



June 1, 2004

Ms. Carole J. Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S Evergreen Park Drive SW  
PO Box 47250  
Olympia, WA 98504-7250

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WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Re: Docket No. UE-031311  
Filing of Final RFP Pursuant to Chapter 480-107 WAC**

Dear Ms. Washburn:

In accordance with Commission Order No. 2 in this docket, enclosed for issuance is PacifiCorp's Commission-approved request for proposals ("RFP"). Table 1 below describes the various components of the RFP.

**Table 1**

Information	WAC Reference	Location in Amendment
Introduction to RFP		Attachment A
Long-run Prototype Contract A (for QFs greater than 1 MW)	480-107-010(3)(a)	Attachment B
Long-run Prototype Contract B (for QFs Smaller than 1 MW)	480-107-010(3)(b)	Attachment C
Long-run Prototype Contract C (for DSM Suppliers)	480-107-010(3)(c)	Attachment D
Discussion of Resource Block	480-107-040	Attachment E
Avoided Cost Schedules	480-107-050	Attachment F
Explanation of Evaluation and Ranking Procedures	480-107-060(2)(d)	Attachment G
Specification of Minimum Criteria for Bidders	480-107-060(2)(d)	Attachment H
Security Requirements	480-107-090(1)	Attachment I



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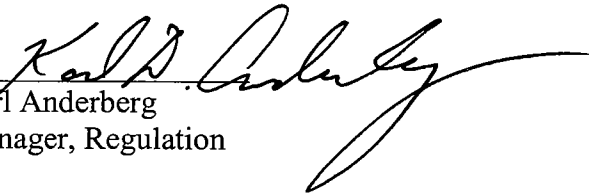
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PacifiCorp  
WA UE-031311  
June 1, 2004  
Page 2

Please direct any questions regarding this RFP filing to either the undersigned at (503) 813-6092 or Mark Widmer at (503) 813-5541.

Very truly yours,

**PacifiCorp**

By   
Karl Anderberg  
Manager, Regulation

Attachments

**ATTACHMENT A**

**Introduction to Request for Proposals**

## **REQUEST FOR PROPOSALS**

### **PacifiCorp dba Pacific Power & Light Company**

#### **Evaluation of Supply-Side and Demand-Side Resources**

PacifiCorp has identified a resource block of zero megawatts for this Request for Proposals ('RFP'). The express goal of this RFP is to meet PacifiCorp's obligations under Chapter 480-107 WAC. This process is intended to support the Commission's ongoing assessment of the cost and availability of resources to PacifiCorp. PacifiCorp will evaluate all resources offered under this bidding rule.

A more complete discussion of the resource block is provided as Attachment E. PacifiCorp's avoided cost information, as required by WAC 480-107-050, is included as Attachment F. Information relating to evaluation and ranking procedures, and minimum criteria for bidders, is provided as Attachments G and H. The required prototype contracts are included as Attachments B, C, and D, respectively.

**ATTACHMENT A**

**Introduction to Request for Proposals**

# **REQUEST FOR PROPOSALS**

**PacifiCorp dba Pacific Power & Light Company**

## **Evaluation of Supply-Side and Demand-Side Resources**

### **Introduction**

Consistent with PacifiCorp's January 2003 Integrated Resource Plan, PacifiCorp has identified a resource block of zero megawatts for this Request for Proposals ("RFP"). Although PacifiCorp is currently seeking to acquire certain types of resources through specifically-tailored solicitations, it does not propose to issue a Commission-approved RFP in Washington as a means of securing additional resources. Because PacifiCorp has an obligation to file avoided cost information in Washington irrespective of the filing of an RFP, the express purpose of this RFP is to meet PacifiCorp's obligations under Chapter 480-107 WAC.

A more complete discussion of the resource block is provided as Attachment E. PacifiCorp's avoided cost information, as required by WAC 480-107-050, is included as Attachment F. Information relating to evaluation and ranking procedures, and minimum criteria for bidders, is provided as Attachments G and H. The required prototype contracts are included as Attachments B, C, and D, respectively.

**ATTACHMENT B**

**Long-run Prototype Contract A (for QFs Greater than 1 MW)**

**WAC 480-107-010(3)(a)**

FORM OF  
POWER PURCHASE AGREEMENT  
BETWEEN

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AND  
PACIFICORP

[QUALIFYING FACILITIES IN EXCESS OF 1000 KILOWATT NET OUTPUT]

THIS AGREEMENT, entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_, is between \_\_\_\_\_, "Seller" and PacifiCorp ("Parties").

RECITALS

Seller intends to construct, own, operate and maintain a \_\_\_\_\_ facility for the generation of electric power located in [township/range], \_\_\_\_\_ County, \_\_\_\_\_ with a Nameplate Capacity Rating of \_\_\_\_\_-kilowatt (kW) ("Facility"); and

Seller intends to operate the Facility as a "qualifying facility," as such term is defined in Section 3.2.6 below.

Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is \_\_\_\_\_ kilowatt-hours (kWh) pursuant to the monthly delivery schedules in Exhibit D hereto, which amount of energy PacifiCorp will include in its resource planning; and

Seller shall sell and PacifiCorp shall purchase the Net Output from the Facility in accordance with the terms and conditions of this 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, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.



1.2 "Billing Period" means the time period between PacifiCorp's reading of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such periods typically range between twenty-seven (27) and thirty-four (34) days and may not coincide with calendar months.

1.3 "Commercial Operation Date" means the date that the Facility is deemed by PacifiCorp in its reasonable judgment to be fully operational and reliable which shall require, among other things, that all of the following events have occurred:

1.3.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating 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;

1.3.2 Start-Up Testing of the Facility has been completed in accordance with Section 1.23;

1.3.3 After PacifiCorp has received notice of completion of Start-Up Testing, and PacifiCorp has endorsed a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, using the fuel type and composition specified in this Agreement, the Facility has operated for testing purposes under this Agreement uninterrupted for a period of \_\_\_\_\_ ( ) consecutive days at a rate of at least \_\_\_\_\_ kW based upon any sixty (60) minute period for the entire testing period. The Facility must provide five (5) working days' written notice to PacifiCorp prior to the start of the initial testing period. If the operation of the Facility is interrupted during this initial testing period or any subsequent testing period, the Facility shall start a new consecutive \_\_\_\_\_ ( ) day testing period and provide PacifiCorp forty-eight (48) hour written notice prior to the start of such testing period;

1.3.4 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, in accordance with the Generation Interconnection Agreement, 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;

1.3.5 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that Seller has obtained all Required Facility Documents and if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents;

1.3.6 PacifiCorp has issued a written certificate to Seller stating that PacifiCorp has received, if requested by PacifiCorp in writing by \_\_\_\_\_, 200\_\_\_\_, any or all Facility statements, drawings, plans, specifications, policies, and other documents required by this Agreement;

1.3.7 PacifiCorp has received a certificate addressed to PacifiCorp from Seller's primary construction contractor stating that the Facility has been turned over to Seller for permanent operation and maintenance and that the primary construction contractor owes no further construction-related obligations to Seller; and

1.3.8 PacifiCorp has provided to Seller its determination that Seller satisfies the Credit Requirements; provided, such determination by PacifiCorp shall not be unreasonably withheld or unreasonably delayed.

1.4 "Commission" means the Public Service Commission of Utah.

1.5 "Contract Price" means the applicable price for capacity or energy, or both capacity and energy, stated in Section 5.1.

1.6 "Contract Year" means a twelve (12) month period commencing at 00:00 hours on January 1 and ending on 24:00 hours on December 31.

1.7 "Credit Requirements" means Seller meets one or both of the following requirements: (i) Seller maintains a senior unsecured debt rating from Standard & Poor's of BBB or better, or (ii) Seller posts security pursuant to Section 8.2.

1.8 "Delay Liquidated Damages" shall be those damages payable to PacifiCorp due to Seller's failure to meet the Scheduled Commercial Operation Date, as specified in Section 2.3.

1.9 "Facility" means Seller's

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\_\_\_\_\_ facility as described in Exhibit A of this Agreement.

1.10 "Generation Interconnection Agreement" means the generation interconnection agreement to be entered into separately between Seller and PacifiCorp's transmission or distribution department, as applicable, providing for the construction and operation of the interconnection facilities at the Point of Delivery.

1.11 "Licensed Professional Engineer" means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of \_\_\_\_\_, who has training and experience in the engineering discipline(s) relevant to the matters with respect to which such person is called to provide a certification, evaluation and/or opinion, 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. The engagement and payment of a Licensed Professional Engineer solely to provide the certifications, evaluations and opinions required by this Agreement shall not constitute a prohibited economic relationship, association or

nexus with the Seller, so long as such engineer has no other economic relationship, association or nexus with the Seller.

1.12 "Material Adverse Change" shall mean, with respect to the Seller, if the Seller, in the reasonable opinion of PacifiCorp, has experienced a material adverse change in ability to fulfill its obligations under this Agreement, including, but not limited to, any such change that results in its inability to satisfy the Credit Requirements.

1.13 "Nameplate Capacity Rating" means the maximum capacity of the Facility, expressed in kW, when operated consistent with the manufacturer's recommended power factor and operating parameters, as set forth in Exhibit A.

1.14 "Net Dependable Capacity" means the maximum capacity the Facility can sustain over a specified period modified for seasonal limitations and reduced by the capacity required for station service or auxiliaries. For purposes of this Agreement, Net Dependable Capacity shall be \_\_\_\_\_ kW.

1.15 "Net Output" means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any.

1.16 "Point of Delivery" means the high side of the generation 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 and in Exhibit B.

1.17 "Prime Rate" means the publicly announced prime rate or reference 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 or reference 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, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.18 "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.

1.19 "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 energy or capacity required but not delivered by Seller, plus (i) costs reasonably incurred by PacifiCorp in purchasing such replacement and (ii) additional

transmission charges, if any, reasonably incurred by PacifiCorp to the Point of Delivery, or absent a purchase, the market price at the Point of Delivery for such energy or capacity not delivered, as determined by PacifiCorp in a commercially reasonable manner.

1.20 "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for construction, operation, and maintenance of the Facility including without limitation those set forth in Exhibit C.

1.21 "Scheduled Commercial Operation Date" means \_\_\_\_\_, 200\_\_.

1.22 "Scheduled Maintenance Periods" means those times, as reflected in Exhibit D, during which the Facility is shut down for routine maintenance with the advance notice to PacifiCorp as provided in Section 6.2.

1.23 "Start-Up Testing" means the completion of required factory and start-up tests as set forth in Exhibit E hereto.

## SECTION 2: TERM; COMMERCIAL OPERATION DATE

2.1 This Agreement shall become effective after execution by both Parties and after approval by the Commission ("Effective Date"); provided, however, this Agreement shall not become effective until the Commission has determined that the prices to be paid for energy and capacity are just and reasonable, in the public interest, and that the costs incurred by PacifiCorp for purchases of capacity and energy from Seller are legitimate expenses, all of which the Commission will allow PacifiCorp to recover in rates in Utah in the event other jurisdictions deny recovery of their proportionate share of said expenses.

2.2 Time is of the essence of this Agreement, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver energy and capacity by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By \_\_\_\_\_, Seller shall provide Project Development Security as described in Section 8.1;

2.2.2 By \_\_\_\_\_, Seller shall demonstrate to PacifiCorp's reasonable satisfaction that Seller has confirmed the availability of and the means for obtaining fuel or other sources of motive energy sufficient to allow the Facility to generate the average annual Net Metered Output of \_\_\_\_\_ kWh in each Contract Year for the full term of this Agreement;

2.2.3 By \_\_\_\_\_, Seller shall obtain and provide to PacifiCorp copies of all governmental permits and authorizations necessary for construction of the Facility;

2.2.4 By \_\_\_\_\_, Seller shall provide to PacifiCorp written evidence acceptable to PacifiCorp that Seller has obtained construction financing for the Facility (or alternatively permanent financing subject only to construction of the Facility and Seller's execution of the lender's loan documents);

2.2.5 By \_\_\_\_\_, Seller, in accordance with Section 4.3, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

2.2.6 By \_\_\_\_\_, Seller shall provide Default Security required under Section 8.2 of this Agreement;

2.2.7 By \_\_\_\_\_, Seller shall begin deliveries of Net Output for purposes of initiating Start-Up Testing; and

2.2.8 By \_\_\_\_\_, Seller shall have completed all requirements under Section 1.3 and established the Commercial Operation Date.

