ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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UTILITIES COMMISSION

1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

February 19, 2016

VIA ELECTRONIC DELIVERY
AND OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Attention: Jean D. Jewell
Commission Secretary

RE: CASE NO. PAC-E-16-01
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF ELECTRIC SERVICE SCHEDULE NO. 38 QUALIFYING FACILITY AVOIDED COST PROCEDURES

Rocky Mountain Power respectfully files reply comments in response to Staff's request for clarification on the Application in the above-referenced matter.

All references to days in Electric Service Schedule No. 38 – Qualifying Facility Avoided Cost Procedures are referencing calendar days. Also provided are clean and legislative copies of Electric Service Schedule No. 38 incorporating that clarification on Tariff Sheet No. 38.2.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen/cm

Jeffrey K. Larsen
Vice President, Regulation

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Yvonne Hogle (ISB# 8930)
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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF ELECTRIC SERVICE SCHEDULE NO. 38 – QUALIFYING FACILITY AVOIDED COST PROCEDURES	**CASE NO. PAC-E-16-01** **REPLY COMMENTS**

Rocky Mountain Power, a division of PacifiCorp ("Company" or "Rocky Mountain Power"), hereby respectfully files reply comments with the Idaho Public Utilities Commission ("Commission") in the above referenced matter. In support of these comments, Rocky Mountain Power represents as follows:

REPLY COMMENTS

On January 13, 2016, the Company filed an Application with the Commission requesting approval of Electric Service Schedule No. 38 - Qualified Facility Avoided Cost Procedures. On February 12, 2016, Staff for the Idaho Public Utilities Commission filed comments recommending that the Commission approve the Company's Application stating: *"Staff believes that Rocky Mountain Power's Application to implement Schedule 38 is reasonable and necessary to ensure a clear, standard QF contracting procedure."*

Staff also recommended that the Company clarify whether "days" in the proposed tariff referred to calendar days or business days. It was the Company's intent that any reference to days in Electric Service Schedule No. 38 was meant to refer to calendar days. The Company as part of these reply comments has provided clean and legislative copies of the Tariff Sheet No. 38.2 with this clarification.

REQUEST FOR RELIEF

With this clarification Rocky Mountain Power respectfully requests that the Commission approve Electric Service Schedule No. 38 - Qualified Facility Avoided Cost Procedures, as filed.

Respectfully submitted this 19th day of February, 2016.

Yvonne Hogle
Rocky Mountain Power
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-4050
Fax: (801) 220-3299
Email: Yvonne.Hogle@PacifiCorp.com

Attorney for Rocky Mountain Power

ROCKY MOUNTAIN POWER

ELECTRIC SERVICE SCHEDULE NO. 38

STATE OF IDAHO

Qualifying Facility Avoided Cost Procedures

PREFACE:

1. The process outlined in this Schedule is typically applicable to projects already under development.

2. All submissions, responses and notices required in this Schedule must be done in electronic or hard copy format. Requests and information may be submitted to the Company at QFrequests@pacificorp.com .

3. The QF pricing queue referenced in this Schedule is independent of and unrelated to the interconnection and transmission services queue maintained and administered by PacifiCorp Transmission Services pursuant to PacifiCorp Transmission Service's FERC approved Open Access Transmission Tariff (OATT), as posted on its Open Access Same-Time Information System (OASIS). The generation interconnection process is a critical and lengthy process that typically must be well underway before a power purchase agreement should be requested. QF Developers are strongly encouraged to gain a clear understanding of the transmission interconnection process and associated costs and timelines before requesting indicative pricing or a power purchase agreement under this schedule.

4. The Company must use its reasonable commercial efforts to meet all Company deadlines specified herein, and shall attempt to make up any Company delays in meeting subsequent Company deadlines. QF Developer deadlines will be extended to reflect Company delays beyond Company deadlines specified herein. Under extenuating circumstances, the Company or a QF Developer may request an extension of any deadlines from the Commission.

