### BEFORE THE PUBLIC UTILITY COMMISSION

### **OF OREGON**

#### **UM 1742**

Surprise Valley Electrification Corp.,	)	
Complainant,	)	REPLY TO PACIFICORP RESPONSE
	)	TO SURPRISE VALLEY'S MOTION
V.	)	TO COMPEL DISCOVERY
	)	
PacifiCorp, dba Pacific Power,	)	
Defendant.	)	
	)	
	)	

### I. INTRODUCTION

Surprise Valley Electrification Corp. ("Surprise Valley") files this reply to PacifiCorp's response to Surprise Valley's motion to compel discovery ("Motion"), requesting that the Oregon Public Utility Commission (the "Commission" or "OPUC") Administrative Law Judge ("ALJ") Michael Grant require PacifiCorp to provide full and complete answers to Surprise Valley's discovery requests.

Surprise Valley is not responding to PacifiCorp's legal arguments characterizing the merits of Surprise Valley's claims for relief. Instead, this response primarily points out that the scope of relief and justifications identified by Surprise Valley exceed PacifiCorp's attempt to narrowly frame the issues, and how the discovery requests are relevant to the broader issues raised in Surprise Valley's complaint (the "Complaint").

Surprise Valley is separately filing a motion to strike and/or clarify the scope of the proceeding, and a motion to hold the schedule in abeyance pending resolution of the motion to strike. Surprise Valley withdraws its requests expedited consideration of its Motion, but continues to request that the ALJ compel PacifiCorp to respond to discovery

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requests. Given that Surprise Valley requested expedited consideration, PacifiCorp responded on an expedited basis, and Surprise Valley seeks to hold the schedule in abeyance, Surprise Valley is filing this reply two days after PacifiCorp's response instead of the seven days allowed by rule. See OAR § 860-001-0420.

#### II. BACKGROUND

Surprise Valley filed its Complaint on June 22, 2015, and PacifiCorp filed its answer on July 29, 2015. Surprise Valley filed its Motion on October 30, 2015 ("Motion"). Surprise Valley is seeking to compel PacifiCorp to respond to Surprise Valley data requests 1.7, 1.8, 1.9, 1.24, 1.26, 1.29, 1.31, 1.47, and 1.48(b). PacifiCorp filed its Response on November 4, 2015.

#### III. ARGUMENT

PacifiCorp has attempted to frame the issues in this Complaint to only one narrow issue, which ignores the majority of Surprise Valley's claims and arguments. The scope of issues in this proceeding is based on the allegations raised in Surprise Valley's Complaint, and PacifiCorp should not be permitted to limit Surprise Valley's ability to pursue its claims through the discovery process.

In its Response, PacifiCorp argued, *inter alia*, that Surprise Valley is an offsystem QF, and that:

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Surprise Valley is seeking to compel PacifiCorp's response to Surprise Valley's data request 1.29. PacifiCorp's response states that the Motion to Compel "also references 1.29 in the introduction but fails to discuss it further." Reply at 9 n.24. Surprise Valley addresses data request 1.29 in the body of the motion at pages 7-8.

Surprise Valley is not seeking to compel additional information in response to Surprise Valley's data request 1.28 and 1.35 at this time, as PacifiCorp provided supplemental responses on October 30, 2015.

The issue in this docket is straightforward: Surprise Valley must agree to the terms and conditions of the Company's Off-System PPA in order to obtain rights under that agreement, including the requirement to obtain firm transmission service for delivery of the Paisley Project's power to PacifiCorp's system.

Response at 6.

While this may be what PacifiCorp believes to be its most important issue,

Surprise Valley's Complaint raises more issues, and these claims are inconsistent with
the evidence produced to date. PacifiCorp has been inconsistent and changed its position
regarding whether the Paisley Project is an on or off-system QF. In addition, PacifiCorp
repeatedly informed Surprise Valley that it did not need transmission arrangements
across its own system, and did not raise this argument until filing its Answer. If Surprise
Valley is required to provide transmission arrangements, then the transmission
arrangements PacifiCorp has accepted for other QFs and generators is highly relevant to
what arrangements the company would accept for Surprise Valley. Finally, the
Complaint raises numerous issues beyond what transmission arrangements Surprise
Valley must provide, including whether power deliveries can made through displacement,
what rates would apply to any power sales, whether PacifiCorp complied with federal and
Oregon law and policies, and whether PacifiCorp unreasonably delayed or negotiated in
bad faith.