2.3 Seller shall cause the Facility to achieve the Commercial Operation Date on or before the Scheduled Commercial Operation Date. If the Commercial Operation Date occurs \_\_\_\_\_ or more days after the Scheduled Commercial Operation Date, Seller shall be liable to pay PacifiCorp delay damages equal to \$ \_\_\_\_\_ per day or portion of day the Commercial Operation Date occurs after such date following the Scheduled Commercial Operation Date, up to a total of \_\_\_\_\_ days [**TO BE CONSISTENT WITH 11.1.5**] ("Delay Liquidated Damages"). The parties agree that the damages PacifiCorp would incur due to delay in achieving the Commercial Operation Date on or before the Scheduled Commercial Operation Date would be difficult or impossible to predict with certainty, and that the Delay Liquidated Damages are an appropriate approximation of such damages.

2.4 Except as otherwise provided herein, this Agreement shall terminate on \_\_\_\_\_.

### 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 Subject to Commission approval, 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 Subject to Commission approval, 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/other] duly organized and validly existing under the laws of \_\_\_\_\_.

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's [shareholders/other owners, as appropriate, directors and officers/other management, as appropriate] have 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 "qualifying facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in

effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission ("FERC") self-certification to PacifiCorp 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 a written legal opinion from an attorney in good standing in the state of \_\_\_\_\_ (jurisdiction in which the Facility is located) and 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.

#### SECTION 4 : DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date and continuing through the term of this Agreement, Seller shall sell and make available to PacifiCorp the entire Net Output from the Facility at the Delivery Point.

**4.2 [Discuss any applicable minimum/maximum requirements and other project-specific terms/characteristics].**

4.3 Upon completion of 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. Seller shall not increase the Nameplate Capacity Rating above that specified in Exhibit A or increase the ability of the Facility to deliver Net Output in quantities in excess of the Net Dependable Capacity through any means including, but not limited to, replacement of, modification of, or addition of existing equipment, except with the written consent of PacifiCorp. To the extent not otherwise provided in the Generation Interconnection Agreement, all costs associated with the modifications to PacifiCorp's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PacifiCorp's system, or any increase in generating capability of the Facility, or any increase of delivery of Net Dependable Capacity from the Facility, shall be borne by Seller.

#### SECTION 5: PURCHASE PRICES

5.1 PacifiCorp shall pay Seller the prices stated below for all deliveries of Net Output up to Net Dependable Capacity and the monthly delivery quantities set forth in Exhibit D. **[insert price terms to be developed based on individual project characteristics which may include firm/non-firm, energy/capacity and peak/off-peak, minimum/maximum components]**

5.1.1 **[Applicable if Firm pricing applies]** If Seller fails to deliver or make available any energy or capacity required under this Agreement, Seller shall pay PacifiCorp damages equal to the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price for such energy and capacity, which

amount shall be due within five (5) business days from the date of any invoice by PacifiCorp for the same.

5.1.2 **[RESERVED FOR PRICING TERMS]**

5.2 PacifiCorp shall not be required to purchase any kW or kWh of Net Output above the Net Dependable Capacity or above the monthly delivery quantities set forth in Exhibit D, but may in its sole discretion, elect to pay for such additional Net Output on a non-firm basis.

SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation 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 PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's non-compliance with the Generation Interconnection Agreement.

6.2 Seller may cease operation of the entire Facility or individual units, if applicable, for Scheduled Maintenance Periods not to exceed thirty (30) days each Contract Year at such times as are provided in the monthly operating schedule set forth as Exhibit D.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller immediately shall notify PacifiCorp of the necessity of such unscheduled maintenance, the time when such shutdown has occurred or will occur and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, and to perform unscheduled maintenance during non-peak hours.

6.4 **[generation dispatch/scheduling provisions to be developed on project-specific basis]**

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 F-1, together with a certification from a Licensed Professional Engineer attached hereto as Exhibit F-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.

#### SECTION 8: SECURITY

8.1 No later than sixty (60) days after the Effective Date, Seller shall deposit in an escrow account established by PacifiCorp in a banking institution acceptable to both Parties the sum of \$\_\_\_\_\_ (“Project Development Security”). Such sum shall earn interest at the rate applicable to money market deposits at such banking institution from time to time. In the event that the Commercial Operation Date occurs on or before \_\_\_\_\_, 200\_\_, but after the Scheduled Commercial Operation Date, PacifiCorp shall be entitled to withdraw from the escrow account an amount equal to the Delay Liquidated Damages until such time as the amount in escrow shall be exhausted. If the Commercial Operation Date occurs after \_\_\_\_\_, 200\_\_, but before all funds in the escrow account have been exhausted, and if Seller at such time does not owe other damages to PacifiCorp, then the escrow account shall be closed and all funds remaining in the escrow account at such time shall be paid to Seller.

8.2 From time to time, Seller shall provide PacifiCorp with security against defaults by Seller under this Agreement in such form and amount as may be reasonably required by PacifiCorp (“Default Security”), and pursuant to such additional agreements or instruments as may be reasonably required by PacifiCorp, including, but not limited to letters of credit, escrow accounts, step-in rights, security interests in real property, equipment, fixtures, contracts, permits, easements, rights-of-way, pre-purchased fuel supplies, fuel supply contracts, thermal energy sales contracts, and fuel supply transportation contracts associated with the Facility. PacifiCorp may at any time, or pursuant to a request by Seller, recalculate the amount of Default Security required pursuant to this paragraph, in which case the PacifiCorp shall increase or decrease the existing amount of Default Security, as appropriate, to conform the new requirements. At no time shall the amount of Default Security to which PacifiCorp is entitled pursuant to this paragraph be less than PacifiCorp’s Net Replacement Power Costs, as calculated pursuant to Section 11.4.

8.3 If requested by PacifiCorp, Seller shall within thirty (30) days provide PacifiCorp with copies of its most recent annual and quarterly financial statements prepared in accordance with generally accepted accounting principles.

#### SECTION 9: METERING

9.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement.

9.2 Metering shall be performed at the location and in the manner specified in Exhibit C and the Generation Interconnection 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 Delivery, so that the purchased amount reflects the net amount of power flowing into PacifiCorp's system at the Point of Delivery.

9.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement. If any of the inspections or tests disclose an 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. Such correction, when made, shall constitute full adjustment of any claim between Seller and PacifiCorp arising out of such inaccuracy of metering equipment.

9.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all PacifiCorp's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

#### SECTION 10: BILLINGS, COMPUTATIONS AND PAYMENTS

10.1 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 Generation Interconnection Agreement, any other agreement between the parties or otherwise.

10.2 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 11: DEFAULT AND REMEDIES

11.1 The following events shall constitute defaults under this Agreement:

11.1.1 Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure to make a payment when due, failure by Seller to provide adequate security pursuant to Section 8 or failure by Seller to meet any deadline set forth in Section 2.2) or breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice;

11.1.2 Filing of a petition in bankruptcy by or against a Party if such petition is not withdrawn or dismissed within sixty (60) days after it is filed;

11.1.3 Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Generation Interconnection Agreement) within the time allowed for a cure under such agreement or instrument; or

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 or the maintenance or renewal of Default Security pursuant to Section 8.2, within fifteen (15) days from the date of such request.

Seller's failure to cause the Facility to achieve a Commercial Operation Date on or before the date that occurs \_\_\_\_\_ days after the Scheduled Commercial Operation Date.

11.2 In the event of any default hereunder, 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. The rights provided in this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

11.3 If this Agreement is terminated because of Seller's default, Seller may not require PacifiCorp to purchase energy or capacity from the Facility prior to the date set forth in Section 2.4, and Seller hereby waives its rights to require PacifiCorp to do so. This Section 11.3 shall survive the termination of this Agreement.

11.4 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 Replacement Price for any energy and capacity that Seller was otherwise obligated to provide during the remaining term of this Agreement ("Net Replacement Power Costs"). Amounts owed by Seller pursuant to this paragraph shall be due within five (5) business days after any invoice from PacifiCorp for the same.

11.5 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any Default Security provided pursuant to Section 8.2 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

## SECTION 12: INDEMNIFICATION, LIABILITY AND INSURANCE

### 12.1 Indemnities.

12.1.1 Seller agrees to release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any

and all loss, 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 hereunder to and at the Point of Delivery, and facilities on Seller's side of the Point of Delivery, or Seller's operation and/or maintenance of the Facility, or 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 PacifiCorp agrees to release, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, 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 hereunder 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 or representatives, including without limitation within such exception losses, claims, actions and suits related to, arising under or resulting from the Generation Interconnection Agreement.

12.2 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 PacifiCorp shall not be liable to Seller for special, punitive, indirect or consequential damages, whether arising from contract, tort (including negligence), strict liability or otherwise.

12.4 Seller shall comply with all applicable Workers' Compensation Laws and shall furnish proof thereof satisfactory to PacifiCorp prior to connection of the Facility to PacifiCorp's electric system.

12.5 Without limiting any liabilities or any other obligations of Seller, Seller shall, prior to connection of the Facility to PacifiCorp's electric system, secure and continuously carry with insurers acceptable to PacifiCorp the following insurance coverage:

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.

Employers' Liability insurance with a minimum limit of \$1,000,000.

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.

Business Automobile Liability insurance with a minimum single limit of \$1,000,000 for bodily injury and property damage with respect to vehicles whether owned, hired or non-owned, assigned to or used in connection with this Agreement.

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.

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. A certificate in a form satisfactory to PacifiCorp certifying to the issuance of such insurance, shall be furnished to PacifiCorp. 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.

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 13: FORCE MAJEURE

13.1 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 is in each case (i) beyond the reasonable control of such party, (ii) by the exercise of reasonable foresight such party could not reasonably have been expected to avoid and (iii) by the exercise of due diligence, such party shall be unable to prevent or overcome. Force Majeure, however, specifically excludes the cost or availability of fuel or motive force 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, both Parties shall be excused from whatever performance is affected by the event of Force Majeure, provided that:

13.1.1 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

13.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure; and

13.1.3 the non-performing party uses its best efforts to remedy its inability to perform.

13.2 No obligations of either party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.3 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.

13.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to a Force Majeure event, within six months after the occurrence of the event.

### SECTION 14: 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 15: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of Utah, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

#### SECTION 16: 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 17: 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 18: GOVERNMENTAL JURISDICTION AND AUTHORIZATIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or this Agreement. PacifiCorp's compliance with the terms of this Agreement is conditioned on Seller's submission to PacifiCorp prior to the Commercial Operation Date and maintaining thereafter copies of 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.

#### SECTION 19: 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. 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 20: ENTIRE AGREEMENT

20.1 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.

20.2 By executing this Agreement, each party releases the other from any claims, known or unknown, that may have arisen prior to the Effective Date with respect to the Facility and any predecessor facility proposed to have been constructed on the site of the Facility.

SECTION 21: NOTICES

21.1 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

To Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To PacifiCorp:

Manager  
QF Contracts  
PacifiCorp - Suite 625 LCT  
825 N.E. Multnomah  
Portland, Oregon 97232

21.2 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.



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

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by  
\_\_\_\_\_[Name]\_\_\_\_\_.

My commission expires:

\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
(Name Seller)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by  
\_\_\_\_\_[Name]\_\_\_\_\_.

My commission expires:

\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

EXHIBIT A  
DESCRIPTION OF SELLER'S FACILITY

Seller's Facility consists of a \_\_\_\_\_ [gas-fired, waste coal, etc] generator manufactured by \_\_\_\_\_. More specifically, the Facility \_\_\_\_\_ [provide description of Facility, including motive force, bottoming or topping cycle, other use of heat if cogenerator].

Nameplate Capacity Rating: \_\_\_\_\_ kW, under the following conditions: [describe manufacturer's stated operating conditions]

Identify the maximum output of the generator(s) and describe any differences between that output and the Nameplate Capacity Rating:

Station service requirements are described as follows: \_\_\_\_\_

---

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]

Power factor requirements:

**EXHIBIT B**

**POINT OF DELIVERY / PARTIES' INTERCONNECTION FACILITIES**

[include description of point of metering]

EXHIBIT C  
REQUIRED FACILITY DOCUMENTS

EXHIBIT D  
MONTHLY DELIVERY SCHEDULES

## 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:

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 test 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:

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;

- tests; 11. Excitation and voltage regulation operation
- tests; 12. Open circuit and short circuit; saturation
- 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-1

FUEL PLAN



EXHIBIT F-2  
ENGINEER'S CERTIFICATION  
OF  
FUEL PLAN

**ATTACHMENT C**

**Long-run Prototype Contract B (for QFs Smaller than 1 MW)**

**WAC 480-107-010(3)(b)**

POWER PURCHASE AGREEMENT

BETWEEN

\_\_\_\_\_

AND

PACIFICORP

THIS AGREEMENT, entered into this \_\_\_\_ day of \_\_\_\_\_, 2003, is between \_\_\_\_\_, "Seller" and PacifiCorp ("Parties").

