS
17. Completion of all state and federal environmental testing requirements NA

EXHIBIT F
Seller Authorization to Release Generation Data to PacifiCorp
See attached letter

EXHIBIT G
SCHEDULE 37 and PRICING SUMMARY TABLE

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller's Facility is located within the control area of PacifiCorp;

WHEREAS, Seller's Facility will not interconnect directly to PacifiCorp's System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a Generation Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum W** shall apply to this Generation Scheduling Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or **"EIA,"** means the accumulated difference between Seller's Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller's net delivery of Supplemented Output to PacifiCorp.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Points of Delivery pursuant to Transmission Agreements with Transmitting Entities.

"Settlement Period" means one month.

"Supplemented Output" means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour.

"Surplus Delivery" means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to a Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4 of the Power Purchase Agreement.

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Delivery. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Power Purchase Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service;

ADDENDUM W-ctd.

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, PacifiCorp agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, PacifiCorp will declare any positive balance to be Surplus Delivery, and Seller's EIA will be reset to zero. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by PacifiCorp.

(c) **PacifiCorp's Option to Change EIA Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
			Meter	(=A-B)		(=Max (0, C-D))
		Meter Reading [•]	reading at	Net	Facility	Excess Output
Day	Hour	at Point of	Station	Output	Capacity	
	ending	Delivery	Power	(MWh)	Rating	(MWh)
	(HE)	(MWh)	Meter*		(MW)	
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

[•] Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Delivery, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.

ADDENDUM A

JURY TRIAL WAIVER

[Addendum A under SVEC Review] PacifiCorp and Surprise Valley Electrification Corp (“SVEC”) are parties to that certain Power Purchase Agreement executed the date last written below (the “PPA”). This Addendum A to the PPA is entered into by and between PacifiCorp and SVEC and is intended to be interpreted and applied to the PPA.

Whereas, the Parties for their respective business purposes have an interest in not presenting a dispute to a jury for trial should a dispute arise between the Parties;

NOW, THEREFORE, for independent consideration, the receipt and sufficiency of which is acknowledged by both Parties, the Parties do hereby declare and agree as follows:

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

This Addendum A to the PPA is executed and made effective this ___ day of August, 2014.

PacifiCorp

Surprise Valley Electrification Corp.

By: _____

By: _____

Name: Bruce Griswold

Name: Brad Kresge

Title: Director, Short-Term Origination
and QF Contracts

Title: General Manager

ADDENDUM W—Example 1

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

EXHIBIT SVEC/208

EMAIL AND JUNE 22, 2015 EXECUTED PPA

March 15, 2016

Subject: Surprise Valley Executed PPA

Date: Monday, June 22, 2015 at 2:13:35 PM Pacific Daylight Time

From: Brad

To: Griswold, Bruce {Mkt Function}, sarah.wallace@pacificcorp.com

CC: 'Irion Sanger'

Priority: High

Bruce,

I have attached the final and executed Surprise Valley Electric PPA. The original will be sent via next day delivery.

Thank you,

Bradley A. Kresge
General Manager
Surprise Valley Electrification Corp.
516 US HWY 395 E.
Alturas CA, 96101
(530)233-3511
FAX (530)233-2190
bradsvec@frontier.com

POWER PURCHASE AGREEMENT

BETWEEN

SURPRISE VALLEY ELECTRIFICATION CORPORATION

**[Firm Qualifying Facility with 10,000 kW Facility Capacity Rating, or Less, and
uninterruptible transmission to the Point of Delivery]**

AND

PACIFICORP

Section 1: Definitions	2
Section 2: Term; Commercial Operation Date	6
Section 3: Representations and Warranties	7
Section 4: Delivery of Power.....	10
Section 5: Purchase Prices	11
Section 6: Operation and Control	12
Section 7: Fuel/Motive Force	13
Section 8: Metering	13
Section 9: Billings, Computations, and Payments.....	14
Section 10: Security.....	14
Section 11: Defaults and Remedies	17
Section 12: Indemnification and Liability	19
Section 13: Insurance (<i>Facilities over 200kW only</i>).....	21
Section 14: Force Majeure.....	22
Section 15: Several Obligations	22
Section 16: Choice of Law	23
Section 17: Partial Invalidity	23
Section 18: Waiver	23
Section 19: Governmental Jurisdictions and Authorizations.....	23
Section 20: Repeal of PURPA.....	23
Section 21: Successors and Assigns	23
Section 22: Entire Agreement.....	24
Section 23: Notices	24

POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT, entered into this 22nd day of June, 2015, is between Surprise Valley Electrification Corp., "**Seller**" and PacifiCorp (d/b/a Pacific Power & Light Company), an Oregon corporation acting in its regulated utility capacity, "**PacifiCorp.**" (Seller and PacifiCorp are referred to individually as a "**Party**" or collectively as the "**Parties**").

RECITALS

A. Seller intends to construct, own, operate and maintain a geothermal facility for the generation of electric power, including interconnection facilities, located in Paisley, Lake County, Oregon with a Facility Capacity Rating of 3,650 kilowatts (kW) as further described in **Exhibit A** and **Exhibit B** ("**Facility**"); and

B. Seller intends to commence delivery of Net Output under this Power Purchase Agreement, for the purpose of Start-up Testing, on July 27, 2015 ("**Scheduled Initial Delivery Date**"); and

C. Seller intends to operate the Facility as a Qualifying Facility, commencing commercial operations on or before September 10, 2015 ("**Scheduled Commercial Operation Date**") depending on the date of receipt of the Facilities Study being prepared by PacifiCorp Transmission; and

D. Seller estimates that the average annual Net Energy to be delivered by the Facility to PacifiCorp is 18,285,671 kilowatt-hours (kWh), which amount of energy PacifiCorp will include in its resource planning; and

E. Seller shall (choose one) X sell all Net Output to PacifiCorp and purchase its full electric requirements from Bonneville Power Administration sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from Bonneville Power Administration, in accordance with the terms and conditions of this Agreement; and

F. This Agreement is a "New QF Contract" under the PacifiCorp Inter-Jurisdictional Cost Allocation Revised Protocol.

G. Seller intends to sell Net Output to PacifiCorp, and PacifiCorp intends to accept scheduled firm delivery of Seller's Net Output, under the terms of this Agreement, including the Generation Scheduling Addendum attached as **Addendum W** and incorporated contemporaneously herewith.

AGREEMENT

NOW, THEREFORE, the Parties mutually agree as follows:

SECTION 1: DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 **“As-built Supplement”** shall be a supplement to **Exhibit A** and **Exhibit B**, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 **“Average Annual Generation”** shall have the meaning set forth in Section 4.2.

1.3 **“Billing Period”** means calendar months.

1.4 **“Commercial Operation Date”** means the date that the Facility is deemed by PacifiCorp to be fully operational and reliable, which shall require, among other things, that all of the following events have occurred:

1.4.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating (a) the Facility Capacity Rating of the Facility at the anticipated Commercial Operation Date; and (b) that the Facility is able to generate electric power reliably in amounts required by this Agreement and in accordance with all other terms and conditions of this Agreement;

1.4.2 The Facility has completed Start-Up Testing;

1.4.3 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, (a), in accordance with the Interconnection Agreement, if applicable, all required interconnection facilities have been constructed, all required interconnection tests have been completed and the Facility is physically interconnected with PacifiCorp’s electric system, or (b) if the Facility is interconnected with another electric utility that will wheel Net Output to PacifiCorp, all required interconnection facilities have been completed and tested and are in place to allow for such wheeling;

1.4.4 PacifiCorp has received a certificate addressed to PacifiCorp from an attorney in good standing in the State of Oregon stating that Seller has obtained all Required Facility Documents (Facilities over 200 kW only) and, if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents.

1.4.5 Seller has complied with the security requirements of Section 10.

1.4.6 PacifiCorp has received an executed copy of **Exhibit F** - Seller's Interconnection Request.

1.5 "**Commission**" means the Oregon Public Utilities Commission.

1.6 "**Contract Price**" means the applicable price for capacity or energy, or both capacity and energy, stated in Sections 5.1 and 5.2.

1.7 "**Contract Year**" means a twelve (12) month period commencing at 00:00 hours Pacific Prevailing Time ("**PPT**") on January 1 and ending on 24:00 hours PPT on December 31; *provided, however*, that the first Contract Year shall commence on the Commercial Operation Date and end on the next succeeding December 31, and the last Contract Year shall end on the Termination Date.

1.8 "**Credit Requirements**" means a long-term credit rating (corporate or long-term senior unsecured debt) of (1) "Baa3" or greater by Moody's, or (2) "BBB-" or greater by S&P, or such other indicia of creditworthiness acceptable to PacifiCorp in its reasonable judgment.

Seller shall provide to PacifiCorp within five Business Days of receipt of a written request all reasonable financial records, including but not limited to three years of audited financial statements prepared in accordance with generally accepted accounting principles, necessary for PacifiCorp to confirm that Seller satisfies the Credit Requirements during the Term of this Agreement.

1.9 "**Default Security**", unless otherwise agreed to by the Parties in writing, means the amount of either a Letter of Credit or cash placed in an escrow account sufficient to replace twelve (12) average months of replacement power costs over the term of this Agreement, and shall be calculated by taking the average, over the term of this Agreement, of the positive difference between (a) the monthly forward power prices at Mid-C (as determined by PacifiCorp in good faith using information from a commercially reasonable independent source), multiplied by 110%, minus (b) the average of the Fixed Avoided Cost Prices specified in Schedule 37, and multiplying such difference by (c) the Minimum Annual Delivery; *provided, however*, the amount of Default Security shall in no event be less than the amount equal to the payments PacifiCorp would make for three (3) average months based on Seller's average monthly volume over the term of this Agreement and utilizing the average Fixed Avoided Cost Prices specified in Schedule 37. Such amount shall be fixed at the Effective Date of this Agreement.

1.10 "**Effective Date**" shall have the meaning set forth in Section 2.1.

1.11 "**Energy Delivery Schedule**" shall have the meaning set forth in Section 4.5.

1.12 "**Environmental Attributes**" shall have the meaning set forth in Section 5.5.

1.13 "**Excess Output**" shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Capacity Rating.

1.14 “**Facility**” shall have the meaning set forth in Recital A.

1.15 “**Facility Capacity Rating**” means the sum of the Nameplate Capacity Ratings for all generators comprising the Facility.

1.16 “**FERC**” means the Federal Energy Regulatory Commission, or its successor.

1.17 “**Generation Scheduling Addendum**” means **Addendum W**, the portion of this Agreement providing for the measurement, scheduling, and delivery of Seller’s Net Output from the Facility to the Point of Delivery via non-PacifiCorp transmission providers.

1.18 “**Interconnected Utility**” means Surprise Valley Electrification Corp. and/or Bonneville Power Administration, the operators of the electric utility system at a Point of Interconnection.

1.19 “**Interconnection Agreement**” means the agreement (or contemporaneous agreements) between the Interconnected Utility and PacifiCorp governing interconnection of Interconnected Utility at a Point of Delivery and associated use of the Interconnected Utility’s system.

1.20 “**Letter of Credit**” means an irrevocable standby letter of credit, from an institution that has a long-term senior unsecured debt rating of “A” or greater from S&P or “A2” or greater from Moody’s, in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests thereunder.

1.21 “**Licensed Professional Engineer**” means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of Oregon, who has no economic relationship, association, or nexus with the Seller, and who is not a representative of a consulting engineer, contractor, designer or other individual involved in the development of the Facility, or of a manufacturer or supplier of any equipment installed in the Facility. Such Licensed Professional Engineer shall be licensed in an appropriate engineering discipline for the required certification being made.

1.22 “**Material Adverse Change**” means the occurrence of any event of default under any material agreement to which Seller is a party and of any other development, financial or otherwise, which would have a material adverse effect on Seller, the Facility or Seller’s ability to develop, construct, operate, maintain or own the Facility as provided in this Agreement

1.23 “**Maximum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.24 “**Minimum Annual Delivery**” shall have the meaning set forth in Section 4.3.

1.25 “**Nameplate Capacity Rating**” means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units that are usually indicated on a nameplate attached to the individual machine or device.

1.26 “**Net Energy**” means the energy component, in kWh, of Net Output.

1.27 “**Net Output**” means an amount equal to all energy and capacity produced by the Facility, less station use excluding pumping load attributable to the extraction and transportation functions the pumps perform and less transformation and transmission losses and other adjustments (e.g., Seller’s load other than station use), if any, up to and including the Point of Delivery. For purposes of calculating payment under this Agreement, Net Output of energy shall be the amount of energy flowing through the revenue metering at SVEC’s Paisley generator generation substation, adjusted as set forth in this paragraph.

1.28 “**Net Replacement Power Costs**” shall have the meaning set forth in Section 11.4.1.

1.29 “**Off-Peak Hours**” means all hours of the week that are not On-Peak Hours.

1.30 “**On-Peak Hours**” means the hours between 6 a.m. Pacific Prevailing Time (“**PPT**”) and 10 p.m. PPT, Mondays through Saturdays, excluding all hours occurring on holidays as provided in Schedule 37.

1.31 “**Point of Delivery**” means the Point or Points of Interconnection between a Transmitting Entity’s system and PacifiCorp’s distribution/transmission system as specified in **Exhibit B**.

1.32 “**Point of Interconnection**” means the point(s) of interconnection between a Transmitting Entity’s system and PacifiCorp’s distribution/transmission system, as specified in **Exhibit B**.

1.33 “**Prime Rate**” means the publicly announced prime rate for commercial loans to large businesses with the highest credit rating in the United States in effect from time to time quoted by Citibank, N.A. If a Citibank, N.A. prime rate is not available, the applicable Prime Rate shall be the announced prime rate for commercial loans in effect from time to time quoted by a bank with \$10 billion or more in assets in New York City, New York, selected by the Party to whom interest based on the Prime Rate is being paid.

1.34 “**Prudent Electrical Practices**” means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry or any of the practices, methods or acts, which, in the exercise of reasonable judgment in the light of the facts known at the time a decision is made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Electrical Practices is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

1.35 “**QF**” means “**Qualifying Facility**,” as that term is defined in the FERC regulations (codified at 18 CFR Part 292) in effect on the Effective Date.

1.36 “**Replacement Price**” means the price at which PacifiCorp, acting in a commercially reasonable manner, purchases for delivery at the Point of Delivery a replacement for any Net Output that Seller is required to deliver under this Agreement plus (i) costs

reasonably incurred by PacifiCorp in purchasing such replacement Net Output, and (ii) additional transmission charges, if any, reasonably incurred by PacifiCorp in causing replacement energy to be delivered to the Point of Delivery. If PacifiCorp elects not to make such a purchase, the Replacement Price shall be the market price at the Mid-Columbia trading hub for such energy not delivered, plus any additional cost or expense incurred as a result of Seller's failure to deliver, as determined by PacifiCorp in a commercially reasonable manner (but not including any penalties, ratcheted demand or similar charges).