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

5. Subject to the specific tariff provisions provided below, the general timelines and deadlines for actions or responses for Developers and the Company in this tariff are summarized here for convenience, along with references to the relevant tariff provisions, (all references to days in this tariff are calendar days):
   a) Company must provide Developer illustrative, pro forma contract within seven (7) days of request [Section I.B.1];
   b) Developer may request indicative pricing at any time by submitting required information [Section I.B.2];
   c) Company must notify Developer whether request for indicative pricing is complete within seven (7) days of submission [Section I.B.3];
   d) Company must provide indicative pricing within thirty (30) days of notice of completeness [Section I.B.4];
   e) Developer must request draft power purchase agreement and submit required information within sixty (60) days of receipt of indicative pricing [Section I.B.5];
   f) Company must notify Developer whether request for power purchase agreement and required information is complete within seven (7) days of submission to the Company [Section I.B.6];
   g) Company must provide Developer with draft power purchase agreement within thirty (30) days of notice of completeness [Section I.B.6];
   h) Developer must provide Company with initial comments on and proposed edits to draft power purchase agreement within thirty (30) days of receipt [Section I.B.7];
   i) Company must respond to Developer's initial comments and edits within thirty (30) days of receipt, and commence negotiations over areas of disagreement [Section I.B.8];
   j) Indicative prices must be updated unless a PPA is executed within six (6) months after indicative pricing was provided by the Company [Section I.B.9];
   k) Company must complete all internal reviews and approvals within twenty-one (21) days after agreement is reached on a proposed final version of a power purchase agreement [Section I.B.8];
   l) PPA must be executed within five (5) months after Developer's receipt of draft power purchase agreement [Section I.B.10];
   m) Company must submit power purchase agreement to Commission for approval within seven (7) days of execution [Section I.B.8]; and
   n) Company must submit Transmission Service Request within seven (7) days after execution of purchase power agreement [Section I.B.8].

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

6. QF Developers should pay special attention to the fact that, as specified in the tariff sections that follow, a QF project will typically be removed from the QF pricing queue, and any indicative or proposed prices or agreements will no longer be valid, upon occurrence of any of the following events:

a) Failure of the QF Developer to submit to the Company a request for a power purchase agreement within sixty (60) days of its receipt of indicative pricing, as specified in Section I.B.5;

b) Failure of the QF Developer to submit written comments and proposals within thirty (30) days of its receipt of a proposed power purchase agreement, as specified in Section I.B.7;

c) Failure of the parties to execute a power purchase agreement within five (5) months after a draft power purchase agreement was provided by the Company to the QF Developer, as specified in Section I.B.10.e.; or

d) A material change in the point of interconnection, a change in design capacity of more than 10%, a change in generation technology, or a change of more than three (3) months in the online date, as specified in Sections I.B.10.a.-d.

7. When a QF project is removed from the QF pricing queue, the developer may request new indicative pricing and a new agreement by timely following all of the steps outlined below, in which case it will be placed in the QF pricing queue as a new project.

AVAILABILITY: To owners of Qualifying Facilities (QFs) in all territory served by the Company in the state of Idaho.

APPLICATION: To owners of existing or proposed wind or solar QFs with a design capacity greater than 100 kW, or Seasonal or Non-Seasonal Hydro projects and all other projects greater than 10 a MW who desire to make sales to the Company and to QFs who are not able to obtain pricing under the standard published rates. Such owners will be required to enter into written power purchase and interconnection agreements with the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Idaho QFs seeking to make sales to third-parties, or out-of-system QFs seeking to wheel power to Idaho for sale to the Company.

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

I. Process For Negotiating Power Purchase Agreements

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:

Rocky Mountain Power
Manager - QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232
QFrequests@pacificorp.com

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.

B. Procedures

1. **Request for Pro Forma Contract.** The Company shall provide a QF Developer with a pro forma power purchase agreement within seven (7) days of its receipt of a request for the same. The pro forma document provided (i) does not constitute an offer to enter into an agreement, (ii) may include general proposed terms and conditions, and (iii) will not include pricing or project specific information. Anyone who desires to enter into a power purchase agreement with the Company must proceed in accordance with this Schedule to request indicative pricing under Section I.B.2, to request a proposed power purchase agreement under Section I.B.5, and to negotiate and execute a power purchase agreement that is executed by the Company and approved by the Commission.