RECITALS

Seller intends to construct, own, operate and maintain a \_\_\_\_\_ facility for the generation of electric power located in, \_\_\_\_\_ County, \_\_\_\_\_ with a Nameplate Capacity Rating of \_\_\_\_-kilowatt (kW) ("Facility"); and

Seller intends to operate the Facility as a "qualifying facility," as such term is defined in Section 3.2.6 below.

Seller estimates that the average annual Net Output to be delivered by the Facility to PacifiCorp is \_\_\_\_\_ kilowatt-hours (kWh) pursuant to the monthly delivery schedules in Exhibit D hereto, which amount of energy PacifiCorp will include in its resource planning; and

Seller shall sell and PacifiCorp shall purchase the Net Output from the Facility in accordance with the terms and conditions of this 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, provided by Seller following completion of construction of the Facility, describing the Facility as actually built.

1.2 "Billing Period" means the time period between PacifiCorp's reading of its power purchase billing meter at the Facility in the normal course of PacifiCorp's business. Such

periods typically range between twenty-seven (27) and thirty-four (34) days and may not coincide with calendar months.

1.3 "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:

1.3.1 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer acceptable to PacifiCorp in its reasonable judgment stating 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;

1.3.2 Start-Up Testing of the Facility has been completed in accordance with Section 1.22;

1.3.3 After PacifiCorp has received notice of completion of Start-Up Testing, PacifiCorp has endorsed a certificate addressed to PacifiCorp from a Licensed Professional Engineer stating that, using the **[specify operations test for Facility type]** [fuel type and composition specified in this Agreement], the Facility has operated for testing purposes under this Agreement uninterrupted for a period of \_\_\_\_\_ ( ) consecutive days at a rate of at least \_\_\_\_\_ kW based upon any sixty (60) minute period for the entire testing period. The Facility must provide five (5) working days' written notice to PacifiCorp prior to the start of the initial testing period. If the operation of the Facility is interrupted during this initial testing period or any subsequent testing period, the Facility shall start a new consecutive \_\_\_\_\_ ( ) day testing period and provide PacifiCorp forty-eight (48) hour written notice prior to the start of such testing period;

1.3.4 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer acceptable to PacifiCorp in its reasonable judgment stating that, in accordance with the Generation Interconnection Agreement, 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;

1.3.5 PacifiCorp has received a certificate addressed to PacifiCorp from a Licensed Professional Engineer acceptable to PacifiCorp in its reasonable judgment stating that Seller has obtained all Required Facility Documents and if requested by PacifiCorp, in writing, has provided copies of any or all such requested Required Facility Documents;

1.3.6 PacifiCorp has issued a written certificate to Seller stating that PacifiCorp has received, if requested by PacifiCorp in writing by \_\_\_\_\_, any or all Facility statements, drawings, plans, specifications, policies, and other documents required by this Agreement;

1.3.7 PacifiCorp has received a certificate addressed to PacifiCorp from Seller's primary construction contractor stating that the Facility has been turned over to Seller for permanent operation and maintenance and that the primary construction contractor owes no further construction-related obligations to Seller; and

1.3.8 PacifiCorp has provided to Seller its determination that Seller satisfies the Credit Requirements; provided, such determination by PacifiCorp shall not be unreasonably withheld or unreasonably delayed.

1.4 "Contract Price" means the applicable price for capacity or energy, or both capacity and energy, stated in Section 5.1 and 5.2.

1.5 "Contract Year" means a twelve (12) month period commencing at 00:00 hours on January 1 and ending on 24:00 hours on December 31.

1.6 "Credit Requirements" means Seller meets the requirements of any one or more of clause (i), clause (ii) or clause (iii) below: (i) Seller has provided evidence to PacifiCorp's reasonable satisfaction that (a) Seller has operated the Facility for a period of not less than five (5) years and has during such time period not defaulted in any material manner under any of its obligations under the supply contract between Seller and PacifiCorp or other load-serving utility, as purchaser, associated with such operation, (b) Seller has not during such period defaulted in any of its payment obligations for electricity purchased from PacifiCorp or other utility providing station service to the Facility and c) Seller is not in default under any of its other agreements and is current on all of its financial obligations; (ii) Seller provides evidence to PacifiCorp's reasonable satisfaction that Seller maintains: a) tangible net worth equal to not less than five (5) times Seller's projected average monthly gross sales revenues from the Facility to PacifiCorp under this Agreement, b) no change in the condition of its earnings, net worth, or working capital over the last 24 months which would reasonably be anticipated to impair the Seller's ability to meet its obligations under this Agreement, and c) Seller is not in default under any of its other agreements and is current on all of its financial obligations, or (iii) Seller posts security under Section 8.1.

1.7 "Facility" means Seller's \_\_\_\_\_, with a total generating capacity of \_\_\_\_\_ kW as further described in Exhibit A of this Agreement.

1.8 "Generation Interconnection Agreement" means the generation interconnection agreement to be entered into separately between Seller and PacifiCorp's transmission or distribution department, as applicable, providing for the construction, operation, and maintenance of PacifiCorp's interconnection facilities required to accommodate deliveries of Seller's Net Output.

1.9 "Licensed Professional Engineer" means a person acceptable to PacifiCorp in its reasonable judgment who is licensed to practice engineering in the state of \_\_\_\_\_, 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.

1.10 "Material Adverse Change" shall mean, with respect to the Seller, if the Seller, in the reasonable opinion of PacifiCorp, has experienced a material adverse change in its ability to fulfill its obligations under this Agreement, including, but not limited to, any such change that results in its inability to satisfy the Credit Requirements.

1.11 "Nameplate Capacity Rating" means the maximum capacity of the Facility, expressed in kW, when operated consistent with the manufacturer's recommended power factor and operating parameters, as set forth in Exhibit A.

1.12 "Net Dependable Capacity" means the maximum capacity the Facility can sustain over a specified period modified for seasonal limitations and reduced by the capacity required for station service or auxiliaries. For purposes of this Agreement, Net Dependable Capacity shall be \_\_\_\_\_ kW.

1.13 "Net Output" means all energy and capacity produced by the Facility, less station use and less transformation and transmission losses and other adjustments, if any.

1.14 "Off-Peak Hours" means all hours of the week minus the number of On-Peak Hours.

1.15 "On-Peak Hours" means the hours between 6 a.m. and 10 p.m., Mondays through Fridays, excluding all hours occurring on holidays as recognized in PacifiCorp's retail electric tariffs approved by the \_\_\_\_\_ Public Utilities Commission.

1.16 "Point of Delivery" means the high side of the generation step-up transformer(s) located at the point of interconnection between the Facility and PacifiCorp's distribution system, as specified in the Generation Interconnection Agreement.

1.17 "Prime Rate" means the publicly announced prime rate or reference 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 or reference 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, N.Y., selected by the Party to whom interest based on the prime rate is being paid.

1.18 "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.

1.19 "Required Facility Documents" means all licenses, permits, authorizations, and agreements necessary for construction, operation, and maintenance of the Facility including without limitation those set forth in Exhibit B.

1.20 "Scheduled Commercial Operation Date" means \_\_\_\_\_, 2003.

1.21 "Scheduled Maintenance Periods" means those times, as reflected in Exhibit C, during which the Facility is shut down for routine maintenance as provided in Section 6.2.

1.22 "Start-Up Testing" means the completion of required factory and start-up tests as set forth in Exhibit D hereto.

## 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 of this Agreement, and Seller's ability to meet certain requirements prior to the Commercial Operation Date and to deliver energy and capacity by the Scheduled Commercial Operation Date is critically important. Therefore,

2.2.1 By \_\_\_\_\_, Seller, in accordance with Section 4.4, shall provide PacifiCorp with an As-built Supplement acceptable to PacifiCorp;

2.2.2 By \_\_\_\_\_, Seller shall provide Default Security required under Section 8 of this Agreement;

2.2.3 By \_\_\_\_\_, Seller shall begin initial deliveries of Net Output; and

2.2.4 By \_\_\_\_\_, Seller shall have completed all requirements under Section 1.3 and shall have established the Commercial Operation Date.

2.3 Except as otherwise provided herein, this Agreement shall terminate \_\_\_\_\_ years from the Effective 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 \_\_\_\_\_.

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, partnership, or limited liability company]** duly organized and validly existing under the laws of \_\_\_\_\_.

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's **[shareholders, directors and officers]** have 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 "qualifying facility" ("QF") as that term is defined in the version of 18 C.F.R. Part 292 in effect on the Effective Date. Seller has provided the appropriate QF certification, which may include a Federal Energy Regulatory Commission ("FERC") self-certification to PacifiCorp 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 in good standing in the state of \_\_\_\_\_ and 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 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.

#### SECTION 4: DELIVERY OF POWER

4.1 Commencing on the Commercial Operation Date and continuing through the term of this Agreement, Seller shall sell and make available to PacifiCorp the entire Net Output from the Facility at the Point of Delivery.

4.2 Seller shall make available from the Facility a minimum of \_\_\_\_\_ 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 Net Output shall be reduced on a pro-rata basis for any periods during a Contract Year that the Facility was prevented from generating electricity for reasons of Force Majeure. Seller shall make available from the Facility a maximum of \_\_\_\_\_ kWh of Net Output during each Contract Year. All deliveries of Net Output are subject to the prices found in Section 5.1 and 5.2.

4.3 Seller agrees that if Seller does not deliver the minimum Net Output each Contract Year PacifiCorp is damaged. As liquidated damages for Seller's failure to deliver a minimum of \_\_\_\_\_ kWh of Net Output (subject to adjustment for reasons of Force Majeure as provided in Section 4.2) in any Contract Year, Seller shall pay to PacifiCorp on the month following receipt of an invoice, an amount equal to the difference between (a) the total amounts paid to Seller during the Contract Year in which Seller failed to deliver such minimum Net Output, and (b) the product of (x) the total Net Output delivered during such Contract Year, times (y) the Off-Peak Price set forth in Section 5.2 applicable to such Contract Year.

4.4 Upon completion of 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. Seller shall not increase the Nameplate Capacity Rating above that specified in Exhibit A or increase the ability of the Facility to deliver Net Output in quantities in excess of the Net Dependable Capacity through any means including, but not limited to, replacement of, modification of, or addition of existing equipment, except with the written consent of PacifiCorp. To the extent not otherwise provided in the Generation Interconnection Agreement, all costs associated with the modifications to PacifiCorp's interconnection facilities or electric system occasioned by or related to the interconnection of the Facility with PacifiCorp's system, or any increase in generating capability of the Facility, or any increase of delivery of Net Dependable Capacity from the Facility, shall be borne by Seller.

SECTION 5: PURCHASE PRICES

5.1 PacifiCorp shall pay Seller the Off-Peak Price found in Section 5.2 (a) for all Net Output delivered prior to the Commercial Operation Date, (b) for all Net Output deliveries greater than \_\_\_\_\_ kWh in any Contract Year, and (c) in the event Seller fails to deliver at least \_\_\_\_\_ kWh in any Contract Year as provided in Section 4.3.

5.2 PacifiCorp shall pay Seller the prices stated in \_\_\_\_\_ Schedule \_\_\_\_, as approved by the \_\_\_\_\_ Commission on September 10, 2001, as set forth below:

<u>Year</u>	<u>On-Peak (\$/MWH)</u>	<u>Off-Peak (\$/MWH)</u>
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SECTION 6: OPERATION AND CONTROL

6.1 Seller shall operate and maintain the Facility in a safe manner in accordance with the Generation 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 PacifiCorp's electric system is disconnected, suspended or interrupted, in whole or in part, pursuant to the Generation Interconnection Agreement, or to the extent generation curtailment is required as a result of Seller's non-compliance with the Generation Interconnection Agreement. 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 6.1 upon reasonable notice to Seller. Seller shall reimburse PacifiCorp for the reasonable costs of inspection(s) and, if such inspection discloses that Seller has not complied with the provisions of this Section 6.1, for the reasonable costs of follow-on inspections to confirm that Seller has changed its operation and maintenance practices to comply with such

provisions. 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.

6.2 Seller may cease operation of the entire Facility or individual units, if applicable, for Scheduled Maintenance Periods not to exceed thirty (30) days each Contract Year at such times as are provided in the monthly operating schedule set forth as Exhibit C.

6.3 If the Facility ceases operation for unscheduled maintenance, Seller immediately shall notify PacifiCorp of the necessity of such unscheduled maintenance, the time when such shutdown has occurred or will occur and the anticipated duration of such shutdown. Seller shall take all reasonable measures and exercise its best efforts to avoid unscheduled maintenance, to limit the duration of such unscheduled maintenance, 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 E-1, together with a certification from a Licensed Professional Engineer attached hereto as Exhibit E-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.