1.37 "**Required Facility Documents**" means all licenses, permits, authorizations, and agreements, including an Interconnection Agreement or equivalent, and any Transmission Agreement(s), necessary for construction, operation and maintenance of the Facility consistent with the terms of this Agreement. The Required Facility Documents are set forth in **Exhibit C**.

1.38 "**Schedule 37**" means the Schedule 37 of Pacific Power & Light Company's Commission-approved tariffs, providing pricing options for Qualifying Facilities of 10,000 kW or less, which is in effect prior to August 20, 2014. A copy of that Schedule 37 is attached as **Exhibit G**.

1.39 "**Scheduled Commercial Operation Date**" shall have the meaning set forth in Recital C.

1.40 "**Scheduled Initial Delivery Date**" shall have the meaning set forth in Recital B.

1.41 "**Start-Up Testing**" means the completion of required factory and start-up tests as set forth in **Exhibit E** hereto.

1.42 "**Termination Date**" shall have the meaning set forth in Section 2.4.

1.43 "**Transmission Agreement**" means the agreement (or contemporaneous agreements) between Seller and the Transmitting Entity providing for Seller's uninterrupted right to transmit Net Output to the Point of Delivery.

1.44 "**Transmitting Entity(s)**" means Surprise Valley Electrification Corp. and Bonneville Power Administration, the (non-PacifiCorp) operators of the transmission systems at a Points of Delivery.

SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties ("**Effective Date**").

2.2 **Time is of the essence for this Agreement**, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver Net Output by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By October 31, 2014, Seller shall provide PacifiCorp with a copy of an executed Interconnection Agreement and an executed Transmission

Agreement, if either applicable, which shall be consistent with all material terms and requirements of this Agreement.

- 2.2.2 Upon completion of construction, Seller, in accordance with Section 6.1, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;
- 2.2.3 By the date thirty (30) days after the Effective Date, Seller shall provide Default Security required under Sections 10.1 or 10.2, as applicable.

2.3 Seller shall cause the Facility to achieve Commercial Operation on or before the Scheduled Commercial Operation Date. If Commercial Operation occurs after the Scheduled Commercial Operation Date, Seller shall be in default, and liable for delay damages specified in Section 11.

2.4 This Agreement shall terminate on May 30, 2020, (“**Termination Date**”) except as otherwise provided herein,.

SECTION 3: REPRESENTATIONS AND WARRANTIES

- 3.1 PacifiCorp represents, covenants, and warrants to Seller that:
 - 3.1.1 PacifiCorp is duly organized and validly existing under the laws of the State of Oregon.
 - 3.1.2 PacifiCorp has the requisite corporate power and authority to enter into this Agreement and to perform according to the terms of this Agreement.
 - 3.1.3 PacifiCorp has taken all corporate actions required to be taken by it to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
 - 3.1.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on PacifiCorp or any valid order of any court, or any regulatory agency or other body having authority to which PacifiCorp is subject.
 - 3.1.5 This Agreement is a valid and legally binding obligation of PacifiCorp, enforceable against PacifiCorp in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors’ rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general

principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).

3.2 Seller represents, covenants, and warrants to PacifiCorp that:

- 3.2.1 Seller is a corporation duly organized and validly existing under the laws of California.
- 3.2.2 Seller has the requisite power and authority to enter into this Agreement and to perform according to the terms hereof, including all required regulatory authority to make wholesale sales from the Facility.
- 3.2.3 Seller has taken all actions required to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.
- 3.2.4 The execution and delivery of this Agreement does not contravene any provision of, or constitute a default under, any indenture, mortgage, or other material agreement binding on Seller or any valid order of any court, or any regulatory agency or other body having authority to which Seller is subject.
- 3.2.5 This Agreement is a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms (except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and except as the enforceability of this Agreement may be subject to general principles of equity, whether or not such enforceability is considered in a proceeding at equity or in law).
- 3.2.6 The Facility is and shall for the term of this Agreement continue to be a QF, and Seller will operate the Facility in a manner consistent with its FERC QF certification. Seller has provided to PacifiCorp the appropriate QF certification (which may include a FERC self-certification) prior to PacifiCorp's execution of this Agreement. At any time during the term of this Agreement, PacifiCorp may require Seller to provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable discretion that the Facility continues to qualify as a QF under all applicable requirements and, if PacifiCorp is not satisfied that the Facility qualifies for such status, a written legal opinion from an attorney who is (a) in good standing in the state of Oregon, and (b) who has no economic relationship, association or nexus with the Seller or the Facility, stating that the Facility is a QF and providing sufficient proof (including copies of all documents and data as PacifiCorp may request) demonstrating that Seller has maintained and will continue to maintain the Facility as a QF.

- 3.2.7 Compliance with Partial Stipulation in Commission Proceeding No. UM-1129. Seller will not make any changes in its ownership, control, or management during the term of this Agreement that would cause it to not be in compliance with the definition of a Small Cogeneration Facility or Small Power Production Facility provided in PacifiCorp's Schedule 37 tariff approved by the Commission at the time this Agreement is executed. Seller will provide, upon request by PacifiCorp not more frequently than every 36 months, such documentation and information as reasonably may be required to establish Seller's continued compliance with such Definition. PacifiCorp agrees to take reasonable steps to maintain the confidentiality of any portion of the above-described documentation and information that the Seller identifies as confidential except PacifiCorp will provide all such confidential information the Public Utility Commission of Oregon upon the Commission's request.
- 3.2.8 Additional Seller Creditworthiness Warranties. Seller need not post security under Section 10 for PacifiCorp's benefit in the event of Seller default, provided that Seller warrants all of the following:
- (a) Neither the Seller nor any of its principal equity owners is or has within the past two (2) years been the debtor in any bankruptcy proceeding, is unable to pay its bills in the ordinary course of its business, or is the subject of any legal or regulatory action, the result of which could reasonably be expected to impair Seller's ability to own and operate the Facility in accordance with the terms of this Agreement.
 - (b) Seller has not at any time defaulted in any of its payment obligations for electricity purchased from PacifiCorp.
 - (c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, including construction related financial obligations.
 - (d) Seller owns, and will continue to own for the term of this Agreement, all right, title and interest in and to the Facility, free and clear of all liens and encumbrances other than liens and encumbrances related to third-party financing of the Facility.
 - (e) **[Applicable only to Sellers with a Facility having a Facility Capacity Rating greater than 3,000 kW]** Seller meets the Credit Requirements.

Seller hereby declares (Seller initial one only):

- X Seller affirms and adopts all warranties of this Section 3.2.8, and therefore is not required to post security under Section 10; or
- Seller does not affirm and adopt all warranties of this Section 3.2.8, and therefore Seller elects to post the security specified in Section 10.

3.3 Notice. If at any time during this Agreement, any Party obtains actual knowledge of any event or information which would have caused any of the representations and warranties in this Section 3 to have been materially untrue or misleading when made, such Party shall provide the other Party with written notice of the event or information, the representations and warranties affected, and the action, if any, which such Party intends to take to make the representations and warranties true and correct. The notice required pursuant to this Section shall be given as soon as practicable after the occurrence of each such event.

SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date, unless otherwise provided herein, Seller will sell and PacifiCorp will purchase all Net Output from the Facility delivered to the Point of Delivery.

4.2 Average Annual Generation. Seller estimates that the Facility will generate, on average, 18,285,671 kWh per Contract Year (“**Average Annual Generation**”). Seller may, upon at least six months prior written notice, modify the Average Annual Generation every other Contract Year.

4.3 Minimum and Maximum Delivery. Seller shall deliver (or cause to be delivered) from the Facility a minimum of 12,197,102 kWh of Net Output during each Contract Year, provided that such minimum for the first Contract Year shall be reduced *pro rata* to reflect the Commercial Operation Date, and further provided that such minimum delivered Net Output shall be reduced on a *pro rata* basis for any periods during a Contract Year that the Facility was prevented from generating or delivering electricity for reasons of Force Majeure (“**Minimum Annual Delivery**”). Seller estimates, for informational purposes, that it will deliver from the Facility a maximum of 19,391,369 kWh of Net Output during each Contract Year (“**Maximum Annual Delivery**”). Seller’s basis for determining the Minimum and Maximum Annual Delivery amounts is set forth in **Exhibit D**.

4.4 Deliveries in Deficit of Delivery Obligation. Seller’s failure to deliver the Minimum Annual Delivery in any Contract Year (prorated if necessary) shall be a default, and Seller shall be liable for damages in accordance with Section 11.

4.5 Energy Delivery Schedule. Seller has provided a monthly schedule of Net Energy expected to be delivered by the Facility (“**Energy Delivery Schedule**”), incorporated into **Exhibit D**.

SECTION 5: PURCHASE PRICES

5.1 Seller shall have the option to select one of four pricing options: Fixed Avoided Cost Prices (“Fixed Price”), Firm Market Indexed Avoided Cost Prices (“Firm Electric Market”), Gas Market Indexed Avoided Cost Prices (“Gas Market”), or Banded Gas Market Indexed Avoided Cost Prices (“Banded Gas Market”), as published in Schedule 37. Once an option is selected the option will remain in effect for the duration of the Facility’s contract. Seller has selected the following (Seller to initial one):

 X Fixed Price
 Firm Electric Market
 Gas Market
 Banded Gas Market

A copy of Schedule 37, and a table summarizing the purchase prices under the pricing option selected by Seller, is attached as **Exhibit G**.

5.2 (Applies only to “Fixed Price” Contracts Greater than 15 Years). In the event Seller elects the Fixed Price payment method, PacifiCorp shall pay Seller the applicable On-Peak and Off-Peak rates specified in **Schedule 37** during the first fifteen (15) years after the Scheduled Initial Delivery Date. Thereafter, PacifiCorp shall pay Seller market-based rates, using the following pricing option (Seller to initial one):

 Firm Electric Market
 Gas Market
 Banded Gas Market

5.3 If the Seller elects a gas market indexed price option, the index shall be the Opal Gas Market Index as provided in Schedule 37. In the event that Platt ceases to publish the Opal Gas Market Index, the Company shall replace the index with a similar gas index.

5.4 For all Excess Output and for all Net Output delivered prior to the Commercial Operation Date, PacifiCorp shall pay Seller a blended market index price for day-ahead non-firm energy at Mid-Columbia, California Oregon Border (COB), Four Corners and Palo Verde market indices as reported by Dow Jones, for the On-Peak and Off-Peak periods. PacifiCorp shall document its calculation of the blended rate, upon request, to Seller. Such payment will be accomplished by adjustments pursuant to Section 9.2.

5.5 Environmental Attributes. PacifiCorp waives any claim to Seller’s ownership of Environmental Attributes under this Agreement. Environmental Attributes include, but are not limited to, Green Tags, Green Certificates, Renewable Energy Credits (RECs) and Tradable Renewable Certificates (TRCs) (as those terms are commonly used in the regional electric utility industry) directly associated with the production of energy from the Seller’s Facility.

SECTION 6: OPERATION AND CONTROL

6.1 As-Built Supplement. Upon completion of initial (and any subsequent) construction of the Facility, Seller shall provide PacifiCorp an As-built Supplement to specify the actual Facility as built. The As-built Supplement must be reviewed and approved by PacifiCorp, which approval shall not unreasonably be withheld, conditioned or delayed.

6.2 Incremental Utility Upgrades. At start-up (and at any other time upon at least six months prior written notice), Seller may increase Net Output, if such increase is due to normal variances in estimated versus actual performance, changed Facility operations, or improvements in Facility efficiency. Seller may not increase Net Output under this Agreement by installing additional generating units. In the case of substantial upgrades, PacifiCorp may require Seller to comply with Section 3.2.8(e) (in the event that the Facility upgrade causes the Facility Capacity Rating to exceed 3,000 kW) and increase its Minimum Annual Delivery obligation in Section 4.3 (if appropriate). PacifiCorp may also update Seller's security obligation (if applicable). So long as the Facility Capacity Rating after the upgrade is 10,000 kW or less, Seller will continue to receive the Contract Price for the Net Output, as set forth in Sections 5.1 and 5.2 of this Agreement. If Seller increases the Facility Capacity Rating above 10,000 kW, then (on a going forward basis) PacifiCorp shall pay Seller the Contract Price for the fraction of total Net Output equal to 10,000 kW divided by the Facility Capacity Rating of the upgraded Facility. For the remaining fraction of Net Output, PacifiCorp and Seller shall agree to a new negotiated rate. Seller shall be responsible for ensuring that any planned increase in the Facility Capacity Rating or the maximum instantaneous capacity of the Facility complies with Seller's Interconnection Agreement, Transmission Agreement and any other relevant agreements.

6.3 Seller shall operate and maintain the Facility in a safe manner in accordance with this Agreement, the Interconnection Agreement, Prudent Electrical Practices and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code as such laws and code may be amended from time to time. PacifiCorp shall have no obligation to purchase Net Output from the Facility to the extent the interconnection between the Facility and the Point of Delivery is disconnected, suspended or interrupted, in whole or in part, pursuant to the Interconnection Agreement or Transmission Agreement(s), or to the extent generation curtailment is required as a result of Seller's non-compliance with the Interconnection Agreement or Transmission Agreement(s). PacifiCorp shall have the right to inspect the Facility to confirm that Seller is operating the Facility in accordance with the provisions of this Section 6.3 upon reasonable notice to Seller. Seller is solely responsible for the operation and maintenance of the Facility. PacifiCorp shall not, by reason of its decision to inspect or not to inspect the Facility, or by any action or inaction taken with respect to any such inspection, assume or be held responsible for any liability or occurrence arising from the operation and maintenance by Seller of the Facility.

6.4 Scheduled Outages. Seller may cease operation of the entire Facility or individual units, if applicable, for maintenance or other purposes. Seller shall exercise its best efforts to notify PacifiCorp of planned outages at least ninety (90) days prior, and shall reasonably accommodate PacifiCorp's request, if any, to reschedule such planned outage in order to accommodate PacifiCorp's need for Facility operation.

6.5 Unplanned Outages. In the event of an unscheduled outage or curtailment exceeding twenty-five (25) percent of the Facility Capacity Rating (other than curtailments due to lack of motive force), Seller immediately shall notify PacifiCorp of the necessity of such unscheduled outage or curtailment, the time when such has occurred or will occur and the anticipated duration. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled outage or curtailment, to limit the duration of such, and to perform unscheduled maintenance during Off-Peak hours.

SECTION 7: FUEL/MOTIVE FORCE

Prior to the Effective Date of this Agreement, Seller provided to PacifiCorp a fuel or motive force plan acceptable to PacifiCorp in its reasonable discretion and attached hereto as **Exhibit D-1**, together with a certification from a Licensed Professional Engineer to PacifiCorp attached hereto as **Exhibit D-2**, certifying that the implementation of the fuel or motive force plan can reasonably be expected to provide fuel or motive force to the Facility for the duration of this Agreement adequate to generate power and energy in quantities necessary to deliver the Minimum Annual Delivery set forth by Seller in Section 4.