### 1. Surprise Valley Is Legally Entitled to Sell Power as an On or Off-System QF

Surprise Valley is eligible to sell power as either as on or off-system QF, and has not agreed that to any specific characterization of the Paisley Project. The Complaint alleges that Surprise Valley is eligible to sell power either directly or indirectly to PacifiCorp, and that the characterization of the Paisley Project as on or off-system QF has

no legal relevance. Complaint at ¶ 137, 70. The issue of what type of QF the Paisley Project is and how that characterization impacts this case should be addressed in testimony and legal briefing, not discovery motions.

Surprise Valley notes that PacifiCorp's positions regarding the Paisley Project's on and off-system status have changed. PacifiCorp initially described the Paisley Project as an "off-system" QF, but later determine that the project was entitled to an "on system" PPA, and ultimately provided Surprise Valley with a hybrid on/off-system PPA. PacifiCorp claims that this characterization was made in settlement. Answer at ¶ 48. Surprise Valley disagrees that the company's changing characterizations were made as part of settlement, and believes that the evidence is likely to show that PacifiCorp did not make up its mind about its position regarding whether the Paisley Project is on or off-system QF until recently.

# 2. PacifiCorp Informed Surprise Valley that It Did Not Need Transmission Arrangements with Itself to Sell the Entire Net Output of the Paisley Project

While Surprise Valley disputes PacifiCorp's claims, Surprise Valley does not disagree that PacifiCorp can raise the issue of whether Surprise Valley needs to provide transmission arrangements. This issue, however, also includes whether PacifiCorp ever informed Surprise Valley of this requirement, what those requirements are, and how they can be met. Surprise Valley intends to investigate these issues through discovery, and address them in testimony and legal briefing.

PacifiCorp raised the issue of a transmission agreement for the delivery of the net output of the Paisley Project across Surprise Valley's system for the first time in its

Answer.<sup>3</sup> In the negotiations regarding a PPA, PacifiCorp did not request evidence of a transmission agreement for the delivery of the net output of the Paisley Project across Surprise Valley's system for delivery to PacifiCorp. Despite raising a myriad of other obstacles and concerns regarding the purchase of the net output, PacifiCorp waited (or had not thought of) this issue until filing its Answer.

Not only did PacifiCorp not raise the issue, PacifiCorp informed Surprise Valley that it did not need any transmission arrangements with itself. PacifiCorp also appears to have taken this position in filings with the Federal Energy Regulatory Commission when PacifiCorp ESM's made a network service request for the Paisley Project to PacifiCorp Transmission stating that there would be no documented third party transmission arrangements to deliver resource to PacifiCorp system, and that the Paisley Project is owned by Surprise Valley. Attachment A (PacifiCorp ESM Transmission Request).

Surprise Valley is ready, willing, and able to transmit the net output of the Paisley Project across its own transmission/distribution system. If Surprise Valley is required to provide transmission arrangements with itself, then Surprise Valley should be allowed to investigate what these requirements are. Only after PacifiCorp fully explains what its requirements are can Surprise Valley determine whether they are reasonable, whether it has already provided them, and (if Surprise Valley has not) whether it can, or is willing to agree to, provide them. Surprise Valley must have access to what transmission arrangements PacifiCorp has accepted for other QFs and generators in order to

PacifiCorp refused to enter into a PPA pending transmission study approvals by PacifiCorp Transmission, and separately raised issues regarding Bonneville Power Administration ("BPA") transmission when the company believed the Paisley Project was located in BPA's balancing authority and would need to transmit power across BPA's transmission system, but did not raise issues regarding Surprise Valley's transmission arrangements with itself.

understand what PacifiCorp's requested transmission agreements are and whether they are reasonable.