#### SECTION 8: SECURITY

8.1 From time to time, Seller shall provide PacifiCorp with security against defaults by Seller under this Agreement in such form as may be reasonably required by PacifiCorp and in an amount equal to five (5) times Seller's projected average monthly gross sales revenues from the Facility to PacifiCorp under this Agreement ("Default Security"), and pursuant to such additional agreements or instruments as may be reasonably required by PacifiCorp, including, but not limited to letters of credit, escrow accounts, security interests in real property, equipment, fixtures, contracts, permits, easements, and rights-of-way associated with the Facility. PacifiCorp may at any time, or pursuant to a request by Seller, recalculate the amount of Default Security required pursuant to this paragraph, in which case the PacifiCorp shall increase or decrease the existing amount of Default Security, as appropriate, to conform the new requirements.

8.2 If requested by PacifiCorp, Seller shall within thirty (30) days provide PacifiCorp with evidence satisfactory to PacifiCorp in its reasonable judgment the Seller continues to meet the Credit Requirements.

#### SECTION 9: METERING

9.1 PacifiCorp shall design, furnish, install, own, inspect, test, maintain and replace all metering equipment required pursuant to the Generation Interconnection Agreement.

9.2 Metering shall be performed at the location and in a manner consistent with this Agreement and as specified in the Generation Interconnection 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 Delivery, so that the purchased amount reflects the net amount of power flowing into PacifiCorp's system at the Point of Delivery.

9.3 PacifiCorp shall periodically inspect, test, repair and replace the metering equipment as provided in the Generation Interconnection Agreement. If any of the inspections or tests disclose an 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. Such correction, when made, shall constitute full adjustment of any claim between Seller and PacifiCorp arising out of such inaccuracy of metering equipment.

9.4 To the extent not otherwise provided in the Generation Interconnection Agreement, all PacifiCorp's costs relating to all metering equipment installed to accommodate Seller's Facility shall be borne by Seller.

#### SECTION 10: BILLINGS, COMPUTATIONS AND PAYMENTS

10.1 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 Generation Interconnection Agreement, any other agreement between the parties or otherwise.

10.2 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 11: DEFAULT AND REMEDIES

11.1 The following events shall constitute defaults under this Agreement:

11.1.1 Failure of a Party to perform any material obligation imposed upon that Party by this Agreement (including but not limited to failure to make a payment

when due, failure by Seller to provide adequate security pursuant to Section 8 or failure by Seller to meet any deadline set forth in Section 2.2) or breach by a Party of a representation or warranty set forth in this Agreement, if such failure or breach is not cured within thirty (30) days following written notice;

11.1.2 Filing of a petition in bankruptcy by or against a Party if such petition is not withdrawn or dismissed within sixty (60) days after it is filed;

11.1.3 Seller's failure to cure any default under any commercial or financing agreements or instrument (including the Generation Interconnection Agreement) within the time allowed for a cure under such agreement or instrument; or

11.1.4 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 or the maintenance or renewal of Default Security pursuant to Section 8.1, within fifteen (15) days from the date of such request.

11.1.5 Seller shall fail to deliver the minimum Net Output for two consecutive Contract Years.

11.2 In the event of any default hereunder, 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. The rights provided in this Section 11 are cumulative such that the exercise of one or more rights shall not constitute a waiver of any other rights.

11.3 If this Agreement is terminated because of Seller's default, PacifiCorp may foreclose upon any Default Security provided pursuant to Section 8.1 to satisfy any amounts that Seller owes PacifiCorp arising from such default.

## SECTION 12: INDEMNIFICATION, LIABILITY AND INSURANCE

12.1 Seller agrees to release, indemnify and hold harmless PacifiCorp, its directors, officers, agents, and representatives against and from any and all loss, 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 facilities on Seller's side of the Point of Delivery, or Seller's operation and/or maintenance of the Facility, or 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.

12.2 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 PacifiCorp shall not be liable to Seller for special, punitive, indirect or consequential damages, whether arising from contract, tort (including negligence), strict liability or otherwise.

12.4 Prior to the connection of the Facility to PacifiCorp's electric system, Seller shall secure and continuously carry for the term hereof, with an insurance company or companies rated not lower than "A" by the A. M. Best Company, insurance policies for bodily injury and property damage liability. Such insurance shall include provisions or endorsements naming PacifiCorp, its directors, officers and employees as additional insureds; provisions that such insurance is primary insurance with respect to the interest of PacifiCorp and that any insurance maintained by PacifiCorp is excess and not contributory insurance with the insurance required hereunder; a cross-liability or severability of insurance interest clause; and provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days' prior written notice to PacifiCorp. Initial limits of liability for all requirements under this section shall be \$[ ] million single limit, which limits may be required to be increased or decreased by PacifiCorp as PacifiCorp determines in its reasonable judgment economic conditions or claims experience may warrant.

12.5 Prior to the connection of the Facility to PacifiCorp's electric system, Seller shall secure and continuously carry for the term hereof, in an insurance company or companies rated not lower than "A" by the A. M. Best Company, insurance acceptable to PacifiCorp against property damage or destruction in an amount not less than the cost of replacement of the Facility. Seller promptly shall notify PacifiCorp of any loss or damage to the Facility. Unless the Parties agree otherwise, Seller shall repair or replace the damaged or destroyed Facility. Seller shall waive its insurers' rights of subrogation against PacifiCorp regarding Facility property losses.

12.6 Prior to the connection of the Facility to PacifiCorp's electric system and at all other times such insurance policies are renewed or changed, Seller shall provide PacifiCorp with a copy of each insurance policy required under this Section, certified as a true copy by an authorized representative of the issuing insurance company or, at the discretion of PacifiCorp, in lieu thereof, a certificate in a form satisfactory to PacifiCorp certifying the issuance of such insurance. If Seller fails to provide PacifiCorp with copies of such currently effective insurance policies or certificates of insurance, PacifiCorp at its sole discretion and without limitation of other remedies, may upon ten (10) days advance written notice by certified or registered mail to Seller either disconnect the Facility from PacifiCorp's system, withhold payments due Seller until PacifiCorp has received such documents, or purchase the satisfactory insurance and offset the cost of obtaining such insurance from subsequent power purchase payments. If Seller and PacifiCorp are unable to obtain the required insurance within sixty (60) days, PacifiCorp, without risk of damages and without waiving any other claim or right PacifiCorp may then terminate this Agreement.

### SECTION 13: FORCE MAJEURE

13.1 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 \_\_\_\_\_ resource to operate the Facility or changes in market conditions that affect the price of energy or transmission, obligations for the payment of money when due, and obligations to post adequate security pursuant to Section 8 of this Agreement. 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 Force Majeure, after which such party shall re-commence performance of such obligation, provided that:

13.1.1 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

13.1.2 the suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure; and

13.1.3 the non-performing party uses its best efforts to remedy its inability to perform.

13.2 No obligations of either party which arose before the Force Majeure causing the suspension of performance shall be excused as a result of the Force Majeure.

13.3 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.

13.4 PacifiCorp may terminate the Agreement if Seller fails to remedy Seller's inability to perform, due to a Force Majeure event, within six months after the occurrence of the event.

### SECTION 14: 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

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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 15: CHOICE OF LAW

This Agreement shall be interpreted and enforced in accordance with the laws of the state of \_\_\_\_\_, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

#### SECTION 16: 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 17: 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 18: GOVERNMENTAL JURISDICTION 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 19: 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. 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. **[Reserve for proper SELP language]**



SECTION 20: ENTIRE AGREEMENT

20.1 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.

20.2 By executing this Agreement, Seller releases PacifiCorp from any claims, known or unknown, that may have arisen prior to the Effective Date.

SECTION 21: NOTICES

21.1 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

To Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To PacifiCorp:

Manager  
QF Contracts  
PacifiCorp - Suite 625 LCT  
825 N.E. Multnomah  
Portland, Oregon 97232

21.2 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.

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

By: \_\_\_\_\_

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Name: \_\_\_\_\_  
Title \_\_\_\_\_

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by

\_\_\_\_\_[Name]\_\_\_\_\_.

My commission expires:

\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
(Name Seller)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by

\_\_\_\_\_[Name]\_\_\_\_\_.

My commission expires:

\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

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EXHIBIT A  
DESCRIPTION OF SELLER'S FACILITY  
[Seller to Complete]

Seller's Facility consists of \_\_\_\_\_ generator(s) manufactured by \_\_\_\_\_. More specifically, the Facility \_\_\_\_\_

Nameplate Capacity Rating:

\_\_\_\_\_ kWh, when operating at [ambient temperature] at an elevation of \_\_\_\_\_ ft. above sea-level.

Station service requirements are described as follows:

No station service required.

---

Location of the Facility:

The Facility is to be constructed in the vicinity of \_\_\_\_\_.

The location is more particularly described as follows:

---

The legal description of the parcel identified above is:

---

Power factor requirements:

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EXHIBIT B  
REQUIRED FACILITY DOCUMENTS

**[Seller list all permits and authorizations required for this project]**

**EXHIBIT C**  
**MONTHLY DELIVERY SCHEDULES**

## EXHIBIT D

### 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 test 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 E-1  
MOTIVE FORCE PLAN

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EXHIBIT E-2  
ENGINEER'S CERTIFICATION  
OF  
MOTIVE FORCE PLAN



**ATTACHMENT D**

**Long-run Prototype Contract C (for DSM Suppliers)**

**WAC 480-107-010(3)(c)**

**CONTRACT  
BETWEEN  
PACIFICORP  
AND**

---

**FOR**

**DSM INITIATIVE SERVICES**

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**CONTRACT  
BETWEEN  
PACIFICORP  
AND**

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**FOR  
DSM INITIATIVE SERVICES**

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**PARTIES**

This agreement for DSM Initiative Services ("Contract") is entered into this \_\_\_\_ day of October, 2003, by and between PACIFICORP, an Oregon corporation (hereinafter "Company") whose corporate address is 825 NE Multnomah, Portland, Oregon 97232 and \_\_\_\_\_, a \_\_\_\_\_ Corporation (hereinafter "Contractor") whose corporate headquarters address is \_\_\_\_\_.

**ARTICLE 1. DEFINITIONS**

- 1.1 "Company" shall mean PacifiCorp.
- 1.2 "Contractor" shall mean \_\_\_\_\_.
- 1.3 "Customer" shall mean any PacifiCorp customer that shall receive the services provided by Contractor under this Agreement.

**ARTICLE 2. DESCRIPTION OF WORK.**

2.1 Contractor shall provide DSM Initiative Services in strict accordance with Exhibit A, "Project Work Scope", attached hereto and by this reference incorporated herein and referred to herein as "Program Services."

2.2 Should any conflict arise between the Contract Exhibits, then the order of precedence shall be: 1) this Contract, 2) Exhibit B, "Pricing Schedule", then 3) Exhibit A "Project Work Scope".

2.3 Contractor shall furnish all labor and labor supervision, equipment, and materials, and shall, prior to performing under this Agreement, obtain all licenses and permits required for the performance of such work. Contractor shall also be solely responsible for the means, methods, and procedures of performing the work in accordance with the agreed upon Program Services.

### **ARTICLE 3. PERIOD OF PERFORMANCE**

3.1 Contractor shall commence performance within ten (10) days of final approval of a program enabling tariff that includes terms reasonably satisfactory to Company by the Public Service Commission of Utah and shall continue performance until \_\_\_\_\_.

### **ARTICLE 4. REGULATORY AND LEGISLATIVE ACTION**

This Agreement is contingent upon the following regulatory and legislative action:

- a. Approval of tariff by the Public Service Commission of Utah in a form satisfactory to Company.
- b. Legislative and or regulatory action prohibiting program existence or performance as described in the Work Scope or impacting Company's ability to obtain program cost recovery will result in termination of this Contract under the terms of termination during the 'Installation Phase' as defined in Article 26, TERMINATION FOR CONVENIENCE.

### **ARTICLE 5. CONSIDERATION AND PAYMENT.**

5.1 As full and complete consideration for the satisfactory performance of Contractor's obligations under this Contract, Company will pay Contractor the consideration specified in Exhibit B, "Pricing Schedule" attached hereto and by this reference incorporated herein.

5.2 Contractor shall submit to Company a monthly invoice in a form acceptable to Company for the value of the work performed during the preceding month. The approved undisputed invoice amount will be paid by Company within thirty (30) days of Company's receipt of invoice and after completion of the work by Contractor and acceptance thereof by Company.