SECTION 8: METERING AT THE POINT OF INTERCONNECTION

8.1 Metering shall be performed at the locations and in a manner consistent with this Agreement, as specified in **Exhibit B**. Seller shall provide to PacifiCorp metered Facility Net Output in hourly increments, and any other energy measurements required to administer this Agreement. If the Transmitting Entity requires Seller to telemeter data, PacifiCorp shall be entitled to receive the same data Seller provides to the Transmitting Entity, if such data is useful to PacifiCorp's administration of this Agreement. All quantities of energy purchased hereunder shall be adjusted to account for electrical losses, if any, between the point of Interconnection and the Point of Delivery. The loss adjustment shall be 1.9% of the kWh energy production recorded on the Facility output meter.

8.2 Seller shall pay for the installation, testing, and maintenance of any metering required by Section 8.1, and shall provide reasonable access to such meters. PacifiCorp shall have reasonable access to inspection, testing, repair and replacement of the metering equipment. If any of the inspections or tests discloses a measurement error exceeding two percent (2%), either fast or slow, proper correction, based upon the inaccuracy found, shall be made of previous readings for the actual period during which the metering equipment rendered inaccurate measurements if that period can be ascertained. If the actual period cannot be ascertained, the proper correction shall be made to the measurements taken during the time the metering equipment was in service since last tested, but not exceeding three (3) Billing Periods, in the amount the metering equipment shall have been shown to be in error by such test. Any correction in billings or payments resulting from a correction in the meter records shall be made in the next monthly billing or payment rendered following the repair of the meter.

SECTION 9: BILLINGS, COMPUTATIONS, AND PAYMENTS

9.1 On or before the thirtieth (30th) day following the end of each Billing Period, PacifiCorp shall send to Seller payment for Seller's deliveries of Net Output to PacifiCorp, together with computations supporting such payment. PacifiCorp may offset any such payment to reflect amounts owing from Seller to PacifiCorp pursuant to this Agreement, the Interconnection Agreement, or any other agreement between the Parties.

9.2 Corrections. PacifiCorp shall have up to eighteen months to adjust any payment made pursuant to Section 9.1. In the event PacifiCorp determines it has overpaid Seller (for Excess Output or otherwise), PacifiCorp may adjust Seller's future payment accordingly in order to recapture any overpayment in a reasonable time.

9.3 Any amounts owing after the due date thereof shall bear interest at the Prime Rate plus two percent (2%) from the date due until paid; *provided, however*, that the interest rate shall at no time exceed the maximum rate allowed by applicable law.

SECTION 10: SECURITY

Unless Seller has adopted the creditworthiness warranties contained in Section 3.2.8, Seller must provide security (if requested by PacifiCorp) in the form of a cash escrow, letter of credit, senior lien, or step-in rights. Seller hereby elects to provide, in accordance with the applicable terms of this Section 10, the following security (Seller to initial one selection only):

Cash Escrow - \$236,404

Letter of Credit - \$236,404

Senior Lien

Step-in Rights

Seller has adopted the Creditworthiness Warranties of Section

3.2.8.

In the event Seller's obligation to post default security (under Section 10 or Section 11.1.4) arises solely from Seller's delinquent performance of construction-related financial obligations, upon Seller's request, PacifiCorp will excuse Seller from such obligation in the event Seller has negotiated financial arrangements with its construction lenders that mitigate Seller's financial risks to PacifiCorp's reasonable satisfaction.

[SKIP THIS SECTION 10.1 UNLESS SELLER SELECTED CASH ESCROW ALTERNATIVE]

10.1 Cash Escrow Security. Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties, the Default Security. Such sum shall earn interest at the rate applicable to money market deposits at such banking institution

from time to time. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.2 UNLESS SELLER SELECTED LETTER OF CREDIT ALTERNATIVE]

10.2 Letter of Credit Security. Seller shall post and maintain in an amount equal to the Default Security: (a) a guaranty from a party that satisfies the Credit Requirements, in a form acceptable to PacifiCorp in its discretion, or (b) a Letter of Credit in favor of PacifiCorp. To the extent PacifiCorp receives payment from the Default Security, Seller shall, within fifteen (15) days, restore the Default Security as if no such deduction had occurred.

[SKIP THIS SECTION 10.3 UNLESS SELLER SELECTED SENIOR LIEN ALTERNATIVE]

10.3 Senior Lien. Before the Scheduled Commercial Operation Date, Seller shall grant PacifiCorp a senior, unsubordinated lien on the Facility and its assets as security for performance of this Agreement by executing, acknowledging and delivering a security agreement and a deed of trust or a mortgage, in a recordable form (each in a form satisfactory to PacifiCorp in the reasonable exercise of its discretion). Pending delivery of the senior lien to PacifiCorp, Seller shall not cause or permit the Facility or its assets to be burdened by liens or other encumbrances that would be superior to PacifiCorp's, other than workers', mechanics', suppliers' or similar liens, or tax liens, in each case arising in the ordinary course of business that are either not yet due and payable or that have been released by means of a performance bond posted within eight (8) calendar days of the commencement of any proceeding to foreclose the lien.

[SKIP THIS SECTION 10.4 UNLESS SELLER SELECTED STEP-IN RIGHTS ALTERNATIVE]

10.4 Step-in Rights (Operation by PacifiCorp Following Event of Default of Seller).

10.4.1 Prior to any termination of this Agreement due to an Event of Default of Seller, as identified in Section 11, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under this Agreement) during the period provided for herein. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("Facility Lender"), a right to possess, assume control of, and operate the Facility that is equal to or superior to PacifiCorp's right under this Section 10.4.

10.4.2 PacifiCorp shall give Seller ten (10) calendar days' notice in advance of the contemplated exercise of PacifiCorp's rights under this Section 10.4. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices. Upon such

notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller hereby irrevocably appoints PacifiCorp as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under this Section 10.4.

- 10.4.3 During any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller have been cured.
- 10.4.4 During any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.
- (a) In the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided above, in that Seller (i) will resume operation of the Facility in accordance with the provisions of this Agreement, and (ii) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under this Section 10.4.
- (b) In the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.
- 10.4.5 PacifiCorp's exercise of its rights hereunder to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

SECTION 11: DEFAULTS AND REMEDIES

11.1 Events of Default. The following events shall constitute defaults under this Agreement:

11.1.1 Breach of Material Term. Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure by Seller to meet any deadline set forth in Section 2) or breach by a Party of a representation or warranty set forth in this Agreement.

11.1.2 Default on Other Agreements. Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Interconnection Agreement and any Transmission Agreement) within the time allowed for a cure under such agreement or instrument.

11.1.3 Insolvency. A Party (a) makes an assignment for the benefit of its creditors; (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing; (c) becomes insolvent; or (d) is unable to pay its debts when due.

11.1.4 Material Adverse Change. A Material Adverse Change has occurred with respect to Seller and Seller fails to provide such performance assurances as are reasonably requested by PacifiCorp, including without limitation the posting of additional Default Security, within thirty (30) days from the date of such request;

11.1.5 Delayed Commercial Operations. Seller's failure to achieve the Commercial Operation Date by the Scheduled Commercial Operation Date.

11.1.6 Underdelivery. If Seller's Facility has a Facility Capacity Rating of 100 kW or less, Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for two (2) consecutive years; else Seller's failure to satisfy the minimum delivery obligation of Section 4.3 for one year.

11.2 Notice; Opportunity to Cure.

11.2.1 Notice. In the event of any default hereunder, the non-defaulting Party must notify the defaulting Party in writing of the circumstances indicating the default and outlining the requirements to cure the default.

11.2.2 Opportunity to Cure. A Party defaulting under Section 11.1.1 or 11.1.5 shall have thirty (30) days to cure after receipt of proper notice from the non-defaulting Party. This thirty (30) day period shall be extended by an

additional ninety (90) days if (a) the failure cannot reasonably be cured within the thirty (30) day period despite diligent efforts, (b) the default is capable of being cured within the additional ninety (90) day period, and (c) the defaulting Party commences the cure within the original thirty (30) day period and is at all times thereafter diligently and continuously proceeding to cure the failure.

11.2.3 Seller Default Under Other Agreements. Seller shall cause any notices of default under any of its commercial or financing agreements or instruments to be sent by the other party to such agreements or instruments, or immediately forwarded, to PacifiCorp as a notice in accordance with Section 23.

11.2.4 Seller Delinquent on Construction-related Financial Obligations. Seller promptly shall notify PacifiCorp (or cause PacifiCorp to be notified) anytime it becomes delinquent under any construction related financing agreement or instrument related to the Facility. Such delinquency may constitute a Material Adverse Change, subject to Section 11.1.4.

11.3 Termination.

11.3.1 Notice of Termination. If a default described herein has not been cured within the prescribed time, above, the non-defaulting Party may terminate this Agreement at its sole discretion by delivering written notice to the other Party and may pursue any and all legal or equitable remedies provided by law or pursuant to this Agreement; *provided, however* that PacifiCorp shall not terminate: (a) for a default under Section 11.1.5 unless PacifiCorp is in a resource deficient state during the period Commercial Operation is delayed; or (b) for a default under Section 11.1.6, unless such default is material. The rights provided in Section 10 and this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights. Further, the Parties may by mutual written agreement amend this Agreement in lieu of a Party's exercise of its right to terminate.

11.3.2 In the event this Agreement is terminated because of Seller's default and Seller wishes to again sell Net Output to PacifiCorp following such termination, PacifiCorp in its sole discretion may require that Seller shall do so subject to the terms of this Agreement, including but not limited to the Contract Price, until the Termination Date (as set forth in Section 2.4). At such time Seller and PacifiCorp agree to execute a written document ratifying the terms of this Agreement.

11.3.3 Damages. If this Agreement is terminated as a result of Seller's default, Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the sum of the Replacement Price for the Minimum Annual Delivery that Seller was otherwise obligated to

provide for a period of twenty-four (24) months from the date of termination plus any cost incurred for transmission purchased to deliver the replacement power to the Point of Delivery, and the estimated administrative cost to the utility to acquire replacement power. Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.3.4 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any security provided pursuant to Section 10 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

11.4 Damages.

11.4.1 Failure to Deliver Net Output. In the event of Seller default under Subsection 11.1.5 or Subsection 11.1.6, then Seller shall pay PacifiCorp the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for any energy and capacity that Seller was otherwise obligated (under Section 4.3) to provide during the period of default ("**Net Replacement Power Costs**"); *provided, however*, that the positive difference obtained by subtracting the Contract Price from the Replacement Price shall not exceed the Contract Price, and the period of default under this Section 11.4.1 shall not exceed one Contract Year.

11.4.2 Recoupment of Damages.

- (a) Default Security Available. If Seller has posted Default Security, PacifiCorp may draw upon that security to satisfy any damages, above.
- (b) Default Security Unavailable. If Seller has not posted Default Security, or if PacifiCorp has exhausted the Default Security, PacifiCorp may collect any remaining amount owing by partially withholding future payments to Seller over a reasonable period of time, which period shall not be less than the period over which the default occurred. PacifiCorp and Seller shall work together in good faith to establish the period, and monthly amounts, of such withholding so as to avoid Seller's default on its commercial or financing agreements necessary for its continued operation of the Facility.

SECTION 12: INDEMNIFICATION AND LIABILITY

12.1 Indemnities.

12.1.1 Indemnity by Seller. Seller shall release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and

from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with (a) the energy delivered by Seller under this Agreement to and at the Point of Delivery, (b) any facilities on Seller's side of the Point of Delivery, (c) Seller's operation and/or maintenance of the Facility, or (d) arising from this Agreement, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property belonging to PacifiCorp, Seller or others, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of PacifiCorp, its directors, officers, employees, agents or representatives.

12.1.2 Indemnity by PacifiCorp. PacifiCorp shall release, indemnify and hold harmless Seller, its directors, officers, agents, Lenders and representatives against and from any and all loss, fines, penalties, claims, actions or suits, including costs and attorney's fees, both at trial and on appeal, resulting from, or arising out of or in any way connected with the energy delivered by Seller under this Agreement after the Point of Delivery, including without limitation any loss, claim, action or suit, for or on account of injury, bodily or otherwise, to, or death of, persons, or for damage to, or destruction or economic loss of property, excepting only such loss, claim, action or suit as may be caused solely by the fault or gross negligence of Seller, its directors, officers, employees, agents, Lenders or representatives.

12.2 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public, nor affect the status of PacifiCorp as an independent public utility corporation or Seller as an independent individual or entity.

12.3 No Consequential Damages. EXCEPT TO THE EXTENT SUCH DAMAGES ARE INCLUDED IN THE LIQUIDATED DAMAGES, DELAY DAMAGES, COST TO COVER DAMAGES OR OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER SUCH DAMAGES ARE ALLOWED OR PROVIDED BY CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, STATUTE OR OTHERWISE.

SECTION 13: INSURANCE (FACILITIES OVER 200KW ONLY)

13.1 Certificates. Prior to connection of the Facility to PacifiCorp's electric system, or another utility's electric system, Seller shall secure and continuously carry insurance in compliance with the requirements of this Section. Seller shall provide PacifiCorp insurance certificate(s) (of "ACORD Form" or the equivalent) certifying Seller's compliance with the insurance requirements hereunder. Commercial General Liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by PacifiCorp, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to PacifiCorp.

13.2 Required Policies and Coverages. Without limiting any liabilities or any other obligations of Seller under this Agreement, Seller shall secure and continuously carry with an insurance company or companies rated not lower than "B+" by the A.M. Best Company the insurance coverage specified below:

13.2.1 Commercial General Liability insurance, to include contractual liability, with a minimum single limit of \$1,000,000 to protect against and from all loss by reason of injury to persons or damage to property based upon and arising out of the activity under this Agreement.

13.2.2 All Risk Property insurance providing coverage in an amount at least equal to the full replacement value of the Facility against "all risks" of physical loss or damage, including coverage for earth movement, flood, and boiler and machinery. The Risk policy may contain separate sub-limits and deductibles subject to insurance company underwriting guidelines. The Risk Policy will be maintained in accordance with terms available in the insurance market for similar facilities.

13.3 The Commercial General Liability policy required herein shall include i) provisions or endorsements naming PacifiCorp, its Board of Directors, Officers and employees as additional insureds, and ii) cross liability coverage so that the insurance applies separately to each insured against whom claim is made or suit is brought, even in instances where one insured claims against or sues another insured.

13.4 All liability policies required by this Agreement shall include provisions that such insurance is primary insurance with respect to the interests of PacifiCorp and that any other insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder, and provisions that such policies shall not be canceled or their limits of liability reduced without 1) ten (10) days prior written notice to PacifiCorp if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to PacifiCorp if canceled for any other reason.

13.5 Insurance coverage provided on a "claims-made" basis shall be maintained by Seller for a minimum period of five (5) years after the completion of this Agreement and for such other length of time necessary to cover liabilities arising out of the activities under this Agreement.

