

April 11, 2019

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

Attn: Filing Center

**Re: UP 393—Pacific Power’s Application for Approval of the Sale of Property to DJ Clean Fuels, LLC—ERRATA FILING**

PacifiCorp d/b/a Pacific Power encloses for filing a correction to the company’s Application for Approval for the Sale of Property to DJ Clean Fuels, LLC (Application) filing submitted on March 4, 2019. The negotiated price per ton in the Application should have been redacted as it contained commercially and competitively sensitive information and should have been provided as confidential under OAR 860-001-0070.

Please direct informal correspondence and questions regarding this filing to Jason Hoffman, Regulatory Project Manager at (503) 331-4474.

Sincerely,



Etta Lockey  
Vice President, Regulation

Enclosures


## CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Errata Filing on the parties listed below via electronic mail and/or or overnight delivery in compliance with OAR 860-001-0180.

### Service List UP 393

<b>OREGON CITIZENS' UTILITY BOARD</b>	
MICHAEL GOETZ OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY STE 400 PORTLAND OR 97205 <a href="mailto:mike@oregoncub.org">mike@oregoncub.org</a>	OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97205 <a href="mailto:dockets@oregoncub.org">dockets@oregoncub.org</a>
ROBERT JENKS OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97205 <a href="mailto:bob@oregoncub.org">bob@oregoncub.org</a>	
<b>PUBLIC UTILITY COMMISSION OF OREGON</b>	
SCOTT GIBBENS PUBLIC UTILITY COMMISSION OF OREGON 201 HIGH ST SE SALEM OR 97301 <a href="mailto:scott.gibbens@state.or.us">scott.gibbens@state.or.us</a>	SOMMER MOSER PUC STAFF - DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM OR 97301 <a href="mailto:sommer.moser@doj.state.or.us">sommer.moser@doj.state.or.us</a>
<b>PACIFICORP, DBA PACIFIC POWER</b>	
ROBERT BETCONE PACIFIC POWER 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 <a href="mailto:bob.betconejr@pacificorp.com">bob.betconejr@pacificorp.com</a>	PACIFICORP, DBA PACIFIC POWER 825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 <a href="mailto:oregondockets@pacificorp.com">oregondockets@pacificorp.com</a>

Dated this 11<sup>th</sup> day of April, 2019.

  
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Katie Savarin  
Coordinator, Regulatory Operations

UP 393—Pacific Power’s Application for Approval of the Sale  
of Property to DJ Clean Fuels, LLC

Errata Filing

Revised Pages

through the Coal Handling Agreement and the License Agreement for hosting DJ Clean Fuels' facilities at the Dave Johnston property, noted below.

PacifiCorp is the sole owner of the Dave Johnston plant. Each quarter, as outlined in the License Agreement and Coal Handling Agreement, PacifiCorp will receive a payment from DJ Clean Fuels equal to \$ [REDACTED] for each ton of refined coal as described in the following section.

## II. AGREEMENTS

The purpose of the Pre-Closing Coal Inventory Purchase Agreement, Coal Feedstock Purchase Agreement, Refined Coal Supply Agreement, Coal Handling Agreement, and the License Agreement is to allow DJ Clean Fuels to install the refined coal processing facility, purchase the initial coal inventory stockpile, refine the coal, sell the refined coal immediately back to PacifiCorp, and compensate PacifiCorp for its coal handling services. As described in the Agreements, PacifiCorp will sell feedstock coal at cost to DJ Clean Fuels, and DJ Clean Fuels will sell refined coal to PacifiCorp at its weighted average price per ton for feedstock coal, resulting in a near-zero net difference in price. Further, PacifiCorp will receive \$ [REDACTED] for each ton of refined coal from the Coal Handling Agreement (\$ [REDACTED]) and the License Agreement (\$ [REDACTED]). This credit will result in a net reduction in PacifiCorp's cost of fuel. A copy of the Pre-Closing Inventory Purchase Agreement, Coal Feedstock Purchase Agreement, Refined Coal Supply Agreement, Coal Handling Agreement and the License Agreement are included hereto as Confidential Attachment A, Confidential Attachment B, Confidential Attachment C, Confidential Attachment D, and Confidential Attachment E, respectively. The Agreements contain commercially-sensitive information including financial terms, which if disclosed, could expose PacifiCorp and its customers to harm.

average cost of the feedstock coal used to produce such refined coal. The Refined Coal Supply Agreement would expire at the end of the federal tax-credit period in late 2021.

