

August 30, 2018

VIA ELECTRONIC FILING

Mark L. Johnson
 Executive Director and Secretary
 Washington Utilities and Transportation Commission
 1300 S. Evergreen Park Drive S.W.
 P.O. Box 47250
 Olympia, WA 98504-7250

RE: Docket U-161024—Pacific Power & Light Company Avoided Cost Procedures

In response to a request from staff, Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, is providing information regarding qualifying facilities (QFs) that the company believes achieved financing with less than 15-year contracts since 2008.

Under Public Utility Regulatory Policy Act of 1978 (PURPA) QF procedures, it is not a contracting requirement for the QF to demonstrate if, or how, it secured financing for their project's construction. Pacific Power is aware, however, of smaller QFs in Oregon and Utah that have bundled multiple projects and the associated PPAs to secure better financial terms with a single lender. Although the company does not verify how financing is secured, the company provides these examples of new QF projects that were constructed and did not seek the maximum term allowed in its jurisdiction for its initial QF contracts. There may also be other business drivers for a shorter-term contracts such as tax credits or other market incentives, corporate policy regarding long-term contracts, and environmental compliance.

State	Name	Type	Size	Year Built	Terms
WY	Chevron Wind	Wind	17 MW	2009	5-year PPA (1/1/2010—12/31/2014)
CA	Roseburg Forest Products	Biomass	10 MW	2010-2011	7-year PPA (6/30/2011—12/31/2018)
OR	Stahlbush Island Farms	Methane	1.6 MW	2008-2009	2-year PPA (11/15/2009—5/15/2011)
OR	Surprise Valley Electrification Corp	Geothermal	3.7 MW	2014-2016	6-year PPA (9/1/2016—8/31/2021)
UT	eBay, inc.	Solar	0.5 MW	2011-2012	12.5-year term (9/24/2012—3/31/2023)

As an example, the Chevron Wind power purchase agreement demonstrated that wind QFs can successfully be built with shorter contract terms, even if the renewable energy credits (RECs) go to the utility. It demonstrated that QF counterparties are willing to enter into contracts that have similar terms and conditions as those found in the company's form power purchase agreement used in renewable request for proposals. The credit terms and conditions were not modified

Washington Utilities and Transportation Commission
August 30, 2018
Page 2

significantly by Chevron, which also demonstrated that QF wind projects can be built even if required to adhere to the company's credit conditions.

Two other QFs, Roseburg Forest Products and Surprise Valley Electrification Corp., also contracted with the company under its pro forma contract for standard offer QFs at shorter term lengths and transferred the RECs to the company for the term of the contract.

Please direct inquiries to Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

Sincerely,

 /s/
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