SECTION 14: FORCE MAJEURE

14.1 As used in this Agreement, “Force Majeure” or “an event of Force Majeure” means any cause beyond the reasonable control of the Seller or of PacifiCorp which, despite the exercise of due diligence, such Party is unable to prevent or overcome. By way of example, Force Majeure may include but is not limited to acts of God, fire, flood, storms, wars, hostilities, civil strife, strikes, and other labor disturbances, earthquakes, fires, lightning, epidemics, sabotage, restraint by court order or other delay or failure in the performance as a result of any action or inaction on behalf of a public authority which by the exercise of reasonable foresight such Party could not reasonably have been expected to avoid and by the exercise of due diligence, it shall be unable to overcome, subject, in each case, to the requirements of the first sentence of this paragraph. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force resources to operate the Facility or changes in market conditions that affect the price of energy or transmission. If either Party is rendered wholly or in part unable to perform its obligation under this Agreement because of an event of Force Majeure, that Party shall be excused from whatever performance is affected by the event of Force Majeure to the extent and for the duration of the event of Force Majeure, after which such Party shall re-commence performance of such obligation, provided that:

- 14.1.1 the non-performing Party, shall, within two (2) weeks after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence; and
- 14.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure; and
- 14.1.3 the non-performing Party uses its best efforts to remedy its inability to perform.

14.2 No obligations of either Party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

14.3 Neither Party shall be required to settle any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to the Party's best interests.

14.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to an event of Force Majeure, within six months after the occurrence of the event.

SECTION 15: SEVERAL OBLIGATIONS

Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation or liability between the Parties. If Seller includes two or more parties, each such party shall be jointly and severally liable for Seller's obligations under this Agreement.

SECTION 16: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Oregon, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

SECTION 17: PARTIAL INVALIDITY

It is not the intention of the Parties to violate any laws governing the subject matter of this Agreement. If any of the terms of the Agreement are finally held or determined to be invalid, illegal or void as being contrary to any applicable law or public policy, all other terms of the Agreement shall remain in effect. If any terms are finally held or determined to be invalid, illegal or void, the Parties shall enter into negotiations concerning the terms affected by such decision for the purpose of achieving conformity with requirements of any applicable law and the intent of the Parties to this Agreement.

SECTION 18: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement or with respect to any other matters arising in connection with this Agreement must be in writing, and such waiver shall not be deemed a waiver with respect to any subsequent default or other matter.

SECTION 19: GOVERNMENTAL JURISDICTIONS AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either Party or this Agreement. Seller shall at all times maintain in effect all local, state and federal licenses, permits and other approvals as then may be required by law for the construction, operation and maintenance of the Facility, and shall provide upon request copies of the same to PacifiCorp.

SECTION 20: REPEAL OF PURPA

This Agreement shall not terminate upon the repeal of the PURPA, unless such termination is mandated by federal or state law.

SECTION 21: SUCCESSORS AND ASSIGNS

This Agreement and all of the terms hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties. No assignment hereof by either Party shall become effective without the written consent of the other Party being first obtained and such

consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, either Party may assign this Agreement without the other Party's consent to a lender as part of a financing transaction or as part of (a) a sale of all or substantially all of the assigning Party's assets, or (b) a merger, consolidation or other reorganization of the assigning Party.

SECTION 22: ENTIRE AGREEMENT

22.1 This Agreement supersedes all prior agreements, proposals, representations, negotiations, discussions or letters, whether oral or in writing, regarding PacifiCorp's purchase of Net Output from the Facility. No modification of this Agreement shall be effective unless it is in writing and signed by both Parties.

22.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 23: NOTICES

23.1 All notices except as otherwise provided in this Agreement shall be in writing, shall be directed as follows and shall be considered delivered if delivered in person or when deposited in the U.S. Mail, postage prepaid by certified or registered mail and return receipt requested.

Notices	PacifiCorp	Seller
All Notices	PacifiCorp 825 NE Multnomah Street Portland, OR 97232 Attn: Contract Administration, Suite 600 Phone: (503) 813 - 5380 Facsimile: (503) 813 - 6291 Duns: 00-790-9013 Federal Tax ID Number: 93-0246090	Surprise Valley Electrification Corp 516 US Hwy 395 E Alturas, CA 96101 Phone: (530) 233-3511 Facsimile: (530) 233-2190 Duns: __004770020_____ Federal Tax ID Number: _94-0912124_____
All Invoices:	(same as street address above) Attn: Back Office, Suite 700 Phone: (503) 813 - 5578 Facsimile: (503) 813 - 5580	
Scheduling:	(same as street address above) Attn: Resource Planning, Suite 600 Phone: (503) 813 - 6090 Facsimile: (503) 813 - 6265	
Payments:	(same as street address above) Attn: Back Office, Suite 700	

Notices	PacifiCorp	Seller
	Phone: (503) 813 - 5578 Facsimile: (503) 813 – 5580	
Wire Transfer:	Bank One N.A. ABA: ACCT: NAME: PacifiCorp Wholesale	
Credit and Collections:	(same as street address above) Attn: Credit Manager, Suite 1900 Phone: (503) 813 - 5684 Facsimile: (503) 813 – 5609	
With Additional Notices of an Event of Default or Potential Event of Default to:	(same as street address above) Attn: PacifiCorp General Counsel Phone: (503) 813-5029 Facsimile: (503) 813-7252	

23.2 The Parties may change the person to whom such notices are addressed, or their


addresses, by providing written notices thereof in accordance with this Section 23.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names as of the date first above written.

PacifiCorp

Seller

By: _____

By:  _____

Name: Bruce Griswold

Name: _Craig Joiner

Title: Director, Short Term Origination
and QF Contracts

Title: __President of the Board of
Directors _____

|

**EXHIBIT A
DESCRIPTION OF SELLER'S FACILITY**

[Seller to Complete]

Seller's Facility consists of One (1) generator manufactured by Hyundai Ideal Electric Co. More specifically, each generator at the Facility is described as: Generator

A. Manufacturer's Nameplate Data:

Type (synchronous or inductive): Synchronous

Model: Synchronous Generator S/N 1210094 1800 RPM

Number of Phases: 3

Rated Output (kW): 3,650 **Rated Output (kVA):** 4,055

Rated Voltage (line to line):

Rated Current (A): Stator: 563 A; Rotor: 98 A

Power factor requirements:

Rated Power Factor (PF) or reactive load (kVAR): 0.90 P.F.

B. Seller's Estimate of Facility Output Under Ideal (Maximum) or Worst (Minimum) Conditions

Maximum kW Output: 2349 kW **Maximum kVA Output:** +/- .9 PF 2610 kVA

Minimum kW Output: 1644 kW

Manufacturer's Guaranteed Cut-in Wind Speed [if applicable]:

Facility Capacity Rating: 2349 kW at +/- .9 PF

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating: limited by geothermal resource.

Station service requirements, and other loads served by the Facility, if any, are described as follows: Parasitic load list attached

EXHIBIT B

SELLER'S INTERCONNECTION FACILITIES

POINT OF DELIVERY / SELLER'S INTERCONNECTION FACILITIES

Description of the point(s) of metering, including the type of meter(s), and the owner of the meter(s).

The Paisley Plant is located near Paisley Oregon within the service territory of SVEC and within the PacifiCorp Balancing Area. The electricity produced by the Paisley Plant will be interconnected to the SVEC electric system at SVEC's 69 kV transmission line at the Paisley generator generation substation.

There will be two sets of meters used to measure the generating quantities under this agreement. The generation quantities received and delivered of the Paisley Plant will be metered at SVEC's Paisley generator generation substation with two PacifiCorp revenue grade meters (primary and back-up). The primary meter will be used for SCADA, which will include: bi-directional MWH and MVARH quantities, MW, MVAR, and per phase volts and amps. The back-up meter will be used for telemetry MW data to the Alternate Control Center. Both meters will be capable of: (i) being accessed by PacifiCorp's transmission's MV-90 data acquisition system; and (ii) equipped with digital and analog option cards that conform to current standards as will be outlined in a Facilities Study. The second set of revenue metering will be at SVEC's Lakeview Switch 940 (Bonneville Power Administration's Meter 41) . Two PacifiCorp revenue grade meters (primary and back-up) will be installed at Bonneville Power Administration's (BPA) Meter 41 Substation located near PacifiCorp's Mile Hi Substation to measure generation quantities received and retail quantities delivered to SVEC.

The specific type and model of meters will be determined as a product of the Facilities Study.

2. A single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection shall be provided,

Please see the single line diagram of Facility including station use meter, Facility output meter(s), Interconnection Facilities, Point of Interconnection is attached.

3. Specification of the Point of Delivery, and any transmission facilities on Seller's side of the Point of Delivery used to deliver Net Output.

Seller will deliver energy from the Paisley Project at the Bonneville Power Administration's Meter 41 (SVEC's Lakeview Switch 940) located near PacifiCorp's Mile Hi Substation where Seller's electric system interconnects with PacifiCorp Transmission. Bonneville Power Administration will deliver energy at the point near structure 47/5 in Bonneville Power Administration's La Pine- Chiloquin 230 kV transmission line, and where the 230 kV facilities of

Bonneville Power Administration and PacifiCorp are connected (Point of Receipt: Yamsay 230 kV; POR Number: 4012).

EXHIBIT C
REQUIRED FACILITY DOCUMENTS

REQUIRED OF ALL FACILITIES:

QF Certification : QF13-276-000
Interconnection Agreement
Fuel Supply Agreement, if applicable
Land Lease

REQUIRED IF SELLER ELECTS TO GRANT SENIOR LIEN OR STEP-IN RIGHTS:

Deed or Lease to Facility Premises
Preliminary Title Report of Premises
Proof of ownership of Facility
Off-take sale agreements, e.g. surplus heat sale contract, if applicable

Depending upon the type of Facility and its specific characteristics, additional Required Facility Documents may be requested.

Exhibit D-1 Motive Force Plan

A. MONTHLY DELIVERY SCHEDULES AND SCHEDULED MAINTENANCE

The following table summarizes the estimated monthly energy sales based on plant gross output, plant parasitic load consumption and assumed annual availability.

Annual Monthly Energy		
	Monthly kWh	Monthly Average kW
January	1,704,725	2,291
February	1,536,615	2,286
March	1,680,082	2,258
April	1,601,097	2,223
May	1,521,422	2,045
June	1,380,508	1,917
July	1,316,967	1,770
August	1,371,325	1,843
September	1,464,407	2,034
October	1,649,095	2,216
November	1,632,560	2,267
December	1,426,869	1,918
TOTAL	18,285,671	2,087

The estimated monthly output is based on the Net Output of the plant considering the following:

- Gross output of the plant at the generator terminals, considering average ambient wet-bulb temperature conditions
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Estimated plant degradation due to scaling/plant wear – first 2 years operation
- Annual 5 day planned maintenance shutdown (scheduled for December)
- Unplanned outages (1%)
- Transmission system outages (20 hours/year)

B. MINIMUM ANNUAL DELIVERY CALCULATION

The plant will operate as a base load facility. The minimum annual delivery is based on the expected worst case conditions of operation and availability. The Minimum Net Output is 12,197,102 kWh based on the following assumptions:

- Plant output is based on estimated average wet bulb conditions + 5⁰F elevated temperature

- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Five year, 14 day, major maintenance shutdown (scheduled for December)
- Estimated plant degradation 2X estimated annual average
- Unplanned outages (2%)
- Major unplanned outage – 3 months – production pump, well or plant failure (allocated across each operating month)

C. MAXIMUM DELIVERY CALCULATION

The maximum delivery is based on optimal operating conditions and availability. The Maximum Net Output is 19,391,369 kWh based on the following assumptions:

- Plant output is based on estimated average wet bulb conditions - 5⁰F reduced temperature
- Plant parasitic load losses (cycle feed pumps, cooling tower, make up water pump, transformer losses, etc.)
- Annual 5 day planned maintenance shutdown (scheduled for December)
- No plant operational degradation
- No unplanned outages

**EXHIBIT D-2
ENGINEER'S CERTIFICATION
OF
MOTIVE FORCE PLAN**

Seller provide a written declaration from a Licensed Professional Engineer to PacifiCorp that the Facility is likely capable under average conditions foreseeable during the term of this Agreement of meeting Seller's estimated average, maximum, and minimum Net Output.

After reviewing the documentation provided to me by Surprise Valley Electric Corporation I have determined that the power plant is likely to meet the power estimates represented in the table below provided that the following qualifications are met.

Minimum	12,197,102 KWh/ year
Average	18,285,671 KWh/year
Maximum	19,391,369 KWh/year

Qualifications:

1. Power output will depend on the plant's ability to maintain 3000 GPM of 232°F geothermal well water
2. These power estimates do not include the parasitic load of the geothermal well pumps
3. Plant availability factor for the average output case stays at 97.4% or better

Signed/Stamped:



Expires: 12/31/15

Date: May 15, 2014

EXHIBIT E

START-UP TESTING

Required factory testing includes such checks and tests necessary to determine that the equipment systems and subsystems have been properly manufactured and installed, function properly, and are in a condition to permit safe and efficient start-up of the Facility, which may include but are not limited to (as applicable): **[Seller identify appropriate tests]TAS-Turbine Air System to complete during start up and commissioning procedures**

1. Pressure tests of all steam system equipment; TAS
2. Calibration of all pressure, level, flow, temperature and monitoring instruments;TAS
3. Operating tests of all valves, operators, motor starters and motor;TAS
4. Alarms, signals, and fail-safe or system shutdown control tests;TAS
5. Insulation resistance and point-to-point continuity tests;TAS
6. Bench tests of all protective devices;In Factory
7. Tests required by manufacturer of equipment;TAS and
8. Complete pre-parallel checks with PacifiCorp. TAS will support this scope but needs to understand the requirements.

Required start-up tests are those checks and tests necessary to determine that all features and equipment, systems, and subsystems have been properly designed, manufactured, installed and adjusted, function properly, and are capable of operating simultaneously in such condition that the Facility is capable of continuous delivery into PacifiCorp's electrical system, which may include but are not limited to (as applicable):

1. Turbine/generator mechanical runs including shaft, vibration, and bearing temperature measurements;TAS. Vibration only.
2. Running tests to establish tolerances and inspections for final adjustment of bearings, shaft run-outs;TAS
3. Brake tests;NA
4. Energization of transformers;TAS
5. Synchronizing tests (manual and auto);TAS
6. Stator windings dielectric test ; Determining who to perform
7. Armature and field windings resistance tests;TAS
8. Load rejection tests in incremental stages from 5, 25, 50, 75 and 100 percent load; TAS plant is not designed to island mode or survive load rejection. TAS will perform plant trip testing from above load 1 levels.
9. Heat runs;NA
10. Tests required by manufacturer of equipment;TAS
11. Excitation and voltage regulation operation tests;TAS
12. Open circuit and short circuit; saturation tests;to be determined
13. Governor system steady state stability test;TAS
14. Phase angle and magnitude of all PT and CT secondary voltages and currents to protective relays, indicating instruments and metering;TAS

15. Auto stop/start sequence;TAS
16. Level control system tests; andTAS
17. Completion of all state and federal environmental testing requirements NA

EXHIBIT F
Seller Authorization to Release Generation Data to PacifiCorp
See attached letter



Seller Authorization to Release Generation Data to PacifiCorp

Transmission Services
Attn: Senior Vice President, Transmission Services
825 NE Multnomah, Suite 1600
Portland, OR 97232

RE: Surprise Valley Electrification Corp. Interconnection Request

Dear Sir:

Surprise Valley Electrification Corp. hereby voluntarily authorizes PacifiCorp's Transmission business unit to share Surprise Valley Electrification Corp.'s generator interconnection information and generator meter data with Marketing Affiliate employees of PacifiCorp Energy, including, but not limited to those in the Commercial and Trading group. Surprise Valley Electrification Corp. acknowledges that PacifiCorp did not provide it any preferences, either operational or rate-related, in exchange for this voluntary consent.