2. **Request for Indicative Pricing.** To obtain indicative pricing with respect to a proposed project, a QF Developer must provide to the Company the following general project information:
   a) A general description of the QF project and the QF Developer, including email address and other contact information;
   b) generation technology and other related technology applicable to the site and for solar projects specify fixed ground mount or solar tracking;

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

I. B. **Procedures** (continued)

c) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
d) quantity and timing of monthly power deliveries (including project's ability to respond to dispatch orders from the Company) and an hourly generation profile (12X24 profile minimum, 8760 preferred) in Excel or other spreadsheet format with all formulae intact, and the expected generation degradation per year and whether the degradation rate is calculated against the first year or against the prior year, or a forecast of annual generation for each contract year over the life of the requested contract term;
e) proposed site location and electrical interconnection point;
f) proposed on-line date and outstanding permitting requirements;
g) demonstration of ability to obtain QF status (FERC Form 556);
h) fuel type(s) and source(s);
i) plans for fuel and transportation agreements (Motive force plans);
j) proposed length of contract term;
k) status of transmission interconnection arrangements including interconnection queue number; and
l) other information promptly and reasonably requested by the Company.

3. **Notice of Completeness and Queue Position.** Within seven (7) days of its receipt of a request for indicative pricing and supporting materials as specified above, the Company shall confirm its receipt of the same and notify the QF Developer whether the submission is substantially complete or if additional information is required. The Company shall not be obligated to provide indicative pricing until all information described in Paragraph I.B.2 has been received from the QF Developer. Indicative pricing will be determined in light of other QF projects in the QF pricing queue ahead of the project, and using inputs and procedures as approved by the Commission. A QF will be added to the QF pricing queue as of the date the Company has confirmed receipt of all project information required in Paragraph I.B.2 and will retain its priority position in the QF pricing queue for purposes of subsequent requests for indicative pricing unless and until removed from the QF pricing queue as provided herein. The Company will notify the QF Developer of the date its project was added to the QF pricing queue. Once a QF Project has been added to the QF pricing queue, in the event additional clarifying information is reasonably required by the Company in order to calculate indicative prices, the deadlines in Section I.B.4 shall be extended

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

on a day for day basis until the requested clarifying information has been provided.

I. B. Procedures (continued)

4. **Indicative Pricing.** Within thirty (30) days following the date a QF project was added to the QF pricing queue under Section I.B.3, the Company shall provide the QF Developer with indicative pricing, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project.

   An indicative pricing proposal provided by the Company may be used by the QF Developer to make determinations regarding project planning, financing and feasibility. However, such prices are indicative only and may be subject to change by the Company as specified herein or by the Commission. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Commission may approve, reject or conditionally approve a power purchase agreement and may at any time make changes to this Schedule, QF pricing methods and inputs, or terms and conditions applicable to QF pricing and power purchase agreements.

5. **Request for Draft Power Purchase Agreement.** If a QF Developer desires to precede forward with the project it must, within sixty (60) days of its receipt of indicative pricing, request that the Company prepare and submit for the Developer's review a proposed power purchase agreement. Absent timely submittal of such request, the project will be removed from the QF pricing queue and the indicative prices will no longer be valid. In connection with its request for a power purchase agreement, the Developer must provide the Company with the following additional project information:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

a) any available updates to the information specified in Paragraph I.B.2;
b) evidence of adequate control of proposed site;
c) identification of and timelines for obtaining any necessary governmental permits, approvals or authorizations;
d) assurance of fuel supply or motive force;
e) anticipated timelines for completion of key project milestones;
f) evidence that any necessary interconnection studies are underway and that the necessary interconnection arrangements can timely be completed in accordance with Part II sufficient for the project to reach energization by the proposed on-line date;
g) information describing the developer/owner of the proposed project, including name, address, and ownership organization chart; and
h) other information promptly and reasonably requested by the Company.

6. **Notice of Completeness and Draft PPA.** Within seven (7) days of its receipt of a request for a power purchase agreement and the information specified in Section I.B.5, the Company shall confirm its receipt of the same and notify the Developer whether any additional information is needed. The Company shall provide the Developer with a proposed power purchase agreement within thirty (30) days following the date of the Company's notice that the information required in Paragraph I.B.5 has been received and is substantially complete. The proposed power purchase agreement shall contain a comprehensive set of proposed terms and conditions, including specific pricing based on the indicative pricing provided, as adjusted if necessary in light of specifics of the project. The proposed power purchase agreement will also specify project specific data and exhibits that must be provided by the QF Developer prior to final approval or execution of the PPA. The proposal submitted by the Company shall serve as the basis for subsequent negotiations.