5.3 Payment shall be contingent upon Contractor's satisfactory compliance with all provisions of this Contract. Payments made by Company shall not be deemed acceptance of Contractor's work. All invoices submitted for work accomplished under this Contract shall include the Contract Number, shall contain supporting documents as required by Company, and shall be submitted to:

PacifiCorp  
Attn: \_\_\_\_\_  
825 NE Multnomah, Suite 300  
Portland, Oregon 97232

**INVOICES WHICH DO NOT CONTAIN THE ABOVE INFORMATION, OR ARE NOT ADDRESSED AS ABOVE, MAY CAUSE PAYMENT DELAY.**

5.4 Upon request by Company, Contractor shall also provide lien and claim releases executed by Contractor and its suppliers and in a form acceptable to Company through the date of each invoice submitted.

5.5 Company may offset any payment due Contractor, its subsidiaries or affiliates to reflect amounts owing from Contractor, its subsidiaries or affiliates to Company pursuant to this Agreement, amounts Company has paid directly to subcontractors on behalf of Contractor for work relating to this contract, customer incentive payments accrued for Company's customers pursuant to the work performed pursuant to this Agreement or any other agreement between the Parties or otherwise.

## **ARTICLE 6. TAXES**

The consideration as stated in Article 5. CONSIDERATION AND PAYMENT, includes all taxes to be borne by Contractor arising out of Contractor's performance hereunder, including without limitation sales, use, and value-added taxes. Upon request of Company, Contractor shall promptly provide to Company evidence of payment of all state and local sales, use and value-added taxes.

## **ARTICLE 7. ACCOUNTING AND AUDITING**

7.1 Contractor shall keep accurate and complete accounting records in support of all cost billings and claims submitted to the Company in accordance with generally recognized accounting principles and practices. Company, or its audit representatives, shall have the right at any reasonable time or times to examine, audit and copy the records, vouchers and their source documents which serve as the basis for compensation other than pricing elements which are fixed

in amount by this Contract. Such documents shall be available for examination, audit and copying for three (3) years after the completion or termination of this Contract.

7.2 Contractor shall assist Company with preparing necessary audit material and will allow Company to review any work papers prepared by independent auditors as allowed by professional standards.

7.3 Audit findings by Company's representative will be considered to be final and conclusive on Contractor for the period audited. Any overcollections shall be returned to Company within thirty (30) days from date of notice of overcharge.

#### **ARTICLE 8. DESIGNATED REPRESENTATIVE AND NOTICES**

8.1 Prior to commencement of the Program Services, each party shall designate a representative authorized to act in its behalf and shall advise the other party in writing of the name, address, and telephone number of such designated representative, and shall inform the other party of any subsequent change in such designation. All communications relating to the day-to-day activities under this Contract shall be exchanged between such designated representatives. Either party may change the identity or address of its designated representative by giving the other party written notice of such change.

8.2 Any notice by either party to the other shall be delivered to the office of the designated representative of the other party, or, if deposited in the mail, properly stamped with the required postage and addressed to the office of such representative.

#### **ARTICLE 9. WITHHOLDING PAYMENTS**

9.1 Company may, without limiting any other rights or remedies Company may have, withhold from payments sufficient amounts which, in the opinion of Company, reflect the reasonable cost to repair or replace unsatisfactory work or the value of any claim against Company which Contractor (after having received 5 business days notice from Company to cure) has failed to cure or settle pursuant to its obligations contained herein. Company may also retain from payment sufficient funds to discharge any delinquent accounts of Contractor for which liens on Company's property have been or can be filed, and Company may at any time pay therefrom for Contractor's account such amounts as are, in the opinion of Company, due thereon, including any sums due under any federal or state law. Company shall notify Contractor in writing in advance prior to such withholdings of payments.

9.2 In addition to the right to offset payments pursuant to Section 9.1 of this Contract, Company may withhold from payments and pay amounts due subcontractors of Contractor that have not been fully paid within 30 days of the payment due date. Company may also withhold from

payments amounts which, in the reasonable judgment of Company, are sufficient to discharge Company's then current obligation to make payments to its customers pursuant to the DSM Initiative Services.

9.3 The withholding of such payments herein shall not be construed as a limitation of remedies.

#### **ARTICLE 10. SITE REGULATIONS**

10.1 Contractor, while performing work at the job site, shall: 1) make itself aware of and abide by the Company job site regulations, if any, including without limitation environmental protection, loss control, dust control, safety, and security; and 2) prohibit the use or possession of drugs, alcohol, and firearms by its employees and the employees of any subcontractor of any tier.

10.2 Contractor assumes full responsibility for all state, local, and federal permit and certification requirements and all required permits, certifications and licenses.

#### **ARTICLE 11. CONTRACTOR'S PERSONNEL/DRUGS, ALCOHOL AND FIREARMS**

Contractor shall employ in the performance of the work only persons qualified for the same. Contractor shall at all times enforce strict discipline and good order among its employees and the employees of any subcontractor of any tier. Contractor shall not permit or allow the introduction or use of any firearms, illegal drugs or intoxicating liquor upon the work under this Contract, or upon any of the grounds occupied, controlled, or used by Contractor in the performance of the work. Contractor shall immediately remove from the work, whenever requested by Company, any person considered by Company to be incompetent, insubordinate, careless, disorderly, in violation of the above restriction on firearms, illegal drugs or intoxicating liquor, or under the influence of illegal drugs or intoxicating liquor, and such person shall not again be employed in the performance of the work herein without the consent of Company.

#### **ARTICLE 12. LABOR**

Contractor shall be aware of, and familiar with, all collective bargaining agreements that pertain or may pertain to or affect the work under this Contract or other work at the job site. Contractor shall plan and conduct its operations so that its employees and subcontractors of any tier will work harmoniously with Company employees and other workers employed on the same or related projects to assure that there will be no delays, work stoppages, excessive labor costs, or other labor difficulties.

#### **ARTICLE 13. SAFETY AND HEALTH/ACCIDENT AND DAMAGE PREVENTION**



13.1 Contractor shall be solely responsible for being aware of and initiating, maintaining and supervising compliance with all safety laws, regulations, precautions, and programs in connection with the performance of the Contract. Prior to start of any work required by this Contract, Contractor shall assure that each of its own employees, together with all employees of its subcontractors of any tier, are fully informed concerning all safety, health, and security regulations pertaining to their work.

13.2 Contractor shall conduct all operations under this Contract in such a manner as to avoid the risk of bodily harm to persons or risk of damage to any property. In the event Contractor fails to promptly correct any violation of safety or health regulations, Company may suspend all or any part of the work. Contractor shall not be entitled to any extension of time or reimbursement for costs caused by any such suspension order. Failure of Company to order discontinuance of any or all of Contractor's operations shall not relieve Contractor of its responsibility for the safety of personnel and property.

13.3 Contractor shall maintain an accurate record of and shall promptly report to Company all cases of property damage in excess of \$100 and of death, occupational diseases, or injury to employees or any other third parties and incident to performance of work under this Contract. Contractor shall promptly notify Company and provide a copy of any safety citation issued by any governmental entity.

#### **ARTICLE 14. PROTECTION OF EXISTING FACILITIES**

Contractor shall protect Customer's existing equipment and facilities, and avoid interference with Company and Customer's operations. Contractor shall not permanently remove or alter any part of the Customer's existing structures, landscaping, fences, equipment or facilities without the prior knowledge and consent of Company and/or Customer. Contractor's obligations set forth above in this Article 14 are in addition to and not in lieu of obligations described in Article 15, Cleanup.

#### **ARTICLE 15. CLEANUP**

Contractor shall keep the work area free from accumulation of waste materials or rubbish arising out of the work, and prior to completion of the work shall remove and properly dispose of any such rubbish from and about the work area as well as remove all tools, equipment and materials not property of Company or Customer's. Upon completion of the work, Contractor shall leave the work area in a condition satisfactory to Company and its Customers. In the event of Contractor's failure within a reasonable time to comply with any of the foregoing, Company may, after written notice to Contractor of such failure, perform the cleanup and removal at the expense of Contractor.

**ARTICLE 16. EXAMINATION OF WORK AND PROGRESS REPORTS**

16.1 Contractor shall submit periodic progress reports as requested by Company. Company, its agent or representatives, may visit Contractor's office at any reasonable time to determine status of ongoing activities required by this Contract.

16.2 All work will be subject to examination at any reasonable time or times by Company, which shall have the right to reject unsatisfactory work. Neither examination of work nor the lack of same nor acceptance of the work by Company nor payment therefor shall relieve Contractor from any of its obligations under this Contract.

**ARTICLE 17. SUPERINTENDENCE BY CONTRACTOR**

Contractor shall have competent supervisory personnel satisfactory to Company and with authority to act for Contractor.

**ARTICLE 18. PROFESSIONAL RESPONSIBILITY**

Contractor shall perform the work using the standards of care, skill and diligence normally provided by a professional in the performance of similar services, and shall comply with all codes and standards applicable to the work. In the event of Contractor's failure to do so, Contractor shall, upon notice by Company, promptly reperform the work and correct the defect at Contractor's sole cost. Contractor's obligation to correct and reperform its work shall be in addition to, and not in lieu of, any other right that Company may have.

**ARTICLE 19. CHANGES**

19.1 Company may at any time in writing require changes and/or additions within the general scope of this Contract or any amendment hereto, direct the omission of or variation in work, or alter the schedule. If such direction results in a material change in the amount or character of the work, an equitable adjustment in the Contract price and other such provisions of this Contract as may be affected shall be made and this Contract shall be modified in writing accordingly. Any claim by Contractor for an adjustment under this Article shall be processed in accordance with the provisions of Article 23. CLAIM NOTICE AND RESOLUTION PROCEDURE.

19.2 No change shall be binding upon Company until a Change Order is executed by an authorized representative of Company which EXPRESSLY STATES THAT IT CONSTITUTES A CHANGE ORDER TO THIS CONTRACT. THE ISSUANCE OF INFORMATION, ADVICE, APPROVALS, OR INSTRUCTIONS BY ANYONE OTHER THAN THE AUTHORIZED

REPRESENTATIVE SHALL NOT CONSTITUTE AN AUTHORIZED CHANGE PURSUANT TO THIS ARTICLE.

#### ARTICLE 20. WORKERS' COMPENSATION

Contractor shall comply with all applicable Workers' Compensation Acts and shall furnish proof thereof satisfactory to Company prior to commencing work.

#### ARTICLE 21. INSURANCE

21.1 Without limiting any liabilities or any other obligations of Contractor, Contractor shall, prior to commencing work, secure and continuously carry with insurers acceptable to Company the following insurance coverage:

- a. Commercial General Liability insurance 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, including Contractor employees and all third persons, and property of Company and all third parties based upon and arising out of Contractor's operations hereunder, including the operations of its subcontractors of any tier. The coverage shall include Contractual Liability.
- b. Business Automobile Liability insurance with a minimum single limit of \$1,000,000 for bodily injury and property damage with respect to Contractor's vehicles whether owned, hired or non-owned, assigned to or used in the performance of the work.

21.2 The policies required herein shall include provisions or endorsements naming Company, its directors, officers and employees as additional insureds. All policies required by this Contract shall include provisions that such insurance is primary insurance with respect to the interests of Company and that any other insurance maintained by Company 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 Company if canceled for nonpayment of premium, or 2) thirty (30) days prior written notice to Company if canceled for any other reason. A certificate in a form satisfactory to Company certifying to the issuance of such insurance, shall be furnished to Company. Commercial general liability coverage written on a "claims-made" basis, if any, shall be specifically identified on the certificate. If requested by Company, a copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, shall be furnished to Company.

21.3 Insurance coverage provided on a "claims-made" basis shall be maintained by Contractor for a minimum period of five (5) years after the completion of this Contract and for such other length of time necessary to cover liabilities arising out of the work.

## **ARTICLE 22. INDEMNIFICATION**

Contractor specifically and expressly agrees to indemnify, defend, and hold harmless Company and its directors, officers, employees and agents (hereinafter collectively "Indemnitees") against and from any and all claims, demands, suits, losses, costs and damages of every kind and description, including attorneys' fees and/or litigation expenses, brought or made against or incurred by any of the Indemnitees resulting from, arising out of, or in any way connected with any act, omission, fault or negligence of Contractor, its employees, agents, representatives or subcontractors of any tier, their employees, agents or representatives in the performance or nonperformance of Contractor's obligations under this Contract or in any way related to this Contract. The indemnity obligations under this Article 22 shall include without limitation:

- a. Loss of or damage to any property of Company, Contractor or any third party;
- b. Bodily or personal injury to, or death of any person(s), including without limitation employees of Company, or of Contractor or its subcontractors of any tier; and
- c. Claims arising out of Workers' Compensation, Unemployment Compensation, or similar such laws or obligations applicable to employees of Contractor or its subcontractors of any tier.