C. James Hays
C. James Hays

General Manager
Title

August 13, 2013
Date

EXHIBIT G
SCHEDULE 37 and PRICING SUMMARY TABLE

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS**

Available

To owners of Qualifying Facilities making sales of electricity to the Company in the State of Oregon.

Applicable

For power purchased from Qualifying Facilities with a nameplate capacity of 10,000 kW or less or that, together with any other electric generating facility using the same motive force, owned or controlled by the same person(s) or affiliated person(s), and located at the same site, has a nameplate capacity of 10,000 kW or less. Owners of these Qualifying Facilities will be required to enter into a written power sales contract with the Company.

Definitions

Cogeneration Facility

A facility which produces electric energy together with steam or other form of useful energy (such as heat) which are used for industrial, commercial, heating or cooling purposes through the sequential use of energy.

Qualifying Facilities

Qualifying cogeneration facilities or qualifying small power production facilities within the meaning of section 201 and 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. 796 and 824a-3.

Small Power Production Facility

A facility which produces electric energy using as a primary energy source biomass, waste, renewable resources or any combination thereof and has a power production capacity which, together with other facilities located at the same site, is not greater than 80 megawatts.

On-Peak Hours or Peak Hours

On-peak hours are defined as 6:00 a.m. to 10:00 p.m. Pacific Prevailing Time Monday through Saturday, excluding NERC holidays.

Due to the expansions of Daylight Saving Time (DST) as adopted under Section 110 of the U.S. Energy Policy Act of 2005, the time periods shown above will begin and end one hour later for the period between the second Sunday in March and the first Sunday in April and for the period between the last Sunday in October and the first Sunday in November.

Off-Peak Hours

All hours other than On-Peak.

West Side Gas Market Index

The monthly indexed gas price shall be the average of the price indexes published by Platts in "Inside FERC's Gas Market Report" monthly price report for Northwest Pipeline Corp. Rock Mountains, Northwest Pipeline Corp. Canadian Border, and Rockies/Northwest Stanfield, OR.

Excess Output

Excess output shall mean any increment of Net Output delivered at a rate, on an hourly basis, exceeding the Facility Nameplate Capacity. PacifiCorp shall pay Seller the Off-peak Price as described and calculated under pricing option 5 for all Excess Output.

(continued)

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS****Same Site**

Generating facilities are considered to be located at the same site as the QF for which qualification for the standard rates and standard contract is sought if they are located within a five-mile radius of any generating facilities or equipment providing fuel or motive force associated with the QF for which qualification for the standard rates and standard contract is sought.

Person(s) or Affiliated Person(s)

A natural person or persons or any legal entity or entities sharing common ownership, management or acting jointly or in concert with or exercising influence over the policies or actions of another person or entity. Two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) solely because they are developed by a single entity. Two facilities will not be held to be owned or controlled by the same person(s) or affiliated person(s) if such common person or persons is a "passive investor" whose ownership interest in the QF is primarily related to utilizing production tax credits, green tag values and MACRS depreciation as the primary ownership benefit. A unit of Oregon local government may also be a "passive investor" if the local governmental unit demonstrates that it will not have an equity ownership interest in or exercise any control over the management of the QF and that its only interest is a share of the cash flow from the QF, which share will not exceed 20%. The 20% cash flow share limit may only be exceeded for good cause shown and only with the prior approval of the Commission.

Shared Interconnection and Infrastructure

QFs otherwise meeting the separate ownership test and thereby qualified for entitlement to the standard rates and standard contract will not be disqualified by utilizing an interconnection or other infrastructure not providing motive force or fuel that is shared with other QFs qualifying for the standard rates and standard contract so long as the use of the shared interconnection complies with the interconnecting utility's safety and reliability standards, interconnection contract requirements and Prudent Electrical Practices as that term is defined in the interconnecting utility's approved standard contract.

Dispute Resolution

Upon request, the QF will provide the purchasing utility with documentation verifying the ownership, management and financial structure of the QF in reasonably sufficient detail to allow the utility to make an initial determination of whether or not the QF meets the above-described criteria for entitlement to the standard rates and standard contract. Any dispute concerning a QF's entitlement to the standard rates and standard contract shall be presented to the Commission for resolution.

Self Supply Option

Owner shall elect to sell all Net Output to PacifiCorp and purchase its full electric requirements from PacifiCorp or sell Net Output surplus to its needs at the Facility site to PacifiCorp and purchase partial electric requirements service from PacifiCorp, in accordance with the terms and conditions of the power purchase agreement and the appropriate retail service.

(continued)

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS**

Pricing Options

1. Fixed Avoided Cost Prices

Prices are fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. Fixed Avoided Cost Prices are available for a contract term of up to 15 years and prices under a longer term contract (up to 20 years) will thereafter be under either the Firm Market Indexed, the Banded Gas Market Indexed or the Gas Market Indexed Avoided Cost pricing option.

2. Gas Market Indexed Avoided Cost Prices

Fixed prices apply during the resource sufficiency period (2012 through 2015), thereafter a portion of avoided cost prices are indexed to actual monthly West Side Gas Market Index prices. The remaining portion of avoided cost prices will be fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. Prices are available for a term of up to 20 years.

3. Banded Gas Market Indexed Avoided Cost Prices

Fixed prices apply during the resource sufficiency period (2012 through 2015), thereafter a portion of avoided cost prices are indexed to actual monthly West Side Gas Market Index prices. The remaining portion of avoided cost prices will be fixed at the time that the contract is signed by both the Qualifying Facility and the Company and will not change during the term of the contract. The gas indexed portion of the avoided cost prices are banded to limit the amount that prices can vary with changes in gas prices. Prices are available for a term of up to 20 years.

4. Firm Market Indexed Avoided Cost Prices

Firm market index avoided cost prices are available to Qualifying Facilities that contract to deliver firm power. Monthly on-peak / off-peak prices paid are a blending of Intercontinental Exchange (ICE) Day Ahead Power Price Report at market hubs for on-peak and off-peak prices. The monthly blending matrix is available upon request.

5. Non-firm Market Index Avoided Cost Prices

Non- Firm market index avoided cost prices are available to Qualifying Facilities that do not elect to provide firm power. Qualifying Facilities taking this option will have contracts that do not include minimum delivery requirements, default damages for construction delay, for under delivery or early termination, or default security for these purposes. Monthly On-Peak / Off-Peak prices paid are a blending of ICE Day Ahead Power Price Report at market hubs for on-peak and off-peak prices. The monthly blending matrix is available upon request.

(continued)

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS**

Page 4

Monthly Payments

A Qualifying Facility shall select the option of payment at the time of signing the contract under one of three Pricing Options as specified above. Once an option is selected the option will remain in effect for the duration of the Facility's contract.

Fixed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the fixed prices as provided in this tariff. The definition of On-Peak and Off-Peak is as defined in the definitions section of this tariff.

Gas Market Indexed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at On-Peak and Off-Peak prices calculated each month.

To calculate the Off-Peak price, multiply the West Side Gas Market Index price in \$/MMBtu by 0.696 to get actual gas price in cents/kWh. The Off-Peak Energy Adder is added to the actual gas price to get the Off-Peak Price.

The On-Peak price is the Off-Peak price plus the On-Peak Capacity Adder.

Banded Gas Indexed Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at On-Peak and Off-Peak prices calculated each month.

To calculate the Off-Peak price, multiply the West Side Gas Market Index price in \$/MMBtu by 0.696 to get actual gas price in cents/kWh. This price is banded such that the actual gas price shall be no lower than the Gas Market Index Floor nor greater than the Gas Market Index Ceiling as listed in the price section of this tariff. The Off-Peak Energy Adder is added to the actual gas price to get the Off-Peak Price.

The On-Peak price is the Off-Peak price plus the On-Peak Capacity Adder.

Firm Market Indexed and Non-firm Market Index Avoided Cost Prices

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the market prices calculated at the time of delivery. The definition of On-Peak and Off-Peak is as defined in the definitions section of this tariff.

(continued)

**AVOIDED COST PURCHASES FROM
 QUALIFYING FACILITIES OF 10,000 KW OR LESS**
Avoided Cost Prices
Pricing Option 1 – Fixed Avoided cost Prices ¢/kWh

Deliveries During Calendar Year	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)
2012	3.09	2.32
2013	3.72	2.62
2014	4.13	2.80
2015	4.39	2.99
2016	6.04	3.69
2017	6.32	3.91
2018	6.66	4.21
2019	6.99	4.50
2020	6.94	4.41
2021	7.23	4.65
2022	7.67	5.04
2023	7.92	5.24
2024	7.89	5.16
2025	8.09	5.32
2026	8.39	5.57
2027	8.66	5.78
2028	8.88	5.95
2029	9.07	6.09
2030	9.20	6.16

(continued)

**AVOIDED COST PURCHASES FROM
 QUALIFYING FACILITIES OF 10,000 KW OR LESS**
Avoided Cost Prices (Continued)
Pricing Option 2 – Gas Market Indexed Avoided Cost Prices ¢/kWh

Deliveries During Calendar Year	Fixed Prices		Gas Market Index		Forecast West Side Gas Market Index Price (2) \$/MMBtu	Estimated Prices (3)	
	On-Peak Energy Price (a)	Off-Peak Energy Price (b)	On-Peak Capacity Adder (1) (c) Avoided Firm Capacity Costs / (0.876 * 88.6% * 57%)	Off-Peak Energy Adder (d) Total Avoided Energy Costs - ((e) * 0.696)		On- Peak Energy Price (f) (g) + (c)	Off-Peak Energy Price (g) ((e) * 0.696) + (d)
2012	3.09	2.32					
2013	3.72	2.62	Market Based Prices				
2014	4.13	2.80	2012 through 2015				
2015	4.39	2.99					
2016			2.36	0.44	\$4.66	6.042	3.685
2017			2.40	0.47	\$4.95	6.316	3.914
2018			2.45	0.47	\$5.38	6.660	4.212
2019			2.49	0.47	\$5.79	6.988	4.496
2020			2.53	0.47	\$5.66	6.943	4.409
2021			2.58	0.48	\$5.98	7.225	4.645
2022			2.63	0.50	\$6.53	7.667	5.041
2023			2.67	0.52	\$6.78	7.916	5.242
2024			2.72	0.53	\$6.66	7.885	5.163
2025			2.77	0.54	\$6.87	8.093	5.322
2026			2.82	0.55	\$7.21	8.385	5.565
2027			2.87	0.57	\$7.49	8.655	5.781
2028			2.93	0.60	\$7.69	8.877	5.948
2029			2.98	0.62	\$7.85	9.070	6.086
2030			3.04	0.64	\$7.92	9.197	6.156
2031			3.10	0.64	\$8.06	9.348	6.246
2032			3.16	0.65	\$8.21	9.526	6.365
2033			3.22	0.66	\$8.37	9.705	6.484
2034			3.29	0.68	\$8.53	9.902	6.616

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2011 IRP.
 (2) A heat rate of 0.696 is used to adjust gas prices from \$/MMBtu to ¢/kWh
 (3) Estimated avoided cost prices based upon forecast West Side Gas Market Index prices.
 Actual prices will be calculated each month using actual index gas prices.

(continued)

**AVOIDED COST PURCHASES FROM
 QUALIFYING FACILITIES OF 10,000 KW OR LESS**
Avoided Cost Prices (Continued)
Pricing Option 3 – Banded Gas Market Indexed Avoided Cost Prices ¢/kWh

Deliveries During Calendar Year	Fixed Prices		Banded Gas Market Index				Forecast West Side Gas Market Index Price (2) \$/MMBtu	Estimated Prices (3)	
	On-Peak Energy Price (a)	Off-Peak Energy Price (b)	On-Peak Capacity Adder (1) (c) Avoided Firm Capacity Costs / (0.876 * 88.6% * 57%)	Off-Peak Energy Adder (d) Total Avoided Energy Costs - ((e) * 0.696)	Gas Market Index			On-Peak Energy Price (h) (i) + (c)	Off-Peak Energy Price (i) MIN(MAX(((g) * 0.696) , (e)) , (f)) + (d)
					Floor 90% (e) (g) * 0.696 * 90%	Ceiling 110% (f) (g) * 0.696 * 110%			
2012	3.09	2.32							
2013	3.72	2.62							
2014	4.13	2.80							
2015	4.39	2.99							
2016			2.36	0.44	2.92	3.57	\$4.66	6.04	3.69
2017			2.40	0.47	3.10	3.79	\$4.95	6.32	3.91
2018			2.45	0.47	3.37	4.12	\$5.38	6.66	4.21
2019			2.49	0.47	3.63	4.43	\$5.79	6.99	4.50
2020			2.53	0.47	3.55	4.33	\$5.66	6.94	4.41
2021			2.58	0.48	3.75	4.58	\$5.98	7.23	4.65
2022			2.63	0.50	4.09	5.00	\$6.53	7.67	5.04
2023			2.67	0.52	4.25	5.19	\$6.78	7.92	5.24
2024			2.72	0.53	4.17	5.10	\$6.66	7.89	5.16
2025			2.77	0.54	4.30	5.26	\$6.87	8.09	5.32
2026			2.82	0.55	4.52	5.52	\$7.21	8.39	5.57
2027			2.87	0.57	4.69	5.73	\$7.49	8.66	5.78
2028			2.93	0.60	4.82	5.89	\$7.69	8.88	5.95
2029			2.98	0.62	4.92	6.01	\$7.85	9.07	6.09
2030			3.04	0.64	4.96	6.06	\$7.92	9.20	6.16
2031			3.10	0.64	5.05	6.17	\$8.06	9.35	6.25
2032			3.16	0.65	5.14	6.29	\$8.21	9.53	6.37
2033			3.22	0.66	5.24	6.41	\$8.37	9.71	6.48
2034			3.29	0.68	5.34	6.53	\$8.53	9.90	6.62

- (1) Avoided Firm Capacity Costs are equal to the fixed costs of a SCCT as identified in the Company's 2011 IRP.
 (2) A heat rate of 0.696 is used to adjust gas prices from \$/MMBtu to ¢/kWh
 (3) Estimated avoided cost prices based upon forecast West Side Gas Market Index prices.
 Actual prices will be calculated each month using actual index gas prices.

(continued)

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS**

Example of Gas Pricing Options available to the Qualifying Facility

An example of the two gas pricing options using different assumed gas prices is provided at the end of this tariff.

Qualifying Facilities Contracting Procedure

Interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (PacifiCorp Commercial and Trading).