7. **Developer's Initial Comments and Edits.** Within thirty (30) days of receiving a proposed power purchase agreement, the QF Developer shall prepare and deliver to the Company an initial set of written comments and proposals, failing which the Project will be removed from the QF pricing queue and the proposed agreement and prices will no longer be valid.

8. **Company's Response and Responsibilities.** If the QF Developer's proposals are not acceptable, the Company shall commence negotiations on all outstanding areas of disagreement, and:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. **Procedures** (continued)

a) shall respond to the developer's initial comments and proposals within thirty (30) days, and thereafter respond timely to subsequent comments and proposals;
b) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the QF Developer;
c) may request to visit the site of the proposed project if such a visit has not previously occurred;
d) may request additional information from the Developer if reasonably necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the Project; and
e) shall submit to PacifiCorp Transmission Services a request for network transmission service relating to the project within seven (7) days after execution of a power purchase agreement, or otherwise as early as practicable based on the applicable PacifiCorp Transmission Services tariff;
f) shall complete credit, legal, upper management and any other required internal reviews of proposed terms and conditions within twenty-one (21) days after agreement was reached on a proposed final version of a power purchase agreement; and
g) shall submit a fully executed power purchase agreement to the Commission for approval within seven (7) days of execution.

9. **Required Pricing Update.** The prices in the proposed power purchase agreement provided by the Company under Section I.B.6 shall be recalculated by the Company using the most recent available pricing inputs and methods approved by the Commission, but without a change in the QF project's pricing queue priority, if the QF Developer and the Company have not executed a power purchase agreement within six months after indicative pricing was provided by the Company under Section I.B.4, except to the extent delays are caused by Company actions or inactions, which may include delays in obtaining legal, credit or upper management approval by the Company.

10. **Removal from QF Pricing Queue.** In addition to the circumstances described in I.B.5 and I.B.7, at any time during the process outlined in I.B.3 through I.B.9, the Company shall remove a QF project from the QF pricing queue, and any associated indicative prices, proposed prices or proposed agreement previously provided will no longer be valid, if any of the following occurs with respect to a QF project:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

a) A material change in the point of interconnection;
b) A change in design capacity of 10% or more of the original specified design capacity;
c) A change in generation technology (i.e. solar, wind, thermal), including a change between fixed tilt and tracking solar projects. Changes in the quantity and timing of monthly power deliveries will not cause removal from the QF pricing queue so long as the basic generation technology and design capacity have not changed;
d) A change in the online date specified in the information provided under Section I.B.2.f of more than three months earlier or later; or
e) A PPA has not been executed by both parties within five (5) months after the draft PPA was provided by the Company to the Developer, except to the extent delays are caused by Company actions or inactions.

11. **Standard PPA Terms.** Absent Commission approval to the contrary for good cause shown, a power purchase agreement executed under this Schedule shall include the following terms and conditions, among others:
a) The scheduled commercial operation date must not be greater than thirty (30) months after the execution date of the power purchase agreement;
b) The QF Developer must sign a System Impact Study Agreement with PacifiCorp Transmission (refer to Section 42.2 or Section 51.4 of PacifiCorp's OATT) within 120 days of the date a Commission Order approving the agreement has become final and non-appealable; and
c) The QF Developer must provide 100% of the project development security within 30 days of the date a Commission Order approving the PPA has become final and non-appealable.

II. Process for Negotiating Interconnection Agreements

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 all necessary interconnection arrangements being consummated.

It is recommended that the owner initiate its request for interconnection as early in the planning process as possible, to ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's power delivery function, PacifiCorp Transmission Services.

ELECTRIC SERVICE SCHEDULE NO. 38 - 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 Transmission Services
Interconnection Requests
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232
QFrequests@pacificorp.com

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) completion of studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, (3) execution of an interconnection agreement.

The QF project owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis.

For interconnections greater than twenty (20) megawatts, the Company will process the interconnection application through PacifiCorp Transmission Services generally following the procedures for studying the generation interconnection described in the Company's Open Access Transmission Tariff, PacifiCorp FERC Electric Tariff, Fifth Revised Volume No. 11 Pro Forma Open Access Transmission Tariff (OATT), as the same may be changed or updated, on file with the Federal Energy Regulatory Commission (FERC). A copy of the OATT is available on-line at http//www.oasis.pacificorp.com.