Surprise Valley has requested repeatedly that PacifiCorp Transmission and ESM specify whatever requirements must be fulfilled to allow for PacifiCorp to accept and purchase the Paisley Project's net output. PacifiCorp ESM and Transmission have not identified any transmission arrangements that Surprise Valley must secure to enable PacifiCorp Transmission to designate the QF as a network resource serving PacifiCorp ESM load.<sup>4</sup> PacifiCorp's Answer admits that PacifiCorp Transmission previously agreed that existing metering is sufficient to sell the Paisley Project's net output, but backtracks on that commitment denying that the existing or interim metering is sufficient to allow Surprise Valley to sell power to PacifiCorp. Answer at ¶ 38. Therefore, Surprise Valley should be allowed to investigate whether PacifiCorp has the ability to accept the Paisley Project's entire net output.

PacifiCorp's transmission arrangements with other QFs and generators are also relevant because PacifiCorp offered Surprise Valley a non-standard hybrid on/off system PPA in the negotiation process. In addition, Oregon QFs have the right to negotiate non-standard terms and conditions, which could reasonably be construed to include the transmission arrangements that PacifiCorp has agreed for other QFs and generators.

#### IV. CONCLUSION

For the reasons discussed in Surprise Valley's Motion and above, Surprise Valley respectfully requests that the ALJ require PacifiCorp to provide complete responses to Surprise Valley data requests 1.7, 1.8, 1.9, 1.24, 1.26, 1.29, 1.31, 1.47, and 1.48(b).

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PacifiCorp has recently provided some information on this issue in discovery, which Surprise Valley has not fully analyzed.

### Dated this 6th day of November, 2015.

Respectfully submitted,

Irion A. Sanger

Sanger Law, PC

1117 SE 53rd Avenue

Portland, OR 97215

Telephone: 503-756-7533

Fax: 503-334-2235 irion@sanger-law.com

Of Attorneys for Surprise Valley Electrification Corp.

### **Attachment A**





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,

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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	AREF: 79220634							
(C&T)								
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 b	y: Date:							
By signing, I certify that I have reviewed determined that all of the information red	this form and any accompanying materials and to the best of my knowledge have quired 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 determined that all of the information red	this form and any accompanying materials and to the best of my knowledge have quired by OATT Section 29 has been provided and is a Completed Application.							
*** FOR USE BY PACIFICORP/TRA	ANSMISSION PROVIDER ONLY:							
The Transmission Provider may, on a no Customer, provided (Transmission Proviposting):	n-discriminatory basis, waive the deposit requirement for an existing Network der must check each box and indicate date of waiver determination and OASIS							
<ul><li>Network Customer has mai obligations under the Tariff</li></ul>	intained its creditworthiness pursuant to the Tariff and is not in default in its f; and							
Transmission Provider has one business day of the act waiver log.	posted on OASIS notice of such waiver if granted in favor of an affiliate within of a waiver and that Transmission Provider has added the act of waiver to its							
Date of waiver determination: Da	ate 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 Delivery Total MW Load Transmission Network Customer's Network Load Point To Be Served Voltage 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:

1/27/2014

## 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		er Capacity uirements		er Capacity uirements	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

nt is received outside the  Delivery Locations:	PacifiCorp transmission	ı system.	
<u>-</u>	where title to the resou	rce output is received:	
Specific location	n where the resource out	put will enter the PacifiC	Corp transmission system:
the point of receipt wh	ere title to the resource	ements for delivery of the output is received to the mission system are as fol	location where the
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### **CUSTOMER TRANSMISSION SYSTEM** OATT Section 29.2(vi) Check Box to attest that Network Customer does not have a transmission system, $\mathbf{or}$ 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 Yes No 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 Yes No proposed Network Resources identified above do not include any resources, 対 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? By: Brue Griswold Print Nan Company: Title:

Date:

## OASIS REQUEST INFORMATION

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 31 <sup>st</sup> , 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

OATI webOASIS Page 1 of 1

### Transmission Reservation Detail 79220634 RECEIVED

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