It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to allow time for studies, negotiation of agreements, engineering, procurement, and construction of the required interconnection facilities. Early application for interconnection will help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

1. Qualifying Facilities up to 10,000 kW

APPLICATION: To owners of existing or proposed QFs with a design capacity less than or equal to 10,000 kW who desire to make sales to the Company in the state of Oregon. Such owners will be required to enter into a written power purchase agreement with the Company pursuant to the procedures set forth below.

I. Process for Completing a Power Purchase Agreement

A. Communications

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp
Manager-QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

(continued)

**AVOIDED COST PURCHASES FROM
QUALIFYING FACILITIES OF 10,000 KW OR LESS**

B. Procedures

1. The Company's approved generic or standard form power purchase agreements may be obtained from the Company's website at www.pacificorp.com, or if the owner is unable to obtain it from the website, the Company will send a copy within seven days of a written request.
2. In order to obtain a project specific draft power purchase agreement the owner must provide in writing to the Company, general project information required for the completion of a power purchase agreement, including, but not limited to:
 - (a) demonstration of ability to obtain QF status;
 - (b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
 - (c) generation technology and other related technology applicable to the site;
 - (d) proposed site location;
 - (e) schedule of monthly power deliveries;
 - (f) calculation or determination of minimum and maximum annual deliveries;
 - (g) motive force or fuel plan;
 - (h) proposed on-line date and other significant dates required to complete the milestones;
 - (i) proposed contract term and pricing provisions (i.e., fixed, deadband, gas indexed);
 - (j) status of interconnection or transmission arrangements;
 - (k) point of delivery or interconnection;
3. The Company shall provide a draft power purchase agreement when all information described in Paragraph 2 above has been received in writing from the QF owner. Within 15 business days following receipt of all information required in Paragraph 2, the Company will provide the owner with a draft power purchase agreement including current standard avoided cost prices and/or other optional pricing mechanisms as approved by the Oregon Public Utilities Commission in this Schedule 37.
4. If the owner desires to proceed with the power purchase agreement after reviewing the Company's draft power purchase agreement, it may request in writing that the Company prepare a final draft power purchase agreement. In connection with such request, the owner must provide the Company with any additional or clarified project information that the Company reasonably determines to be necessary for the preparation of a final draft power purchase agreement. Within 15 business days following receipt of all information requested by the Company in this paragraph 4, the Company will provide the owner with a final draft power purchase agreement.

(continued)

B. Procedures (continued)

- 5 After reviewing the final draft power purchase agreement, the owner may either prepare another set of written comments and proposals or approve the final draft power purchase agreement. If the owner prepares written comments and proposals the Company will respond in 15 business days to those comments and proposals.

6. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, the Company will prepare and forward to the owner within 15 business days, a final executable version of the agreement. Following the Company's execution a completely executed copy will be returned to the owner. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.

II. Process for Negotiating Interconnection Agreements

[NOTE: Section II applies only to QFs connecting directly to PacifiCorp's electrical system. An off-system QF should contact its local utility or transmission provider to determine the interconnection requirements and wheeling arrangement necessary to move the power to PacifiCorp's system.]

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon the QF completing all necessary interconnection arrangements. It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

Because of functional separation requirements mandated by the Federal Energy Regulatory Commission, interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (including but not limited to PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (including but not limited to PacifiCorp's Commercial and Trading Group).

(continued)

II. Process for Negotiating Interconnection Agreements (continued)

A. Communications

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp
Director – Transmission Services
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232

Based on the project size and other characteristics, the Company will direct the QF owner to the appropriate individual within the Company's transmission function who will be responsible for negotiating the interconnection agreement with the QF owner. Thereafter, the QF owner should direct all communications regarding interconnection agreements to the designated individual, with a copy of any written communications to the address set forth above.

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) undertaking studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, and (3) executing an interconnection agreement to address facility construction, testing, acceptance, ownership, operation and maintenance issues. Consistent with PURPA and Oregon Public Utility Commission regulations, the owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis. For interconnections impacting the Company's Transmission and Distribution System, the Company will process the interconnection application through PacifiCorp Transmission Services.

(continued)

**AVOIDED COST PURCHASES FROM
 QUALIFYING FACILITIES OF 10,000 KW OR LESS**
Example of Gas Pricing Options given Assumed Gas Prices ¢/kWh
Banded Gas Market Index

Year	Prices Listed in the Tariff				Example using assumed Gas Prices						Compared to Fixed Prices	
	On-Peak Capacity Adder	Off-Peak Energy Adder	Gas Market Index		Assumed Gas Price \$/MMBtu	Actual Energy Price	Fuel Index		Price Paid to QF		Off-Peak Price	On-Peak Price
			Floor 90%	Ceiling 110%			Floor / Ceiling Component	Type of Price	Off-Peak Price	On-Peak Price		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
					(e) x 0.696				(b) + (g)	(a) + (j)		
2016	2.36	0.44	2.92	3.57	\$2.00	1.39	2.92	Floor	3.36	5.72		
					\$4.00	2.78	2.92	Floor	3.36	5.72		
					\$5.00	3.48	3.48	Actual	3.92	6.28	3.69	6.04
					\$7.00	4.87	3.57	Ceiling	4.01	6.37		
					\$10.00	6.96	3.57	Ceiling	4.01	6.37		

Gas Market Method

Year	Prices Listed in the Tariff				Example using assumed Gas Prices						Compared to Fixed Prices	
	On-Peak Capacity Adder	Off-Peak Energy Adder	Fuel Index		Assumed Gas Price \$/MMBtu	Actual Energy Price	Fuel Index		Price Paid to QF		Off-Peak Price	On-Peak Price
			Floor 90%	Ceiling 110%			Floor / Ceiling Component	Type of Price	Off-Peak Price	On-Peak Price		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
					(e) x 0.696				(b) + (f)	(a) + (j)		
2016	2.36	0.44	Not Relevant		\$2.00	1.39			1.83	4.19		
					\$4.00	2.78			3.22	5.58		
					\$5.00	3.48	Not Relevant		3.92	6.28	3.69	6.04
					\$7.00	4.87			5.31	7.67		
					\$10.00	6.96			7.40	9.76		

GENERATION SCHEDULING ADDENDUM

WHEREAS, Seller's Facility is located within the control area of PacifiCorp;

WHEREAS, Seller's Facility will not interconnect directly to PacifiCorp's System;

WHEREAS, Seller and PacifiCorp have not executed, and will not execute, a Generation Interconnection Agreement in conjunction with the Power Purchase Agreement;

WHEREAS, Seller has elected to exercise its right under PURPA to deliver Net Output from its QF Facility to PacifiCorp via one (or more) Transmitting Entities.

WHEREAS, PacifiCorp desires that Seller schedule delivery of Net Output on a firm, hourly basis;

WHEREAS, PacifiCorp does not intend to buy, and Seller does not intend to deliver, more or less than Net Output from the Facility (except as expressly provided, below);

THEREFORE, Seller and PacifiCorp do hereby agree to the following, which shall become part of their Power Purchase Agreement:

DEFINITIONS

The meaning of the terms defined in the Power Purchase Agreement and this **Addendum W** shall apply to this Generation Scheduling Addendum:

"Day" means midnight to midnight, prevailing local time at the Point of Delivery, or any other mutually agreeable 24-hour period.

"Energy Imbalance Accumulation," or **"EIA,"** means the accumulated difference between Seller's Net Output and the energy actually delivered at the Point of Delivery. A positive accumulated difference indicates Seller's net delivery of Supplemented Output to PacifiCorp.

"Firm Delivery" means uninterruptible transmission service that is reserved and/or scheduled between the Point of Interconnection and the Points of Delivery pursuant to Transmission Agreements with Transmitting Entities.

"Settlement Period" means one month.

"Supplemented Output" means any increment of scheduled hourly energy or capacity delivered to the Point of Delivery in excess of the Facility's Net Output during that same hour.

"Surplus Delivery" means any energy delivered by the Facility in excess of hourly Net Output that is not offset by the delivery of energy in deficit of hourly Net Output during the Settlement Period. PacifiCorp shall accept Surplus Delivery, but shall not pay for it.

**SELLER'S OBLIGATIONS IN LIEU OF THOSE CONTAINED IN A
GENERATION INTERCONNECTION AGREEMENT.**

1. **Seller's Responsibility to Arrange for Delivery of Net Output to Point of Delivery.** Seller shall arrange for the Firm Delivery of Net Output to a Point of Delivery. Seller shall comply with the terms and conditions of the Transmission Agreement(s) between the Seller and the Transmitting Entity(s). Whenever Seller fails to provide for Firm Delivery of Net Output, all Net Output delivered via non-firm transmission rights shall be deemed Excess Output, and therefore subject to the payment provision in Section 5.4 of the Power Purchase Agreement.

2. **Seller's Responsibility to Schedule Delivery.** Seller shall coordinate with the Transmitting Entity(s) to provide PacifiCorp with a schedule of the next Day's hourly scheduled Net Output deliveries at least 24 (twenty-four) hours prior to the beginning of the day being scheduled, and otherwise in accordance with the WECC Prescheduling Calendar (which is updated annually and may be downloaded at: <http://www.wecc.biz/>).

3. **Seller's Responsibility to Maintain Interconnection Facilities.** PacifiCorp shall have no obligation to install or maintain any interconnection facilities on Seller's side of the Point of Delivery. PacifiCorp shall not pay any costs arising from Seller interconnecting its Facility with the Transmitting Entity(s).

4. **Seller's Responsibility to Pay Transmission Costs.** Seller shall make all arrangements for, and pay all costs associated with, transmitting Net Output to PacifiCorp, scheduling energy into the PacifiCorp system and any other costs associated with delivering the Seller's Net Output to the Point of Delivery.

5. **Energy Reserve Requirements.** The Transmitting Entity shall provide all generation reserves as required by the WECC and/or as required by any other governing agency or industry standard to deliver the Net Energy to the Point of Delivery, at no cost to PacifiCorp.

6. **Seller's Responsibility to Report Net Output.** On or before the tenth (10th) day following the end of each Billing Period, Seller shall send a report documenting hourly station service, Excess Output, and Net Output from the Facility during the previous Billing Period, in columnar format substantially similar to the attached **Example 1**. If requested, Seller shall provide an electronic copy of the data used to calculate Net Output, in a standard format specified by PacifiCorp. For each day Seller is late delivering the certified report, PacifiCorp shall be entitled to postpone its payment deadline in Section 9 of this Power Purchase Agreement by one day. Seller hereby grants PacifiCorp the right to audit its certified reports of hourly Net Output. In the event of discovery of a billing error resulting in underpayment or overpayment, the Parties agree to limit recovery to a period of three years from the date of discovery.

7. **Seller's Supplemental Representations and Warranties.** In addition to the Seller's representations and warranties contained in Section 3 of this Agreement, Seller warrants that:

- (a) Seller's Supplemented Output, if any, results from Seller's purchase of some form of energy imbalance ancillary service;

ADDENDUM W-ctd.

(b) The Transmitting Entity(s) requires Seller to procure the service, above, as a condition of providing transmission service;

(c) The Transmitting Entity requires Seller to schedule deliveries of Net Output in increments of no less than one (1) megawatt;

(d) Seller is not attempting to sell PacifiCorp energy or capacity in excess of its Net Output; and

(e) The energy imbalance service, above, is designed to correct a mismatch between energy scheduled by the QF and the actual real-time production by the QF.

8. **Seller's Right to Deliver Supplemented Output.** In reliance upon Seller's warranties in Section 5, above, PacifiCorp agrees to accept and pay for Supplemented Output; *provided, however, that* Seller agrees to achieve an EIA of zero (0) kilowatt-hours during On-Peak Hours and zero (0) kilowatt-hours during Off-Peak Hours at the end of each Settlement Period.

(a) **Remedy for Seller's Failure to Achieve zero EIA.** In the event Seller does not achieve zero EIA at the end of each Settlement Period, PacifiCorp will declare any positive balance to be Surplus Delivery, and Seller's EIA will be reset to zero. PacifiCorp will include an accounting of Surplus Delivery in each monthly statement provided to Seller pursuant to Section 9.1 of this Agreement.

(b) **Negative Energy Imbalance Accumulations.** Any negative EIA (indicating that the Transmitting Entity has delivered less than Seller's Net Output), will be reset to zero at the end of each Settlement Period without any corresponding compensation by PacifiCorp.

(c) **PacifiCorp's Option to Change EIA Settlement Period.** In the event PacifiCorp reasonably determines that doing so likely will have a *de minimis* net effect upon the cost of Seller's Net Output to PacifiCorp, it may elect to enlarge the Settlement Period, up to a maximum of one Contract Year. Conversely, if PacifiCorp reasonably determines, based on the QF's performance during the current year, that reducing the Settlement Period likely will significantly lower the net cost of Seller's Net Output to PacifiCorp, it shall have the right to shorten Seller's EIA settlement period beginning the first day of the following Contract Year. However, in no case shall the Settlement Period be less than one month.

ADDENDUM W—Example 1

Example of Seller's Output Reporting Requirement

		A	B	C	D	E
			Meter	(=A-B)		(=Max (0, C-D))
		Meter Reading [•]	reading at	Net	Facility	Excess Output
Day	Hour	at Point of	Station	Output	Capacity	
	ending	Delivery	Power	(MWh)	Rating	(MWh)
	(HE)	(MWh)	Meter*		(MW)	
1	7:00	0.50	0.01	0.49	1.50	
1	8:00	0.50	0.02	0.48	1.50	
1	9:00	0.50	0.01	0.49	1.50	
1	10:00	0.50	0.01	0.49	1.50	
1	11:00	0.50	0.01	0.49	1.50	
1	12:00	1.60	0.01	1.59	1.50	0.09
1	13:00	1.70	0.01	1.69	1.50	0.19
1	14:00	1.60	0.01	1.59	1.50	0.09
1	15:00	1.50	0.01	1.49	1.50	
1	16:00	1.50	0.01	1.50	1.50	
1	17:00	1.50	0.00	1.50	1.50	
1	18:00	1.50	0.01	1.49	1.50	
1	19:00	0.50	0.02	0.48	1.50	
1	20:00	0.50	0.01	0.49	1.50	

[•] Seller shall show adjustment of Meter Reading for losses, if any, between point of metering and the Point of Delivery, in accordance with Section 8.1.

* Does not apply if Station Service is provided from the gross output of the Facility.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1742

Surprise Valley Electrification Corp.,)
Complainant,)
)
v.)
)
PacifiCorp, dba Pacific Power,)
Defendant.)
)
_____)

**EXHIBIT SVEC/209
TRANSMISSION DOCUMENTS**

March 15, 2016

**SVEC SURPRISE VALLEY
ELECTRIFICATION CORP.**

516 U.S. HWY 395E ALTURAS, CA 96101
PHONE (530) 233-3511 FAX (530) 233-2190



Brad Ryan
Pacific Corp
P.O. Box 2757
Portland, OR 97208-2757

February 6, 2013

Subject: SVEC Paisley Geothermal Project

Dear Mr. Ryan:

Surprise Valley Electrification Corp (SVEC) is in the process of constructing a new 3.1 MW (Net) geothermal generation project near Paisley, Oregon. The Paisley Geothermal project generation will be connected to the SVEC owned and operated 69 kV transmission line. The schedule is to have the project in operation by September 30, 2013.