The Company's interconnection forms and agreements, are provided electronically at the following address: http://www.pacificorp.com/tran/ts/gip/qf.html

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

III. Process for Filing a Complaint with the Commission on Contract Terms

The Commission has both informal and formal dispute resolution processes which can be reviewed on the Commission website at the following address: http://www.puc.idaho.gov/forms/consumerassistance

These processes are available for any matter as to which the Commission has jurisdiction, which may include (i) QF PPA contracts, (ii) small QF interconnection agreements (less than 20 MW), and (iii) large QF interconnection agreements (more than 20 MW), so long as all of the QF output is sold exclusively to the Company. To the extent any portion of the QF output is sold to anyone other than the Company, a QF generation interconnection may be subject to FERC jurisdiction. Nothing in this Schedule will affect the jurisdiction of the Commission or FERC, and all parties will retain any and all rights they may have under any applicable state or federal statutes or regulations.

ROCKY MOUNTAIN POWER

ELECTRIC SERVICE SCHEDULE NO. 38

STATE OF IDAHO

Qualifying Facility Avoided Cost Procedures

PREFACE:

1. The process outlined in this Schedule is typically applicable to projects already under development.

2. All submissions, responses and notices required in this Schedule must be done in electronic or hard copy format. Requests and information may be submitted to the Company at QFrequests@pacificorp.com .

3. The QF pricing queue referenced in this Schedule is independent of and unrelated to the interconnection and transmission services queue maintained and administered by PacifiCorp Transmission Services pursuant to PacifiCorp Transmission Service's FERC approved Open Access Transmission Tariff (OATT), as posted on its Open Access Same-Time Information System (OASIS). The generation interconnection process is a critical and lengthy process that typically must be well underway before a power purchase agreement should be requested. QF Developers are strongly encouraged to gain a clear understanding of the transmission interconnection process and associated costs and timelines before requesting indicative pricing or a power purchase agreement under this schedule.

4. The Company must use its reasonable commercial efforts to meet all Company deadlines specified herein, and shall attempt to make up any Company delays in meeting subsequent Company deadlines. QF Developer deadlines will be extended to reflect Company delays beyond Company deadlines specified herein. Under extenuating circumstances, the Company or a QF Developer may request an extension of any deadlines from the Commission.

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

5. Subject to the specific tariff provisions provided below, the general timelines and deadlines for actions or responses for Developers and the Company in this tariff are summarized here for convenience, along with references to the relevant tariff provisions, (all references to days in this tariff are calendar days):
   a) Company must provide Developer illustrative, pro forma contract within seven (7) days of request [Section I.B.1];
   b) Developer may request indicative pricing at any time by submitting required information [Section I.B.2];
   c) Company must notify Developer whether request for indicative pricing is complete within seven (7) days of submission [Section I.B.3];
   d) Company must provide indicative pricing within thirty (30) days of notice of completeness [Section I.B.4];
   e) Developer must request draft power purchase agreement and submit required information within sixty (60) days of receipt of indicative pricing [Section I.B.5];
   f) Company must notify Developer whether request for power purchase agreement and required information is complete within seven (7) days of submission to the Company [Section I.B.6];
   g) Company must provide Developer with draft power purchase agreement within thirty (30) days of notice of completeness [Section I.B.6];
   h) Developer must provide Company with initial comments on and proposed edits to draft power purchase agreement within thirty (30) days of receipt [Section I.B.7];
   i) Company must respond to Developer's initial comments and edits within thirty (30) days of receipt, and commence negotiations over areas of disagreement [Section I.B.8];
   j) Indicative prices must be updated unless a PPA is executed within six (6) months after indicative pricing was provided by the Company [Section I.B.9];
   k) Company must complete all internal reviews and approvals within twenty-one (21) days after agreement is reached on a proposed final version of a power purchase agreement [Section I.B.8];
   l) PPA must be executed within five (5) months after Developer's receipt of draft power purchase agreement [Section I.B.10];
   m) Company must submit power purchase agreement to Commission for approval within seven (7) days of execution [Section I.B.8]; and
   n) Company must submit Transmission Service Request within seven (7) days after execution of purchase power agreement [Section I.B.8].