The terms for the Coal Feedstock Purchase and Refined Coal Supply Agreements are designed to expire at the end of the federal tax-credit period in late 2021. Based on forecasted estimates, PacifiCorp will sell approximately 8.9 million tons of coal to DJ Clean Fuels at the quality-adjusted price per ton incurred by PacifiCorp over the course of the terms of the Agreements. PacifiCorp will then re-purchase the refined coal from DJ Clean Fuels at DJ Clean Fuels' weighted average price per ton, resulting in an approximate net-zero difference. PacifiCorp intends to net the receivables and payables for the sale and purchase of the feedstock coal and refined coal.

**Coal Handling Agreement (Confidential Attachment D)**

This agreement requires PacifiCorp to provide coal yard and support services to DJ Clean Fuels. These services include inventory management, preparation and handling services with respect to DJ Clean Fuels' coal in the coal yard. DJ Clean Fuels will pay PacifiCorp a fee of \$ [REDACTED] for each ton of refined coal sold back to PacifiCorp.

**License Agreement (Confidential Attachment E)**

The License Agreement (License Agreement) provides a non-exclusive site license for DJ Clean Fuels' facilities to sit adjacent to the coal conveyor belts feeding the Dave Johnston plant boilers and minimal space in the coal yard on which DJ Clean Fuels' other facilities will be located. The License Agreement also grants DJ Clean Fuels a license to access their facilities on the site and contains standard provisions related to DJ Clean Fuels' use and maintenance of the property, including specific requirements for the removal of the facilities when the contract term expires. The License Agreement also contains specific

provisions related to the protection and additional liability of working near the Dave Johnston plant. DJ Clean Fuels has agreed to pay PacifiCorp a fee of \$ [REDACTED] per each ton of refined coal sold back to PacifiCorp in consideration of the access license granted.

The term of the License Agreement is commensurate with the Refined Coal Supply Agreement, with exception for the removal of DJ Clean Fuels' facilities on the property. In accordance with the terms of the License Agreement and Coal Handling Agreement, DJ Clean Fuels will pay to PacifiCorp, in quarterly payments over the term of the contract, \$ [REDACTED] per ton of refined coal. PacifiCorp estimates the transactions will result in an approximate benefit of \$ [REDACTED] million (PacifiCorp share) over the approximate two-and-one-half year term. This benefit is reflected as reduced fuel expense included in PacifiCorp's net power costs.

Dave Johnston is classified as "Steam Production Land" and is system-allocated. The value of the coal refining project to Oregon will be approximately \$ [REDACTED] million over the approximate two-and-one-half year term. As more fully explained below, this transaction will not affect PacifiCorp's ability to provide safe, reliable electric service to its customers.

### **III. COMPLIANCE WITH OAR 860-027-0025(1) FILING REQUIREMENTS**

#### **A. Name and Address**

PacifiCorp's exact name and address of its principal business office are:

PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232

#### **B. State in which incorporated; date of incorporation; other states in which authorized to transact utility business**

PacifiCorp is a corporation organized and existing under and by the laws of the State of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized

minimal difference in the monthly price per ton for the sale and purchase of feedstock coal and refined coal under these agreements.

Under the License Agreement, DJ Clean Fuels agrees to pay PacifiCorp \$ [REDACTED] per refined ton of coal for the opportunity to construct facilities and access the site to refine the coal and under the Coal Handling Agreement DJ Clean Fuels agrees to pay \$ [REDACTED] per refined ton of coal to provide inventory management, preparation and handling services. The terms of the License Agreement protect PacifiCorp's right to access and use the property in its provision of reliable electric service to its customers. PacifiCorp reviewed the market value of the property in conjunction with other refined coal deals, and based on refined coal industry observations, determined that the \$ [REDACTED] per refined ton of coal price was higher than average compensation for similar activities.

PacifiCorp files this application to obtain Commission approval of the utility asset dispositions described in this application.

**I. Statement of facilities to be disposed of; description of present use and proposed use; inclusion of all operating facilities of parties to the transaction**

The coal inventory proposed to be sold and re-purchased is on site at the Dave Johnston Plant, in Converse County, Wyoming. Coal will be sold to DJ Clean Fuels and re-purchased after the coal has been refined. The License Agreement allows DJ Clean Fuels to place facilities on the Dave Johnston property to refine the purchased coal. The facilities include an office trailer, electrical room, feed pumps, mixing building, and three spray skirts over the coal conveyor belts. The facilities will occupy approximately 0.30 acres, and will not interfere with the operation of the Dave Johnston plant. Executing these Agreements will not interfere with PacifiCorp's ability to provide reliable service to its customers.