We have been in contact with Mr. Thomas Fishback of PacifiCorp and Mr. Gregory Vassallo of BPA in regards to the project and its potential impact to the affected system grid. The feedback we have received from PacifiCorp via telephone and e-mail correspondence indicates that this project, due to its small size, will not have an impact on the PacifiCorp system. Both PacifiCorp and BPA have indicated that the only material change required for this interconnection is to replace the existing BPA metering at the PacifiCorp Mile-Hi Substation with bi-directional metering as there may be some short periods, during light loading conditions on the SVEC transmission system, where excess generation from the project may be fed into the PacifiCorp system.

Attached for your information is a system one-line diagram of the SVEC transmission system including the interconnection of the small Paisley Geothermal project. Also attached for your records is the Attachment 2 to SGIP form with the data available at this time. From our discussions and previous correspondence with PacifiCorp and BPA, we understand that the detailed interconnection study process will not need to be performed for the small Paisley Geothermal project. However, we attach this for your reference and project documentation purposes.

Thank you and if you have any questions, please give me a call.

Sincerely,

Jim Hays
General Manager

SVEC/209

P. O. Box 275 Culp/2
Portland, OR 97208-2757

825 NE Multnomah, Suite 1600
Portland, OR 97232



August 1, 2013

Lynn Culp
Surprise Valley Electrification Corporation
516 U.S. Hwy 395 E.
Alturas, CA 96101

RE: Surprise Valley Electrification Corporation - OTPQ0094 / Fully Executed Affected System Impact & Facilities Study Agreement

Dear Lynn Culp:

Enclosed for your file is a fully executed Affected System Impact & Facilities Study Agreement date August 1, 2013.

If more information is required, please contact me at (503) 813-7237.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brian Fritz".

Brian Fritz
Director, Transmission Development



**OTP Q0094 SVEC PAISLEY AFFECTED SYSTEM
SYSTEM IMPACT & FACILITIES STUDY AGREEMENT
CONDENSED SCHEDULE**

THIS AGREEMENT is made and entered into this 12th day of August, 2013 by and between Surprise Valley Electrification Corporation, organized and existing under the laws of the State of California, ("Customer") and PacifiCorp, a Corporation existing under the laws of the State of Oregon, ("Transmission Provider"). Customer and Transmission Provider each may be referred to as a "Party," or collectively as "Parties".

RECITALS

WHEREAS, Customer is proposing to interconnect a new geothermal generator to the Customer's system ("Project") consistent with the Request submitted by Customer, dated February 6, 2013; and

WHEREAS, Customer has requested Transmission Provider to perform a System Impact & Facilities Study, consisting of a System Impact Analysis to assess the impact of its Project and a Facilities Analysis to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the System Impact Analysis.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 Customer elects and Transmission Provider shall cause to be performed a System Impact & Facilities Study.
- 2.0 The scope of the System Impact & Facilities Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 3.0 The System Impact Analysis will be based upon the technical information provided by Customer in the Request. Transmission Provider reserves the right to request additional technical information from Customer as may reasonably become necessary during the course of the Customer's Study. If Customer modifies its Request, or the technical information provided therein is modified, the time to complete the System Impact Analysis shall be extended.
- 4.0 The System Impact Analysis shall evaluate the impact of the proposed Project on the reliability of the system and shall provide a description of facilities required to complete the proposed Project.
- 5.0 The Facilities Analysis shall specify and estimate the cost of equipment, engineering, procurement and construction required to address the issues as outlined in the System Impact Analysis and shall provide a scope of work and an estimated cost and schedule for completing the scope of work.
- 6.0 Customer shall provide a deposit in the amount of the estimated Study cost for the performance of the Study. Transmission Provider's good faith estimate for the cost of completion of the System Impact & Facilities Study is \$5,000. Transmission Provider's actual cost shall include all direct costs plus applicable overheads.
- 7.0 Upon delivery of the Study results, Transmission Provider shall charge and Customer shall pay the actual costs of the Study. Any difference between the deposit and the actual cost of the study shall be paid by or refunded to the Customer, as appropriate.
- 8.0 Transmission Provider's good faith estimate for the time for completion of the Study is ninety (90) Calendar Days. Transmission Provider will make reasonable efforts to complete the Study. If



**SYSTEM IMPACT & FACILITIES STUDY AGREEMENT
CONDENSED SCHEDULE
(CONTINUED)**

required, Transmission Provider may request additional time to complete the Study prior to the expiration of the study period.

9.0 Miscellaneous.

- 9.1 Disclaimer.** Any costs estimated by Transmission Provider will represent a good faith estimate of future costs based on good utility practices; however, the estimated costs are based on assumptions which have a degree of uncertainty. Furthermore, facts which affect costs may not be discovered until construction begins, and events could arise which also affect costs. Accordingly, Transmission Provider shall not be liable for the accuracy of the cost estimate or any damages or other claims related to Customer's reliance on the cost estimate provided under this Agreement.
- 9.2 Integration; Amendment.** This Agreement contains the entire agreement of the Parties with respect to the subject matter, and replaces and supersedes in the entirety all prior agreements between the Parties related to the same subject matter. This Agreement may be modified only by a subsequent written amendment or agreement executed by both Parties.
- 9.3 Remedies; Waiver.** The failure of a Party to insist, in any one or more instances, on performance of any of the terms, covenants and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term, covenant or condition, but the obligations of the Parties with respect thereto shall continue in full force and effect. No waiver of any provision or condition of this Agreement by a Party shall be valid unless in writing signed by such Party or operational by the terms of this Agreement. A waiver by any Party of the performance of any covenant, condition, representation or warranty of any other Party shall not invalidate this Agreement, nor shall such waiver be construed as a waiver of any other covenant, condition, representation or warranty. A waiver by any Party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.
- 9.4 Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Oregon applicable to contracts made and to be performed wholly within the State of Oregon. Any judicial action or proceeding arising under this Agreement shall be adjudicated in Portland, Oregon.
- 9.5 Execution.** If in concurrence with this Agreement, the Customer shall sign both attached originals. The Customer should return both copies to the Transmission Provider within thirty (30) Calendar Days of the date of the attached cover letter. The Transmission Provider will execute the Agreements and begin the Study upon verification that the Agreement, Deposit, and Technical Data provided by the Customer are complete. Upon execution of both copies of the Agreement, Transmission Provider will return one executed original to the Customer.
- 9.6 Jury Trial.** To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party further waives any right to consolidate, or to request the consolidation of, any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.



SYSTEM IMPACT & FACILITIES STUDY AGREEMENT
CONDENSED SCHEDULE
(CONTINUED)

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

PacifiCorp

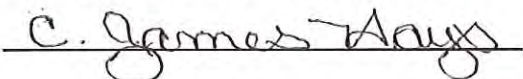
By: 

Printed Name: BRIAN FRITZ

Title: DIRECTOR TRANSMISSION SERVICES

Date: 8/1/2013

Surprise Valley Electrification Corporation

By: 

Printed Name: C. JAMES HAYS

Title: GENERAL MANAGER

Date: JULY 25, 2013

**ATTACHMENT A TO SYSTEM IMPACT & FACILITIES STUDY AGREEMENT
ASSUMPTIONS USED IN CONDUCTING THE SYSTEM IMPACT & FACILITIES STUDY**

The System Impact & Facilities Study will be based upon the following assumptions:

- New interconnection of a new Paisley Geothermal generation facility to Surprise Valley Electrification Corporation's system electrically near PacifiCorp's Mile-Hi, Lakeview, and Fishhole substations.
- PacifiCorp is an Affected System.
- Study may include relay settings modifications.



SVEC/209

P.O. Box 2067
Portland, OR 97208-2757

825 NE Multnomah St., Suite 550
Portland, Oregon 97232

October 30, 2013

Jim Hays
Surprise Valley Electrification Corporation
516 US Highway 395 E
Alturas, CA 96101

**RE: Surprise Valley Electrification Corporation – OTPQ0095 Paisley Affected System
Impact and Facilities Study Report**

Dear Mr. Hays:

Per our System Impact and Facilities Study Agreement, executed August 1, 2013, PacifiCorp has conducted a System Impact and Facilities Study. This study evaluated PacifiCorp's main grid, sub-transmission, and distribution system to identify any PacifiCorp system constraints to SVEC's connection of the Paisley geothermal generation facility to SVEC's Paisley substation.

The study finds that the relay settings for circuit breaker 3L7 at PacifiCorp's Mile Hi substation need to be updated to reliably accommodate the connection of the Paisley geothermal generation facility to SVEC's Paisley substation. These updated relay settings have been created and approved. The updated relay settings are scheduled for implementation in the first quarter of 2014. The updated relay settings are attached to this report.

If more information is required, please contact me at (503) 813-5993.

Sincerely,

Eric Birch
Transmission Services

**Transmission Service Request
System Impact Study Report**

Completed for
PacifiCorp C&T
(“Transmission Customer”)

Proposed Transmission
PACW-PACW
Surprise Valley Electrification Corp
Network Service Request
Q1824 - AREF # 79456228
3.7 MW

June 2014

Table of Contents

1.0	Description	1
2.0	Scope of the Study	1
3.0	Study Assumptions	1
4.0	Transmission/Distribution Additions.....	1
4.1	Metering Requirements	1
4.2	SCADA Points Required	2
4.3	Communication Requirements	3
5.0	Cost Estimate	3
6.0	Conclusions.....	4
7.0	Participation by Affected Systems.....	4



1.0 Description

The Transmission Customer submitted a transmission request for 3.7 MW of Network Transmission and Designated Network Resource (“DNR”) status for Surprise Valley Electrification Corp. as listed below:

Queue	OASIS AREF	Completed Request Received	Type of Service	POR	POD	MW	Start	End
Q1824	79456228	3/21/14	NT	PACW	PACW	3.7	4/1/14	4/1/20

2.0 Scope of the Study

This study evaluates the Transmission Provider’s main grid, sub-transmission, and distribution system to identify any system constraints to supply a total of 3.7 MW of transmission service for the Surprise Valley Electrification Corp. (“SVEC”) DNR located approximately 45 miles north of the Mile Hi Substation on 69 kV circuit K15 The study report also identifies any additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. The study report will give an un-scoped, estimated cost (+/-50%) to complete the planned transmission additions. Additional distribution infrastructure costs required to provide the service are included in this study. The study does not identify cost responsibilities.

3.0 Study Assumptions

- This study assumes the project will be integrated into PacifiCorp’s Balancing Area on SVEC’s 69 kV system approximately ½ mile north of the city of Paisley, located in Lake County, Oregon.
- All facilities will meet or exceed the minimum WECC, NERC, and the Transmission Provider’s performance and design standards as applicable.
- It is assumed PacifiCorp will be able to use existing Bonneville Power Administration (“BPA:”) metering CTs/PTs.

4.0 Transmission/Distribution Additions

4.1 Metering Requirements

At the SVEC Paisley Generator:

The Transmission Provider will design, procure, install, and maintain all revenue metering equipment. The location of the revenue metering will be at SVEC’s Paisley generator generation substation. Two revenue grade meters (primary and back-up) will be installed to measure generation quantities received and retail quantities delivered to SVEC.

The primary meter will be used for SCADA, which will include: bi-directional MWH and MVARH quantities, MW, MVAR, and per phase volts and amps. The back-up meter will be used for telemetry MW data to the Alternate Control Center. Both meters will be capable of being accessed by the Transmission Provider's MV-90 data acquisition system. Both meters will be equipped with digital and analog option cards that conform to the most current standards. An Ethernet connection is required for retail sales and generation accounting via the MV-90 translation system.

At the BPA Metering Substation (Meter 41)

The Transmission Provider will design, procure, install, and maintain all revenue metering equipment. The location of the second set of revenue metering will be at BPA's Meter 41 Substation located near PacifiCorp's Mile-Hi Substation. Two revenue grade meters (primary and back-up) will be installed to measure generation quantities received and retail quantities delivered to SVEC.

4.2 SCADA Points Required

In addition to the control an indication of the 69kV tie breaker the following data from the point of interconnection substation and the generation facility will be needed:

From the Point of Interconnection Substation:

Analogs:

- Net generation MW
- Net generator MVAR
- 69-kV A phase voltage
- 69-kV B phase voltage
- 69-kV C phase voltage

Accumulator Pulses:

- Interchange metering kWh

From the Generator Facility:

Analogs:

- Gross generation MW
- Gross generator MVAR
- Auxiliary power MW
- Auxiliary power MVAR

Status:

- 69-kV breaker or circuit switcher
- 13.8-kV generator breaker

4.3 Communication Requirements

At Surprise Valley Electrification Corporation Paisley Generator:

The Transmission Provider will design, procure, install own and maintain a RTU in SVEC’s Paisley generator control house. SVEC will order and have telco install a T1 lease between the Paisley Generator substation control house and PacifiCorp’s Klamath Substation. This lease will be used for the SCADA circuit, the alternate meter circuit, a dial-up, and the Ethernet circuit for MV-90 access. Transmission Provider will design, procure, install, own, and maintain a Loop AM-3440C channel bank, with fuse panel, DC-DC converter, and DSX panel that will be used to place these circuits on the T1 to Klamath Substation.

At BPA’s Meter 41 Location:

The Transmission Provider will design, procure, install own and maintain a RTU. SVEC will order and have telco install a T1 lease between the Meter 41 Substation control house and PacifiCorp’s Klamath Substation. This lease will be used for the SCADA circuit, the alternate meter circuit, a dial-up, and the Ethernet circuit for MV-90 access. Transmission Provider will design, procure, install, own, and maintain a Loop AM-3440C channel bank, with fuse panel, DC-DC converter, and DSX panel that will be used to place these circuits on the T1 to Klamath Substation. Contracts with BPA will be updated to allow this.

At PacifiCorp’s Klamath Substation

The Transmission Provider will connect the T1 leases to the Digital Cross-Connect system there. SCADA and alternate meter circuits will be routed to control centers over the Transmission Provider’s private communication system from there.

5.0 Cost Estimate

Paisley Generator – Engineering, procurement and installation of metering and communication equipment.	\$175,000
BPA Meter Station 41 - Engineering, procurement and installation of metering and communication equipment.	\$155,000
Klamath Substation, Portland Control Center and Salt Lake Control Center – Engineering and deployment of communication upgrades.	\$20,000
<u>Total Cost</u>	<u>\$350,000</u>

6.0 Conclusions

In order to provide the requested service, revenue metering upgrades are required at SVEC's Paisley generator generation substation and at BPA's Meter 41 Substation. Associated communications upgrades are required at SVEC's Paisley generator generation substation, at BPA's Meter 41 Substation and at PacifiCorp's Klamath Substation. A Facilities Study is required to provide a more detailed scoped and refine the Cost Estimate.