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

PREFACE: (continued)

6. QF Developers should pay special attention to the fact that, as specified in the tariff sections that follow, a QF project will typically be removed from the QF pricing queue, and any indicative or proposed prices or agreements will no longer be valid, upon occurrence of any of the following events:

a) Failure of the QF Developer to submit to the Company a request for a power purchase agreement within sixty (60) days of its receipt of indicative pricing, as specified in Section I.B.5;

b) Failure of the QF Developer to submit written comments and proposals within thirty (30) days of its receipt of a proposed power purchase agreement, as specified in Section I.B.7;

c) Failure of the parties to execute a power purchase agreement within five (5) months after a draft power purchase agreement was provided by the Company to the QF Developer, as specified in Section I.B.10.e.; or

d) A material change in the point of interconnection, a change in design capacity of more than 10%, a change in generation technology, or a change of more than three (3) months in the online date, as specified in Sections I.B.10.a.-d.

7. When a QF project is removed from the QF pricing queue, the developer may request new indicative pricing and a new agreement by timely following all of the steps outlined below, in which case it will be placed in the QF pricing queue as a new project.

AVAILABILITY: To owners of Qualifying Facilities (QFs) in all territory served by the Company in the state of Idaho.

APPLICATION: To owners of existing or proposed wind or solar QFs with a design capacity greater than 100 kW, or Seasonal or Non-Seasonal Hydro projects and all other projects greater than 10 a MW who desire to make sales to the Company and to QFs who are not able to obtain pricing under the standard published rates. Such owners will be required to enter into written power purchase and interconnection agreements with the Company pursuant to the procedures set forth below. Additional or different requirements may apply to Idaho QFs seeking to make sales to third-parties, or out-of-system QFs seeking to wheel power to Idaho for sale to the Company.

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

I. Process For Negotiating Power Purchase Agreements

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:

Rocky Mountain Power
Manager - QF Contracts
825 NE Multnomah St, Suite 600
Portland, Oregon 97232
QFrequests@pacificorp.com

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.

B. Procedures

1. **Request for Pro Forma Contract.** The Company shall provide a QF Developer with a pro forma power purchase agreement within seven (7) days of its receipt of a request for the same. The pro forma document provided (i) does not constitute an offer to enter into an agreement, (ii) may include general proposed terms and conditions, and (iii) will not include pricing or project specific information. Anyone who desires to enter into a power purchase agreement with the Company must proceed in accordance with this Schedule to request indicative pricing under Section I.B.2, to request a proposed power purchase agreement under Section I.B.5, and to negotiate and execute a power purchase agreement that is executed by the Company and approved by the Commission.

2. **Request for Indicative Pricing.** To obtain indicative pricing with respect to a proposed project, a QF Developer must provide to the Company the following general project information:
   a) A general description of the QF project and the QF Developer, including email address and other contact information;
   b) generation technology and other related technology applicable to the site and for solar projects specify fixed ground mount or solar tracking;

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

I. B. **Procedures** (continued)

c) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
d) quantity and timing of monthly power deliveries (including project's ability to respond to dispatch orders from the Company) and an hourly generation profile (12X24 profile minimum, 8760 preferred) in Excel or other spreadsheet format with all formulae intact, and the expected generation degradation per year and whether the degradation rate is calculated against the first year or against the prior year, or a forecast of annual generation for each contract year over the life of the requested contract term;
e) proposed site location and electrical interconnection point;
f) proposed on-line date and outstanding permitting requirements;
g) demonstration of ability to obtain QF status (FERC Form 556);
h) fuel type(s) and source(s);
i) plans for fuel and transportation agreements (Motive force plans);
j) proposed length of contract term;
k) status of transmission interconnection arrangements including interconnection queue number; and
l) other information promptly and reasonably requested by the Company.