Contractor's indemnity obligation under this Article shall not extend to any liability caused by the sole negligence of any of the Indemnitees.

## **ARTICLE 23. CLAIM NOTICE AND RESOLUTION PROCEDURE**

In the event Contractor has a claim or request for a time extension, additional compensation, any other adjustment of the Contract terms, or any dispute arising out of the work (hereinafter "Claim"), the parties agree to use the following procedure for resolution of such claim:

- a. Contractor shall notify Company in writing within five (5) working days following the occurrence of the event giving rise to the Claim.
- b. As soon as practicable after Claim notification, Contractor shall submit the Claim to Company with all supporting information and documentation. Contractor shall also respond promptly to all Company inquiries about the Claim and its basis.

- c. Any Claim not disposed of by agreement shall be decided by Company, which shall provide a written decision to Contractor. Such decision shall be final unless Contractor, within thirty (30) calendar days after such receipt of Company's decision, provides to Company a written protest, stating clearly and in detail the basis thereof. It is agreed that Contractor's failure to protest Company's decision shall constitute a waiver by Contractor of its Claim. Even if a Claim arises, Contractor shall continue its performance of this Contract.

#### **ARTICLE 24. CREDIT REQUIREMENT**

If requested by Company, Contractor shall within thirty (30) days of each request provide Company with copies of its most recent annual and quarterly financial statements prepared in accordance with generally accepted accounting principles.

#### **ARTICLE 25. SECURITY REQUIREMENTS**

From time to time, Contractor shall provide Company with security against defaults by Contractor under this Contract in such form and amount as may be reasonably required by Company ("Default Security"), and pursuant to such additional agreements or instruments as may be reasonably required by Company, including but not limited to, letters of credit escrow accounts, performance bonds, surety bonds, and step-in-rights.

#### **ARTICLE 26. TERMINATION FOR CONVENIENCE**

Company may terminate this Contract at any time without cause prior to its completion by sending to Contractor written notice of such termination. Upon such termination, Company will pay to Contractor an equitable amount for all work satisfactorily performed by Contractor as of the date of termination. Company shall not be liable for anticipated profits based upon work not yet performed.

#### **ARTICLE 27. DEFAULT AND REMEDIES**

27.1 Company shall have the right to terminate this Contract for cause without incurring any further obligation should Contractor fail in any material respect to timely or properly perform the Work described herein or any part thereof in accordance with the terms of this Contract. Company shall provide Contractor 48 hours written notice of its intent to terminate for cause.

27.2 If Company terminates this Contract for cause in accordance with this article and it thereafter is determined that cause for such termination did not exist, and that such termination

for cause was improper, the such termination shall be deemed to have been a Termination for Convenience pursuant to Article 26.

27.3 Cause shall include, but not be limited to, the events of default described below:

- a. A material breach or material default by Contractor of any of its material obligations under this Contract, if such breach continues uncured for a period of ten (10) calendar days after receipt of written notice from Company, unless such breach cannot by its nature be remedied within such period in which event Contractor shall provide evidence reasonably satisfactory to Company within ten (10) calendar days after receipt of such notice that such default shall be corrected or that Contractor is making reasonable progress to that end. For purposes of the Contract, a material breach by Contractor shall be deemed to include, without limitation, Contractor's refusal or neglect to supply sufficient and properly skilled workmen, materials of the proper quality or quantity or equipment necessary to perform the Work described in this Contract properly, or Contractor's failure in any respect to prosecute the Work described in this Contract or any part thereof with promptness, diligence and in accordance with all of the material provisions hereof;
- b. Determination that any representation, statement or warranty made by Contractor in this Contract, the Contractor's proposal or any other statement, report or document which Contractor is required to furnish to Company was false or misleading in any material respect;
- c. The filing by or against Contractor of a proceeding under any bankruptcy or similar law, unless such proceeding is dismissed within thirty (30) days from the date of filing; the making by Contractor of any assignment for the benefit of creditors; the filing by or against Supplier for a proceeding for dissolution or liquidation, unless such proceeding is dismissed with thirty (30) days from the date of filing; the appointment of or the application for the appointment of a receiver, trustee or custodian for any material part of Contractor's assets unless such appointment is revoked or dismissed within thirty (30) days from the date thereof; the attempt by Contractor to make any adjustment, settlement or extension of its debts with its creditors generally; the insolvency of Contractor; the filling or recording of a notice of lien or the issuance or the obtaining of a levy of execution upon or against a material portion of Contractor's assets, unless such lien or levy of execution is dissolved within thirty (30) days from the date thereof.

- d. A Material Adverse Change has occurred with respect to Contractor and Contractor fails to provide such performance assurances as are reasonable requested by Company, including without limitation the posting of additional "Security" pursuant to Article 25, SECURITY REQUIREMENTS. A Material Adverse Change shall mean, with respect to Contractor, if Contractor, in the reasonable opinion of Company, has experienced a material adverse change to its earnings, net worth, or working capital which would reasonably be anticipated to impair Contractor's ability to fulfill its obligation under this Contract.

27.4 Upon the occurrence of any default specified in Contract ARTICLE 27 DEFAULT AND REMEDY hereof, whether or not a material default, Company shall have the right to immediately terminate this Contract for cause.

27.5 Upon the occurrence of any material default, following the applicable process described in Section 27.1 or 27.2, Company shall be entitled upon written notice to Contractor and without notice to Contractor's sureties and without limiting any of Company's other rights or remedies, to terminate this Contract or to terminate Contractor's right to proceed with that portion of the Work affected by any such material default.

27.4 Upon termination of this Contract or any portion of this Contract upon a material default by Contractor, Company shall be entitled to pursue any and all rights and remedies that it may have against Contractor under this Contract or at law or in equity

#### **ARTICLE 28. PATENT AND COPYRIGHT INDEMNITY**

Contractor shall indemnify, defend and hold harmless Company, its directors, officers, employees and agents against and from all claims, losses, costs, suits, judgments, damages and expenses, including attorneys' fees, of any kind or nature whatsoever, on account of infringement of any patent, copyrighted or uncopyrighted work, secret process, trade secret, unpatented invention, article, appliance, or otherwise, including claims thereof pertaining to, or arising from Contractor's performance under this Contract. Contractor shall have the right, in order to avoid such claims or actions, to substitute at its own expense noninfringing equipment, material or processes, or Contractor may modify at its own expense such infringing equipment, material or process so that it becomes noninfringing, provided that such substitution and modified equipment, material and processes shall meet the requirements of and be subject to the provisions of this Contract.

## ARTICLE 29. CONFIDENTIAL INFORMATION/NONDISCLOSURE

29.1 **Definition of Confidential Information.** As used in this Contract, the term "Confidential Information" means, 1) proprietary information of Company, 2) information marked or designated by Company as confidential, 3) information, whether or not in written form and whether or not designated as confidential, which is known to Contractor as being treated by Company as confidential, 4) information provided to Company by third parties which Company is obligated to keep confidential, and 5) information developed by Contractor in connection with the performance of this Contract.

29.2 **Nondisclosure.** Contractor agrees that it will not disclose Confidential Information, directly or indirectly, under any circumstances or by any means, to any third person without the express written consent of Company.

29.3 **Nonuse.** Contractor further agrees that it will not use Confidential Information except as may be necessary to perform the work called for by this Contract.

29.4 **Protection.** Confidential Information will be made available by Contractor to its employees only on a "need to know" basis and only after notifying such employees of the confidential nature of the information and after having obligated them to the nonuse and nondisclosure obligations of this Contract. Contractor agrees to take all reasonable precautions to protect the confidentiality of Confidential Information and, upon request by Company, to return to Company any documents which contain or reflect such Confidential Information.

## ARTICLE 30. LAWS AND REGULATIONS.

30.1 Contractor shall at all times comply with all applicable laws, statutes, regulations, rules, ordinances, codes, and standards, including without limitation those governing wages, hours, desegregation, employment discrimination, employment of minors, health and safety. Contractor shall comply with equal opportunity laws and regulations to the extent that they are applicable, including without limitation the following:

Executive Order No. 11246 and 41 CFR, Section 60-1.4  
(Employment Discrimination);

Executive Order No. 11701 and 41 CFR, Section 60-250.4  
(Employment of Veterans, The Vietnam-Era Readjustment  
Assistance Act of 1974);



Executive Orders Nos. 11625 and 12138 and 48 CFR,  
Subpart 19.7 (Utilization of Minority and Women-Owned  
Business);

Executive Order No. 11758, the Rehabilitation Act of  
1973, Section 503 and 41 CFR, Section 60-741.4  
(Employment of Handicapped Individuals); and

Executive Order No. 11141 and 48 CFR, Section 22.901  
(prohibiting discrimination based on age).

30.2 Contractor shall indemnify, defend and hold harmless Company, its directors, officers, employees, and agents from all losses, costs and damages by reason of any violation thereof and from any liability, including without limitation fines, penalties and other costs arising out of Contractor's failure to so comply.

#### **ARTICLE 31. INDEPENDENT CONTRACTOR**

Contractor is an independent contractor and persons employed by Contractor in connection herewith shall be employees of Contractor and not employees of Company in any respect.

#### **ARTICLE 32. TIME IS OF THE ESSENCE**

Time is of the essence in the performance of each and every term, condition, and covenant of this Contract.

#### **ARTICLE 33. ASSIGNMENT**

Contractor shall not assign this Contract, or any part hereof, or any rights or responsibilities hereunder without the prior written consent of Company, and any attempted assignment in violation hereof shall be void.

#### **ARTICLE 34. SUBCONTRACTS**

Contractor shall neither subcontract nor permit any portion of the work to be subcontracted without the prior written consent of Company; and Contractor shall be fully responsible for the acts or omissions of any subcontractors of any tier and of all persons employed by them, shall maintain complete control over all such subcontractors, and neither the consent by Company, nor anything contained herein, shall be deemed to create any contractual relation between the subcontractor of any tier and Company.

**ARTICLE 35. NONWAIVER**

The failure of Company to insist upon or enforce strict performance by Contractor of any of the terms of this Contract or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of Company's right to assert or rely upon such terms or rights on any future occasion.

**ARTICLE 36. SEVERABILITY**

Any provisions of this Contract prohibited or rendered unenforceable by local, state or federal law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Contract.

**ARTICLE 37. APPLICABLE LAW AND VENUE**

This Contract shall be governed by and construed in accordance with the laws of the State of Utah. Any litigation between the parties arising out of or relating to this Contract will be conducted exclusively in federal or state courts in the State of Oregon or Utah, at the discretion of Company, and Contractor consents to jurisdiction by such courts.

**ARTICLE 38. ENTIRE AGREEMENT/DOCUMENTS INCORPORATED BY REFERENCE**

This Contract and any referenced attachments constitute the complete agreement between the parties. Any scope of work, specifications, drawings, schedules, or other documents listed in this Contract are incorporated by reference into this Contract.

**ARTICLE 39. EXECUTION AND EFFECTIVE DATE**

This Contract has been executed by duly authorized representatives of the parties and shall be effective as of a program enabling tariff with terms reasonably satisfactory to Company by the Public Service Commission of Utah.

Contract No. 46 0000XXXX

**CONTRACTOR:**

\_\_\_\_\_

**By:** \_\_\_\_\_  
(Signature)

**Name:** \_\_\_\_\_  
(Type or Print)

**Title:** \_\_\_\_\_

\_\_\_\_\_, 2003  
(Date Executed)

**COMPANY:**

**PACIFICORP**

**By:** \_\_\_\_\_  
(Signature)

**Name:** \_\_\_\_\_  
(Type or Print)

**Title:** \_\_\_\_\_

\_\_\_\_\_, 2003  
(Date Executed)

## **ATTACHMENT E**

### **Discussion of Resource Block (WAC 480-107-040)**

#### **Loads and Resources**

The load forecast included in the January 2003 Integrated Resource Plan was developed in early 2002. Due to the age of the forecast, it was replaced with a more current forecast dated March 2003.

Long-term sales and purchase contracts were also updated to include information available as of July 2003. These changes include the addition or revision of several long-term purchase contracts, including Pinnacle West, Grant County (Priest Rapids) and P4 Production.

Table 1 shows the Company's loads and resource balance. Table 1 shows an energy surplus of 596 aMW in 2003 declining to an energy deficit of 226 aMW in 2007 and a summer capacity deficit of 670 MW in 2003. The winter peak has a capacity surplus of 853 MW in 2003 declining to a capacity deficit of 520 MW in 2008.