7.0 Participation by Affected Systems

None



P.O. Box 2757
Portland, OR 97208-2757

SVEC/209
Culp/14

September 26, 2014

Jim Schroeder
Manager, C&T Contract Administration
PacifiCorp Commercial & Trading
825 NE Multnomah St., 600-LCT
Portland, OR 97232

**RE: Transmission Facilities Study Report –
3.7 MW PACW-PACW (Surprise Valley Electrification Corp) (AREF 79456228)**

Dear Mr. Schroder:

Enclosed is a Facilities Study report dated September 26, 2014. This completes the Facilities Study Agreement, executed April 28, 2014. Consider this the final version of the Facilities Study report.

PacifiCorp Transmission Services will close the work order for accumulating the related Facilities Study costs and the transmission customer will be credited or charged the difference between actual and estimated study costs.

If you have any questions, please call me at (503) 813-6958.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Stofiel".

Veronica Stofiel
Account Manager, Transmission Services

Enclosures

**Network Integration Transmission Service Request
Facilities Study Report**

Completed for
PacifiCorp C&T
(“Transmission Customer”)

Proposed Transmission
PACW-PACW
Surprise Valley Electrification Corp
Network Resource Request
Q1824 - AREF # 79456228
3.7 MW

September 2014

Table of Contents

1.0	Description	1
2.0	Scope of the Study	1
3.0	Study Assumptions	1
4.0	Scope of Work	2
4.1	Facility Analysis Results.....	2
4.2	SCADA Points Required	2
4.3	Requirements	2
4.4	Communication Additions.....	5
5.0	Cost Estimate	7
6.0	Schedule.....	8
7.0	Conclusions.....	8
8.0	Participation by Affected Systems.....	8
	Appendix 1: Property Requirements.....	9

1.0 Description

The Transmission Customer submitted a 3.7 MW network (NT) transmission service request on PacifiCorp's Open Access, Same-time Information System (OASIS) for Designated Network Resource status for Surprise Valley Electrification Corp ("SVEC" or "Interconnection Customer"), as listed below:

Queue	OASIS AREF	Completed Request Received	Type of Service	POR	POD	MW	Start	End
Q1824	79456228	3/21/14	NT	PACW	PACW	3.7	4/1/14	4/1/20

2.0 Scope of the Study

This study evaluates the Transmission Provider's main grid, sub-transmission, and distribution system to identify any system constraints to supply a total of 3.7 MW of network integration transmission service for SVEC. The Network Resource is located approximately 45 miles north of the Mile Hi substation on the 69 kV circuit K15. The study report also identifies any additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. The study report gives an un-scoped, estimated cost (+/-30%) to complete the planned transmission additions. Additional distribution infrastructure costs required to provide the service are included in this study.

3.0 Study Assumptions

- This study assumes the project will be integrated into PacifiCorp's Balancing Area on SVEC's 69 kV system approximately ½ mile north of the city of Paisley, located in Lake County, Oregon.
- All facilities will meet or exceed the minimum WECC, NERC, and the Transmission Provider's performance and design standards as applicable.
- It is assumed PacifiCorp will be able to use existing Bonneville Power Administration ("BPA") metering CTs/PTs at Meter Point 41 and SVEC's CTs/PTs at the Paisley Generating Facility.
- If space is not made available to host the Transmission Provider's equipment, it is assumed the Interconnection Customer will provide property adjacent to the Paisley Generating Facility site and BPA's Meter Station 41 for PacifiCorp's equipment and small building. PacifiCorp's property requirements are listed in Appendix 1.

4.0 Scope of Work

4.1 Facility Analysis Results

To accommodate the generation from the Q1824 project into PacifiCorp's Balancing Authority will require the installation of metering at the Paisley Generator site and at BPA's Meter Point 41. Additionally communication upgrades will be required at the Paisley Generator site, BPA's Meter Point 41, the Klamath substation and at the Portland Control Center.

4.2 SCADA Points Required

From the Paisley Generator Substation:

Analogs:

- Net generation MW
- Net generator MVAR
- Energy register
- 69-kV A phase voltage
- 69-kV B phase voltage
- 69-kV C phase voltage

Status:

- 69-kV breaker or circuit switcher
- 13.8-kV generator breaker

4.3 Requirements

4.3.1 *At the Surprise Valley Electrification Corporation Paisley Generator:*

Work to be completed by the Interconnection Customer

- Obtain all necessary permits, lands, rights of way and easements required for the construction and continued maintenance of the Transmission Provider's equipment at the Paisley Generator Generating Facility. All easements and rights of way will be obtained for durations acceptable to the Transmission Provider; this includes all permits/easements for ingress and egress prior to the start of construction.
- Engineer, procure and construct all facilities required for the Paisley Generator except for those facilities/components indicated as supplied/installed by the Transmission Provider.
- Provide space in the Paisley Generator Generating Facility control building accessible only to the Transmission Provider for installation of the Transmission Provider

owned and maintained equipment. Front and rear access will be required for this equipment.

- Provide the Transmission Provider drawings, schematics and a one line of the Interconnection Customer's existing Paisley Generator Generating Facility metering system.
- Provide power supplies for the Transmission Provider's equipment located in the Paisley Generator Generating Facility control building at configurations and voltages specified by the Transmission Provider.
- The following equipment will be owned and maintained by the Transmission Provider and located in the Paisley Generator Generating Facility control building: Ruggedcom RX1512 router, DC-DC converters and miscellaneous communication equipment.
- Install to the Transmission Provider's standards a 37" x 42" double door metering enclosure. The Transmission Provider will own and maintain the metering enclosure at the Interconnection Customer's expense.
- Design, procure and install one 3" communication conduit with two (2) inner ducts (one to be used as a spare) to the Transmission Provider's standards from the Transmission Provider's metering enclosure to a patch panel located adjacent to the Transmission Provider's communication equipment located in the Paisley Generator Generating Facility control building. The Transmission Provider will own and maintain this conduit at the Interconnection Customer's expense.
- Design, procure and install, to the Transmission Provider's standards, one 3" conduit to host the Transmission Provider's secondary wire between the Interconnection Customer's instrument transformers and the Transmission Provider's metering enclosure. The Transmission Provider will own and maintain this conduit at the Interconnection Customer's expense.
- Install, to the Transmission Provider's standards, the Transmission Provider's secondary metering wire from the Interconnection Customer's instrument transformers to the Transmission Provider's meter enclosure. The Transmission Provider will procure, own and maintain the secondary metering wire at the Interconnection Customer's expense.
- Allow the Transmission Provider to use the Interconnection Customer's 69 kV current and voltage metering instrument transformers located in the Paisley Generator Generating Facility substation.
- Terminate the Transmission Provider's metering secondary wires in the Transmission Provider's meter enclosure located in the Paisley Generator Generating Facility substation.

Work to be completed by the Transmission Provider

- Design and procure the Transmission Provider's meter enclosure, secondary color coded wire and metering communication wire to be installed by the Interconnection Customer.
- Program the Transmission Provider's meters and commission net generation metering.
- Terminate the Transmission Provider's communication wires at meter panel.
- Provide drawings, to the Interconnection Customer of the Transmission Provider's metering equipment.

4.3.2 At BPA Meter Point 41Work to be completed by the Interconnection Customer

- Obtain space from BPA at the BPA Meter Point 41 substation site for installation and continued maintenance of the Transmission Provider owned and maintained equipment. Front and rear access will be required for this equipment.
- Coordinate with BPA to provide the Transmission Provider drawings, schematics and a one line(s) of BPA's metering system at the BPA Meter Point 41 substation.
- Coordinate with BPA to provide power supplies for the Transmission Provider's equipment located in the BPA Meter Point 41 substation at configurations and voltages specified by the Transmission Provider.
- The following equipment will be owned and maintained by the Transmission Provider and located in the BPA Meter Point 41 substation: Ruggedcom RX-1512 router, DC-DC converters and miscellaneous communication equipment.
- Coordinate with BPA and install, to the Transmission Provider's standards a 37" x 42" inch double door metering enclosure. The Transmission Provider will own and maintain the metering enclosure at the Interconnection Customer's expense.
- Coordinate with BPA to design, procure and install one 3" communication conduit with two (2) inner ducts (one to be used as a spare) to the Transmission Provider's standards from the Transmission Provider's metering enclosure to a patch panel located adjacent to the Transmission Provider's communication equipment located in the BPA Meter Point 41 substation. The Transmission Provider will own and maintain this conduit at the Interconnection Customer's expense.

- Coordinate with BPA to design, procure and install, to the Transmission Provider's standards, one 3" conduit to host the Transmission Provider's secondary wire between the Interconnection Customer's instrument transformers and the Transmission Provider's metering enclosure. The Transmission Provider will own and maintain this conduit at the Interconnection Customer's expense.
- Coordinate with BPA to install, to the Transmission Provider's standards, the Transmission Provider's secondary metering wire from the Interconnection Customer's instrument transformers to the Transmission Provider's meter enclosure. The Transmission Provider will procure, own and maintain the secondary metering wire at the Interconnection Customer's expense.
- Coordinate with BPA to allow the Transmission Provider to use BPA's 69 kV current and voltage metering instrument transformers located in the BPA Meter Point 41 substation.
- Coordinate with BPA to terminate the Transmission Provider's metering secondary wires in the Transmission Provider's meter enclosure located in the BPA Meter Point 41 substation.

Work to be completed by the Transmission Provider

- Design and procure the Transmission Provider's meter enclosure, secondary color coded wire and metering communication wire to be installed by the Interconnection Customer.
- Program the Transmission Provider's meters and commission Net generation metering.
- Terminate the Transmission Provider's communication wires at meter panel.
- Provide drawings, to the Interconnection Customer of the Transmission Provider's metering equipment.

4.4 Communication Additions

4.4.1 At the Surprise Valley Electrification Corporation Paisley Generator:

Work to be completed by the Interconnection Customer

- Provide rack space for the Transmission Provider's RS-232 converters and DC-DC converters and fuse panel.
- Provide GPR report to the telephone company and GPR protection equipment if required.

- Provide wallboard for telephone company to terminate their circuits.
- Order and pay for three DS0 leases between the plant and Transmission Provider's Yreka Service Center.

Work to be completed by the Transmission Provider

- Design, procure, install, own and maintain at the Interconnection Customer's expense a Ruggedcom RX1512 router.
- Design, procure, install, own and maintain at the Interconnection Customer's expense a fuse panel, DC-DC converter and power cables.
- Connect Ruggedcom DDS ports to the telephone company's 64k DDS leases and RS-232 ports to meter/RTUs.

4.4.2 At BPA Meter Point 41

Work to be completed by the Interconnection Customer

- Provide secure location for the Transmission Provider's communications cabinet.
- Provide GPR report to telephone company and GPR protection equipment if required.
- Provide mounting location for the GPR protection equipment if required.
- Order and pay for T1 lease between facility and Transmission Provider's Yreka Service Center.

Work to be completed by the Transmission Provider

- Design, procure, install, own and maintain at the Interconnection Customer's expense a Ruggedcom RX1512 router in NEMA cabinet.
- Design, procure, install, own and maintain at the Interconnection Customer's expense a Fuse panel, DC-DC converter and power cables.
- Connect Ruggedcom T1 port to telco lease, connect RS-232 ports to meters.

5.0 Cost Estimate**Direct Assignment Costs**

Paisley Generator – Engineering, procurement and installation of metering equipment. \$200,000

BPA Meter Station 41 - Engineering, procurement and installation of metering and communication equipment. \$200,000

Total Direct Assignment Costs **\$400,000**

Network Upgrade Costs

Yreka Service Center – Engineer and install communication upgrades. \$30,000

Portland Control Center – Engineer and install communication upgrades. \$10,000

Medford Service Center – Engineer and install communication upgrades. \$10,000

Total Network Upgrade Costs **\$50,000**

Total Cost **\$450,000**

6.0 Schedule

Execute construction agreement	November 26, 2014
Engineering & procurement commences	January 5, 2015
Material Order	February 1, 2015
Engineering design completed	April 3, 2015
Construction Begins	May 8, 2015
Construction Complete	August 29, 2015
Generation testing	September 2, 2015
Commercial operation	September 16, 2015

7.0 Conclusions

Metering and communications upgrades are required in order to serve this request. PacifiCorp Transmission reserves the right to re-evaluate this request if any of the assumptions change.

8.0 Participation by Affected Systems

The Transmission Provider has identified the following as affected systems: Bonneville Power Administration.

Appendix 1: Property Requirements

The following applies to property acquired by an Interconnection Customer on which a point of interconnection substation will be built to accommodate the Interconnection Customer's project. The property will ultimately be assigned to PacifiCorp, the Transmission Provider.

- Property must be environmentally, physically and operationally acceptable to the Transmission Provider without any material defects of title (or as deemed acceptable to the Transmission Provider) and without unacceptable encumbrances. The property shall be a permitted or permissible use in all zoning districts. Property lines shall be surveyed and show all encumbrances, roads (private or public); easements (prescriptive or express) etc.

Examples of potentially unacceptable environmental, physical, or operational conditions:

- Environmentally unacceptable conditions could include but are not limited to known contamination of site; evidence of environmental contamination by any dangerous, hazardous or toxic materials as defined by any governmental agency; property is in violation of building, health, safety, environmental, fire, land use, zoning or other such regulation, ordinances, or statutes of any governmental entities having jurisdiction over the property; underground or above ground storage tanks; known remediation sites on property; ongoing mitigation activities or monitoring activities; asbestos; lead-based paint, etc. At a minimum, a phase I environmental study is required for company land being acquired in fee. Evidence will be required 60 days prior to the start of construction.
- Physically unacceptable conditions could include but are not limited to inadequate drainage; in flood zone; erosion issues; wetland overlays; threatened and endangered species; archeological or culturally sensitive areas; inadequate sub-surface elements, etc. Geotechnical studies are required by the Transmission Provider.
- Operationally unacceptable conditions could include but are not limited to inadequate access for company equipment; existing structures on land that require removal prior to building of substation; ongoing maintenance for landscaping or extensive landscape requirements; ongoing homeowner's or CC&R's that are not acceptable to the Transmission Provider.
- Property should be acquired by fee ownership. If fee acquisition is not possible, then the term shall be perpetual and the use exclusive and provide the Transmission Provider with all property rights it deems necessary (perpetual easement). All contracts are subject to the Transmission Provider's approval prior to execution.

- The Interconnection Customer is required to identify any and all land rights to the subject property, which are to be retained by the Interconnection Customer prior to conveying property. All retained land rights are subject to the Transmission Provider's approval.
- If the Interconnection Customer is building facilities to be owned by the Transmission Provider, then the Interconnection Customer must obtain all permits required by all relevant jurisdictions for the use including but not limited to conditional use permits, Certificates of Public Convenience and Necessity, California Environmental Quality Act, etc., as well as all construction permits for the project
- Interconnection Customer will not reimburse through network upgrades for more than the market value of the property.
- Property must be assignable to company and without litigation, suit, liens, condemnation actions, foreclosures actions, etc.