3. **Notice of Completeness and Queue Position.** Within seven (7) days of its receipt of a request for indicative pricing and supporting materials as specified above, the Company shall confirm its receipt of the same and notify the QF Developer whether the submission is substantially complete or if additional information is required. The Company shall not be obligated to provide indicative pricing until all information described in Paragraph I.B.2 has been received from the QF Developer. Indicative pricing will be determined in light of other QF projects in the QF pricing queue ahead of the project, and using inputs and procedures as approved by the Commission. A QF will be added to the QF pricing queue as of the date the Company has confirmed receipt of all project information required in Paragraph I.B.2 and will retain its priority position in the QF pricing queue for purposes of subsequent requests for indicative pricing unless and until removed from the QF pricing queue as provided herein. The Company will notify the QF Developer of the date its project was added to the QF pricing queue. Once a QF Project has been added to the QF pricing queue, in the event additional clarifying information is reasonably required by the Company in order to calculate indicative prices, the deadlines in Section I.B.4 shall be extended

ELECTRIC SERVICE SCHEDULE NO. 38 – Continued

on a day for day basis until the requested clarifying information has been provided.

I. B. Procedures (continued)

4. **Indicative Pricing.** Within thirty (30) days following the date a QF project was added to the QF pricing queue under Section I.B.3, the Company shall provide the QF Developer with indicative pricing, which may include other indicative terms and conditions, tailored to the individual characteristics of the proposed project.

   An indicative pricing proposal provided by the Company may be used by the QF Developer to make determinations regarding project planning, financing and feasibility. However, such prices are indicative only and may be subject to change by the Company as specified herein or by the Commission. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission. The Commission may approve, reject or conditionally approve a power purchase agreement and may at any time make changes to this Schedule, QF pricing methods and inputs, or terms and conditions applicable to QF pricing and power purchase agreements.

5. **Request for Draft Power Purchase Agreement.** If a QF Developer desires to precede forward with the project it must, within sixty (60) days of its receipt of indicative pricing, request that the Company prepare and submit for the Developer's review a proposed power purchase agreement. Absent timely submittal of such request, the project will be removed from the QF pricing queue and the indicative prices will no longer be valid. In connection with its request for a power purchase agreement, the Developer must provide the Company with the following additional project information:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

a) any available updates to the information specified in Paragraph I.B.2;
b) evidence of adequate control of proposed site;
c) identification of and timelines for obtaining any necessary governmental permits, approvals or authorizations;
d) assurance of fuel supply or motive force;
e) anticipated timelines for completion of key project milestones;
f) evidence that any necessary interconnection studies are underway and that the necessary interconnection arrangements can timely be completed in accordance with Part II sufficient for the project to reach energization by the proposed on-line date;
g) information describing the developer/owner of the proposed project, including name, address, and ownership organization chart; and
h) other information promptly and reasonably requested by the Company.

6. **Notice of Completeness and Draft PPA.** Within seven (7) days of its receipt of a request for a power purchase agreement and the information specified in Section I.B.5, the Company shall confirm its receipt of the same and notify the Developer whether any additional information is needed. The Company shall provide the Developer with a proposed power purchase agreement within thirty (30) days following the date of the Company's notice that the information required in Paragraph I.B.5 has been received and is substantially complete. The proposed power purchase agreement shall contain a comprehensive set of proposed terms and conditions, including specific pricing based on the indicative pricing provided, as adjusted if necessary in light of specifics of the project. The proposed power purchase agreement will also specify project specific data and exhibits that must be provided by the QF Developer prior to final approval or execution of the PPA. The proposal submitted by the Company shall serve as the basis for subsequent negotiations.

7. **Developer's Initial Comments and Edits.** Within thirty (30) days of receiving a proposed power purchase agreement, the QF Developer shall prepare and deliver to the Company an initial set of written comments and proposals, failing which the Project will be removed from the QF pricing queue and the proposed agreement and prices will no longer be valid.

8. **Company's Response and Responsibilities.** If the QF Developer's proposals are not acceptable, the Company shall commence negotiations on all outstanding areas of disagreement, and:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

a) shall respond to the developer's initial comments and proposals within thirty (30) days, and thereafter respond timely to subsequent comments and proposals;
b) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the QF Developer;
c) may request to visit the site of the proposed project if such a visit has not previously occurred;
d) may request additional information from the Developer if reasonably necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the Project; and
e) shall submit to PacifiCorp Transmission Services a request for network transmission service relating to the project within seven (7) days after execution of a power purchase agreement, or otherwise as early as practicable based on the applicable PacifiCorp Transmission Services tariff;
f) shall complete credit, legal, upper management and any other required internal reviews of proposed terms and conditions within twenty-one (21) days after agreement was reached on a proposed final version of a power purchase agreement; and
g) shall submit a fully executed power purchase agreement to the Commission for approval within seven (7) days of execution.