#### **Resource Block**

Attachment F shows the Company's avoided cost calculations. 2003 through 2006 is a period of energy sufficiency for PacifiCorp on a system-wide basis for purposes of calculating avoided costs. For this period – referred to as the “Short Run” – PacifiCorp's avoided costs are based on the marginal production cost of existing resources plus the cost of purchasing summer capacity. Although PacifiCorp is currently seeking to acquire certain types of resources through specifically-tailored solicitations, it does not propose to issue a Commission-approved RFP in Washington as a means of securing additional resources. Accordingly, the resource block for purposes of this filing is zero.

**ATTACHMENT F**

**Avoided Cost Schedules**

**WAC 480-107-050**

**Attachment F**  
**PacifiCorp Proposed Avoided Costs**

Year		
	Proposed Avoided Costs (\$/MWH)	

(a)

2003	\$42.59 (1)
2004	\$37.61
2005	\$36.25
2006	\$36.59
2007	\$43.28
2008	\$44.23
2009	\$43.97
2010	\$42.01
2011	\$41.30
2012	\$42.52
2013	\$43.75
2014	\$41.12
2015	\$42.07
2016	\$44.25
2017	\$46.29
2018	\$47.53
2019	\$48.86
2020	\$50.25
2021	\$50.70
2022	\$52.03
2023	\$53.43
2024	\$54.86
2025	\$56.42
2026	\$57.99
2027	\$59.57

(1) 2003 Energy costs are based on a partial year  
August to December 2003.

## **PacifiCorp's Avoided Cost Calculation**

### **Washington – August 2003**

The starting point for the avoided cost calculation is the loads and resource balance developed in conjunction with the Company's Integrated Resource Plan (IRP) filed in Washington in January 2003. It should be noted that the input assumptions for the IRP were fixed in August 2002, in order to enable completion of the IRP in early 2003. Due to the age of the input assumptions, many of the inputs have been updated for known changes for purposes of this avoided cost calculation.

#### **Loads and Resources**

The load forecast included in the January 2003 IRP was developed in early 2002. Due to the age of the forecast, it was replaced with a more current forecast dated March 2003.

Long-term sales and purchase contracts were also updated to include information available as of July 2003. These changes include the addition or revision of several long-term purchase contracts, including Pinnacle West, Grant County (Priest Rapids) and P4 Production.

Table 1 shows the Company's loads and resource balance. Table 1 shows an energy surplus of 596 aMW in 2003 declining to an energy deficit of 226 aMW in 2007 and a summer capacity deficit of 670 MW in 2003. The winter peak has a capacity surplus of 853 MW in 2003 declining to a capacity deficit of 520 MW in 2008.

#### **Avoided Cost Calculation**

Based on the loads and resource balance shown in Table 1, the avoided cost calculation is separated into two distinct periods: (1) the Short Run – a period of energy sufficiency (2003-2006) in which the avoided costs are based on the marginal production cost of existing resources plus the cost of purchasing summer capacity; and (2) the Long Run – a period (2007 and beyond) in which new resources are required to provide both summer and winter capacity and energy to meet the Company's resource requirements. Avoided costs during the second period are based on the cost of a combined cycle combustion turbine, which the Company considers to be a reasonable proxy for the cost of future resources.

##### **1. *Short Run Avoided Costs***

During periods of resource sufficiency, the Company's avoided energy costs are based on the displacement of purchased power and existing thermal resources as modeled by the Company's GRID model. The model input data includes the monthly load and resource data, which are the basis for the annual summary of loads and resources shown in Table 1. To calculate short-run avoided costs, two production cost studies are prepared.

The only difference between the two studies is an assumed fifty (50) average megawatt increase, at zero running cost, in system resources. The 50 average megawatt resource serves as a proxy for qualifying facility generation. The avoided energy cost could be viewed as the highest variable cost incurred to serve total system load from existing and non-deferrable resources. The outputs of the production cost model run are provided as Table 2.

Summer capacity costs in this period are based on three-month capacity purchases. Since the purchases would be for only one-fourth of the year, the annual value as shown in Table 3 is one-fourth of the capacity cost of a simple cycle combustion turbine (SCCT).

## 2. *Long Run Avoided Costs*

During periods of resource inadequacy, the avoided costs are determined to be the fixed and variable costs of the planned resource that could be avoided or deferred. For this purpose, the Company uses a combined cycle combustion turbine (CCCT) as a proxy of future resource costs.

Since CCCTs are built as base load units that provide both capacity and energy, it is appropriate to split the fixed costs of this unit into capacity and energy components. The fixed cost of a SCCT, which is usually acquired as a capacity resource, defines the portion of the fixed cost of the CCCT that is assigned to capacity. Fixed costs associated with the construction of a CCCT which are in excess of SCCT costs are assigned to energy and are added to the variable production (fuel) cost of the CCCT to determine the total avoided energy costs. Table 3 shows this calculation.

The fuel cost of the CCCT defines the avoided variable energy costs. The gas price forecast used as the basis for the CCCT fuel cost is discussed later in this document. Table 4 shows the CCCT fuel cost, the addition of capitalized energy costs at an assumed 85% capacity factor and the total avoided energy costs.

Since energy generated by a qualifying facility may not exactly match the 85% capacity factor shown in Table 4, we have revised the calculation at 75%, 85% and 95% to illustrate the impact of differing generation levels. This calculation is shown in Table 5.

Avoided energy costs can be differentiated between on-peak and off-peak periods. To make this calculation, the Company assumed that all capacity costs are incurred to meet on-peak load requirements. On an annual basis, approximately 57% of all hours are on-peak and 43% are off-peak. Table 6 shows the calculation of on-peak and off-peak avoided energy prices.

For informational purposes, Table 7 shows a comparison between the avoided costs currently in effect in Washington and the proposed avoided costs in this filing.

Table 8 shows the calculation of the total fixed costs and fuel costs that are used in Table 3 and Table 4.



## Gas Price Forecast

Gas prices used in this filing were developed by the Company's Market Price Steering Committee and represent the Company's "Official Market Price Projections." The Market Price Steering Committee developed three different scenarios that represent a reasonable range of future market prices. The medium future titled "Base Case" was used in this calculation.

The Official Forward Gas Curve consists of a blend of the July 22, 2003 market gas curve and the gas prices used in the Company's market price clearing model (Midas) to produce the power curve. (The Midas input gas prices, in turn, were a combination of the July 15, 2003 market gas projections and PIRA long-term gas forecast dated April 10, 2003.) The proportions used in this blending are shown in the table below.

	Market	Midas
Through August, 2006	100%	0%
September 2006-February 2007	75%	25%
March 2007-August 2007	50%	50%
September 2007-February 2008	25%	75%
March 2008 onward (Midas/PIRA)	0%	100%

Table 9 shows the natural gas price used in this avoided cost calculation.

**Table 1**  
**Loads and Resources**

	2003	2004	2005	2006	2007	2008	2009
<b>Peak (July)</b>							
Net Load	8,029	8,214	8,682	8,944	9,230	9,552	9,863
Long Term Sales	<u>1,397</u>	<u>1,101</u>	<u>940</u>	<u>968</u>	<u>696</u>	<u>554</u>	<u>479</u>
Total Requirements	9,426	9,315	9,622	9,912	9,926	10,106	10,342
Long Term Purchases	2,089	1,693	1,251	1,407	1,075	1,069	1,064
Thermal Generation	6,641	6,641	6,641	6,641	6,400	6,400	6,400
Other Generation	621	567	567	621	621	621	621
Reserves	<u>(594)</u>	<u>(592)</u>	<u>(592)</u>	<u>(594)</u>	<u>(577)</u>	<u>(577)</u>	<u>(577)</u>
Total Resources	8,756	8,309	7,867	8,074	7,518	7,512	7,507
Surplus / (Deficit)	(670)	(1,006)	(1,754)	(1,837)	(2,408)	(2,593)	(2,834)
Percent Surplus / (Deficit)	-7.1%	-10.8%	-18.2%	-18.5%	-24.3%	-25.7%	-27.4%
<b>Peak (January)</b>							
Net Load	7,326	7,586	7,925	8,010	8,202	8,398	8,610
Long Term Sales	<u>1,232</u>	<u>989</u>	<u>836</u>	<u>828</u>	<u>558</u>	<u>509</u>	<u>509</u>
Total Requirements	8,558	8,575	8,761	8,838	8,760	8,907	9,119
Long Term Purchases	2,577	2,441	2,221	2,206	2,212	1,777	1,774
Thermal Generation	6,641	6,641	6,641	6,641	6,400	6,400	6,400
Other Generation	871	871	871	871	871	871	871
Reserves	<u>(678)</u>	<u>(678)</u>	<u>(678)</u>	<u>(678)</u>	<u>(661)</u>	<u>(661)</u>	<u>(661)</u>
Total Resources	9,411	9,275	9,055	9,040	8,822	8,387	8,384
Surplus / (Deficit)	853	700	294	202	62	(520)	(734)
Percent Surplus / (Deficit)	10.0%	8.2%	3.4%	2.3%	0.7%	-5.8%	-8.1%
<b>aMW</b>							
Net Load	5,936	6,148	6,369	6,491	6,645	6,822	6,971
Long Term Sales	<u>829</u>	<u>706</u>	<u>585</u>	<u>532</u>	<u>398</u>	<u>383</u>	<u>343</u>
Total Requirements	6,765	6,854	6,953	7,023	7,042	7,205	7,314
Long Term Purchases	1,258	1,248	1,164	1,189	922	718	908
Thermal Generation	6,124	6,124	6,124	6,124	5,898	5,898	5,898
Other Generation	585	585	585	585	585	585	585
Reserves	<u>(605)</u>	<u>(606)</u>	<u>(605)</u>	<u>(605)</u>	<u>(589)</u>	<u>(590)</u>	<u>(589)</u>
Total Resources	7,361	7,352	7,268	7,293	6,816	6,610	6,801
Surplus / (Deficit)	596	497	315	270	(226)	(594)	(513)
Percent Surplus / (Deficit)	8.8%	7.3%	4.5%	3.8%	-3.2%	-8.2%	-7.0%

(1) Summer peak is August rather than July  
(2) Loads - March 2003 update

**Table 2**

**2003 Avoided Cost Prices for Purchase Power  
Summary of GRID Avoided Cost Results  
\$/MWH**

Year	Winter Season				Summer Season						Winter Season	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003								42.38	39.94	38.81	38.25	42.07
2004	41.64	40.26	34.49	30.29	24.92	24.10	33.15	40.80	39.03	36.66	36.72	40.93
2005	39.18	37.89	35.09	29.73	24.03	22.48	34.26	39.41	35.61	33.11	35.31	39.79
2006	38.70	37.33	34.70	29.09	23.75	21.92	33.84	43.46	38.03	34.08	34.50	39.94

Year	Non-firm Energy Prices			Seasonal Differentiated
	Winter	Summer	Annual	
2003			40.29 (1)	Summer May through October
2004	37.39	33.11	35.25	Winter November through April
2005	36.17	31.48	33.82	
2006	35.71	32.51	34.11	

**Source**

Produced as the difference of two GRID Net Power Cost studies.  
A base case study including existing and committed resources, and a comparison study which includes a 50 aMW zero cost Mid-Columbia resource as a proxy for QF generation.

Each monthly figure represents the change in net power cost divided by the 50 aMW resource

(1) 2003 Annual costs are based on a partial year August to December 2003.