9. **Required Pricing Update.** The prices in the proposed power purchase agreement provided by the Company under Section I.B.6 shall be recalculated by the Company using the most recent available pricing inputs and methods approved by the Commission, but without a change in the QF project's pricing queue priority, if the QF Developer and the Company have not executed a power purchase agreement within six months after indicative pricing was provided by the Company under Section I.B.4, except to the extent delays are caused by Company actions or inactions, which may include delays in obtaining legal, credit or upper management approval by the Company.

10. **Removal from QF Pricing Queue.** In addition to the circumstances described in I.B.5 and I.B.7, at any time during the process outlined in I.B.3 through I.B.9, the Company shall remove a QF project from the QF pricing queue, and any associated indicative prices, proposed prices or proposed agreement previously provided will no longer be valid, if any of the following occurs with respect to a QF project:

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

I. B. Procedures (continued)

a) A material change in the point of interconnection;
b) A change in design capacity of 10% or more of the original specified design capacity;
c) A change in generation technology (i.e. solar, wind, thermal), including a change between fixed tilt and tracking solar projects. Changes in the quantity and timing of monthly power deliveries will not cause removal from the QF pricing queue so long as the basic generation technology and design capacity have not changed;
d) A change in the online date specified in the information provided under Section I.B.2.f of more than three months earlier or later; or
e) A PPA has not been executed by both parties within five (5) months after the draft PPA was provided by the Company to the Developer, except to the extent delays are caused by Company actions or inactions.

11. **Standard PPA Terms.** Absent Commission approval to the contrary for good cause shown, a power purchase agreement executed under this Schedule shall include the following terms and conditions, among others:
a) The scheduled commercial operation date must not be greater than thirty (30) months after the execution date of the power purchase agreement;
b) The QF Developer must sign a System Impact Study Agreement with PacifiCorp Transmission (refer to Section 42.2 or Section 51.4 of PacifiCorp's OATT) within 120 days of the date a Commission Order approving the agreement has become final and non-appealable; and
c) The QF Developer must provide 100% of the project development security within 30 days of the date a Commission Order approving the PPA has become final and non-appealable.

II. Process for Negotiating Interconnection Agreements

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 all necessary interconnection arrangements being consummated.

It is recommended that the owner initiate its request for interconnection as early in the planning process as possible, to ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's power delivery function, PacifiCorp Transmission Services.

ELECTRIC SERVICE SCHEDULE NO. 38 - 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 Transmission Services
Interconnection Requests
825 NE Multnomah St, Suite 1600
Portland, Oregon 97232
QFrequests@pacificorp.com

B. Procedures

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) completion of studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, (3) execution of an interconnection agreement.

The QF project owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis.

For interconnections greater than twenty (20) megawatts, the Company will process the interconnection application through PacifiCorp Transmission Services generally following the procedures for studying the generation interconnection described in the Company's Open Access Transmission Tariff, PacifiCorp FERC Electric Tariff, Fifth Revised Volume No. 11 Pro Forma Open Access Transmission Tariff (OATT), as the same may be changed or updated, on file with the Federal Energy Regulatory Commission (FERC). A copy of the OATT is available on-line at http//www.oasis.pacificorp.com.

The Company's interconnection forms and agreements, are provided electronically at the following address: http://www.pacificorp.com/tran/ts/gip/qf.html

ELECTRIC SERVICE SCHEDULE NO. 38 - Continued

III. Process for Filing a Complaint with the Commission on Contract Terms

The Commission has both informal and formal dispute resolution processes which can be reviewed on the Commission website at the following address: http://www.puc.idaho.gov/forms/consumerassistance

These processes are available for any matter as to which the Commission has jurisdiction, which may include (i) QF PPA contracts, (ii) small QF interconnection agreements (less than 20 MW), and (iii) large QF interconnection agreements (more than 20 MW), so long as all of the QF output is sold exclusively to the Company. To the extent any portion of the QF output is sold to anyone other than the Company, a QF generation interconnection may be subject to FERC jurisdiction. Nothing in this Schedule will affect the jurisdiction of the Commission or FERC, and all parties will retain any and all rights they may have under any applicable state or federal statutes or regulations.