Updated August 2003

**Table 3**  
**Capitalized Energy Costs**

Year	Combined Cycle CT Fixed Costs	Simple Cycle CT Fixed Costs	Capitalized Energy Costs	Capitalized Energy Costs 85% CF
	(\$/kW-yr)	(\$/kW-yr)	(\$/kW-yr)	(\$/MWH)
	(a)	(b)	(c) (a) - (b)	(d) (c)/(8.76*0.85)

**Avoided Resource**

2003	\$17.17 (1)
2004	\$17.60
2005	\$18.04
2006	\$18.49

**Combined Cycle**

2007	\$96.31	\$75.81	\$20.49	\$2.75
2008	\$98.71	\$77.71	\$21.00	\$2.82
2009	\$101.18	\$79.65	\$21.53	\$2.89
2010	\$103.71	\$81.64	\$22.07	\$2.96
2011	\$106.30	\$83.69	\$22.62	\$3.04
2012	\$108.96	\$85.78	\$23.18	\$3.11
2013	\$111.68	\$87.92	\$23.76	\$3.19
2014	\$114.48	\$90.12	\$24.36	\$3.27
2015	\$117.34	\$92.37	\$24.97	\$3.35
2016	\$120.27	\$94.68	\$25.59	\$3.44
2017	\$123.28	\$97.05	\$26.23	\$3.52
2018	\$126.36	\$99.48	\$26.89	\$3.61
2019	\$129.52	\$101.96	\$27.56	\$3.70
2020	\$132.76	\$104.51	\$28.25	\$3.79
2021	\$136.08	\$107.12	\$28.95	\$3.89
2022	\$139.48	\$109.80	\$29.68	\$3.99
2023	\$142.97	\$112.55	\$30.42	\$4.09
2024	\$146.54	\$115.36	\$31.18	\$4.19
2025	\$150.20	\$118.25	\$31.96	\$4.29
2026	\$153.96	\$121.20	\$32.76	\$4.40
2027	\$157.81	\$124.23	\$33.58	\$4.51

**Columns**

- (a) Table 8 Column (f)
- (b) Table 8 Column (f)

(1) Capacity payment is for 3 months (Table 8 Column (f) / 4)

**Table 4**  
**Total Avoided Energy Cost**

Year	Combined Cycle		Capitalized Energy Costs 85% CF	Total Avoided Energy Cost
	Gas Price	Energy Cost		
	(\$/MMBtu)	(\$/MWH)	(\$/MWH)	(\$/MWH)
	(a)	(b)	(c)	(d) (b) + (c)

**Avoided Resource**

2003	\$40.29 (1)
2004	\$35.25
2005	\$33.82
2006	\$34.11

**Combined Cycle**

(a) x 7.074

2007	\$4.29	\$30.35	\$2.75	\$33.10
2008	\$4.38	\$30.97	\$2.82	\$33.79
2009	\$4.29	\$30.38	\$2.89	\$33.27
2010	\$3.97	\$28.08	\$2.96	\$31.05
2011	\$3.82	\$27.02	\$3.04	\$30.06
2012	\$3.94	\$27.88	\$3.11	\$31.00
2013	\$4.06	\$28.75	\$3.19	\$31.94
2014	\$3.64	\$25.74	\$3.27	\$29.01
2015	\$3.72	\$26.31	\$3.35	\$29.66
2016	\$3.97	\$28.10	\$3.44	\$31.53
2017	\$4.20	\$29.73	\$3.52	\$33.26
2018	\$4.32	\$30.56	\$3.61	\$34.17
2019	\$4.45	\$31.46	\$3.70	\$35.16
2020	\$4.58	\$32.42	\$3.79	\$36.21
2021	\$4.58	\$32.42	\$3.89	\$36.31
2022	\$4.71	\$33.30	\$3.99	\$37.29
2023	\$4.84	\$34.23	\$4.09	\$38.31
2024	\$4.97	\$35.18	\$4.19	\$39.37
2025	\$5.12	\$36.25	\$4.29	\$40.54
2026	\$5.27	\$37.31	\$4.40	\$41.71
2027	\$5.43	\$38.38	\$4.51	\$42.89

**Columns**

- (a) Table 9 Column (d)
- (c) Table 3 Column (d)
- (d) For 2003-2006 Table 2

(1) 2003 Energy costs are based on a partial year August to December 2003.

**Table 5**  
**Total Avoided Cost**

Year	Avoided Firm Capacity Costs	Total Avoided Energy Cost	Total Avoided Costs At Stated Capacity Factor		
			75%	85%	95%
	(\$/kW-yr)	(\$/MWH)	(\$/MWH)	(\$/MWH)	(\$/MWH)
	(a)	(b)	(c)	(d)	(e)
			(b)+((a)/8.76 x 0.75)	(b)+((a)/8.76 x 0.85)	(b)+((a)/8.76 x 0.95)

**Avoided Resource**

2003	\$17.17	\$40.29 (1)	\$42.90	\$42.59	\$42.35
2004	\$17.60	\$35.25	\$37.93	\$37.61	\$37.36
2005	\$18.04	\$33.82	\$36.57	\$36.25	\$35.99
2006	\$18.49	\$34.11	\$36.93	\$36.59	\$36.33

**Combined Cycle**

2007	\$75.81	\$33.10	\$44.64	\$43.28	\$42.21
2008	\$77.71	\$33.79	\$45.62	\$44.23	\$43.13
2009	\$79.65	\$33.27	\$45.39	\$43.97	\$42.84
2010	\$81.64	\$31.05	\$43.47	\$42.01	\$40.86
2011	\$83.69	\$30.06	\$42.80	\$41.30	\$40.12
2012	\$85.78	\$31.00	\$44.05	\$42.52	\$41.30
2013	\$87.92	\$31.94	\$45.32	\$43.75	\$42.51
2014	\$90.12	\$29.01	\$42.73	\$41.12	\$39.84
2015	\$92.37	\$29.66	\$43.72	\$42.07	\$40.76
2016	\$94.68	\$31.53	\$45.94	\$44.25	\$42.91
2017	\$97.05	\$33.26	\$48.03	\$46.29	\$44.92
2018	\$99.48	\$34.17	\$49.31	\$47.53	\$46.12
2019	\$101.96	\$35.16	\$50.68	\$48.86	\$47.41
2020	\$104.51	\$36.21	\$52.12	\$50.25	\$48.77
2021	\$107.12	\$36.31	\$52.62	\$50.70	\$49.18
2022	\$109.80	\$37.29	\$54.00	\$52.03	\$50.48
2023	\$112.55	\$38.31	\$55.44	\$53.43	\$51.84
2024	\$115.36	\$39.37	\$56.93	\$54.86	\$53.23
2025	\$118.25	\$40.54	\$58.54	\$56.42	\$54.75
2026	\$121.20	\$41.71	\$60.16	\$57.99	\$56.27
2027	\$124.23	\$42.89	\$61.79	\$59.57	\$57.81

**Columns**

- (a) Table 3 Column (b)
- (b) Table 4 Column (d)

(1) 2003 Energy costs are based on a partial year August to December 2003.

**Table 6**  
**On- & Off- Peak Energy Prices**

Year	Avoided Firm Capacity Costs	Total Avoided Energy Cost	Capacity Cost Allocated to On-Peak Hours	On-Peak 4,993 Hours	Off-Peak 3,767 Hours
	(\$/kW-yr)	(\$/MWH)	(\$/MWH)	(\$/MWH)	(\$/MWH)
	(a)	(b)	(c)	(d)	(e)
			(a) / (8.76 x 85% x 57%)	(b) + (c)	(b)

**Avoided Resource**

2003	\$17.17	\$40.29 (1)	\$4.05	\$44.33	\$40.29
2004	\$17.60	\$35.25	\$4.15	\$39.40	\$35.25
2005	\$18.04	\$33.82	\$4.25	\$38.08	\$33.82
2006	\$18.49	\$34.11	\$4.36	\$38.47	\$34.11

**Combined Cycle**

2007	\$75.81	\$33.10	\$17.86	\$50.96	\$33.10
2008	\$77.71	\$33.79	\$18.31	\$52.10	\$33.79
2009	\$79.65	\$33.27	\$18.77	\$52.04	\$33.27
2010	\$81.64	\$31.05	\$19.24	\$50.28	\$31.05
2011	\$83.69	\$30.06	\$19.72	\$49.78	\$30.06
2012	\$85.78	\$31.00	\$20.21	\$51.21	\$31.00
2013	\$87.92	\$31.94	\$20.72	\$52.66	\$31.94
2014	\$90.12	\$29.01	\$21.23	\$50.25	\$29.01
2015	\$92.37	\$29.66	\$21.76	\$51.43	\$29.66
2016	\$94.68	\$31.53	\$22.31	\$53.84	\$31.53
2017	\$97.05	\$33.26	\$22.87	\$56.12	\$33.26
2018	\$99.48	\$34.17	\$23.44	\$57.61	\$34.17
2019	\$101.96	\$35.16	\$24.02	\$59.19	\$35.16
2020	\$104.51	\$36.21	\$24.62	\$60.83	\$36.21
2021	\$107.12	\$36.31	\$25.24	\$61.55	\$36.31
2022	\$109.80	\$37.29	\$25.87	\$63.16	\$37.29
2023	\$112.55	\$38.31	\$26.52	\$64.83	\$38.31
2024	\$115.36	\$39.37	\$27.18	\$66.55	\$39.37
2025	\$118.25	\$40.54	\$27.86	\$68.40	\$40.54
2026	\$121.20	\$41.71	\$28.56	\$70.27	\$41.71
2027	\$124.23	\$42.89	\$29.27	\$72.16	\$42.89

**Columns**

- (a) Table 3 Column (b)
- (b) Table 4 Column (d)

(1) 2003 Energy costs are based on a partial year August to December 2003.

**Table 7**  
**Comparison between Proposed and Current Avoided Costs**

Year	Total Avoided Costs at 85% CF		
	Proposed Avoided Costs (\$/MWH) (a)	Current Avoided Costs (\$/MWH) (b)	Difference (\$/MWH) (c) (a) - (b)
2003	\$42.59 (1)	\$18.67	\$23.92
2004	\$37.61	\$20.48	\$17.13
2005	\$36.25	\$21.22	\$15.03
2006	\$36.59	\$23.90	\$12.69
2007	\$43.28	\$24.63	\$18.65
2008	\$44.23	\$27.00	\$17.23
2009	\$43.97	\$31.31	\$12.66
2010	\$42.01	\$37.09	\$4.92
2011	\$41.30	\$38.37	\$2.93
2012	\$42.52	\$39.69	\$2.83
2013	\$43.75	\$41.06	\$2.69
2014	\$41.12	\$42.48	-\$1.36
2015	\$42.07	\$43.95	-\$1.88
2016	\$44.25	\$45.47	-\$1.22
2017	\$46.29	\$47.07	-\$0.78
2018	\$47.53	\$48.67	-\$1.14
2019	\$48.86	\$50.36	-\$1.50
2020	\$50.25	\$52.11	-\$1.86
2021	\$50.70	\$53.93	-\$3.23
2022	\$52.03	\$55.81	-\$3.78
2023	\$53.43	\$57.75	-\$4.32
2024	\$54.86	\$59.77	-\$4.91
2025	\$56.42	\$61.85	-\$5.43
2026	\$57.99	\$64.02	-\$6.03
2027	\$59.57	\$66.26	-\$6.69

Columns

(a) Table 4 Column (d)

(b) Avoided Costs Filed March 1996 - Attachment 4

(1) 2003 Energy costs are based on a partial year August to December 2003.



**Table 8  
Total Cost of Gas Turbine Resources**

Year	Estimated Capital Cost \$/kW	Fixed Capital Cost at Real Levelized Rate \$/kW-yr	Fixed O&M \$/kW-yr	Variable O&M \$/MWH	Total O&M at Expected CF \$/kW-yr	Total Resource Fixed Costs \$/kW-yr	Fuel Cost \$/MMBtu	Fuel Cost \$/MWH	Total Avoided Costs \$/MWH
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<b>Simple Cycle</b>									
2003	\$554	\$53.13	\$11.43	3.14	\$15.56	\$68.68			
2004		\$54.46	\$11.72	\$3.22	\$15.94	\$70.40			
2005		\$55.82	\$12.01	\$3.30	\$16.34	\$72.16			
2006		\$57.21	\$12.31	\$3.38	\$16.75	\$73.97			
2007		\$58.64	\$12.62	\$3.47	\$17.17	\$75.81			
2008		\$60.11	\$12.93	\$3.55	\$17.60	\$77.71			
2009		\$61.61	\$13.26	\$3.64	\$18.04	\$79.65			
2010		\$63.15	\$13.59	\$3.73	\$18.49	\$81.64			
2011		\$64.73	\$13.93	\$3.83	\$18.95	\$83.69			
2012		\$66.35	\$14.27	\$3.92	\$19.43	\$85.78			
2013		\$68.01	\$14.63	\$4.02	\$19.91	\$87.92			
2014		\$69.71	\$15.00	\$4.12	\$20.41	\$90.12			
2015		\$71.45	\$15.37	\$4.22	\$20.92	\$92.37			
2016		\$73.24	\$15.76	\$4.33	\$21.44	\$94.68			
2017		\$75.07	\$16.15	\$4.44	\$21.98	\$97.05			
2018		\$76.95	\$16.55	\$4.55	\$22.53	\$99.48			
2019		\$78.87	\$16.97	\$4.66	\$23.09	\$101.96			
2020		\$80.84	\$17.39	\$4.78	\$23.67	\$104.51			
2021		\$82.86	\$17.83	\$4.90	\$24.26	\$107.12			
2022		\$84.93	\$18.27	\$5.02	\$24.87	\$109.80			
2023		\$87.06	\$18.73	\$5.15	\$25.49	\$112.55			
2024		\$89.23	\$19.20	\$5.27	\$26.13	\$115.36			
2025		\$91.46	\$19.68	\$5.41	\$26.78	\$118.25			
2026		\$93.75	\$20.17	\$5.54	\$27.45	\$121.20			
2027		\$96.10	\$20.67	\$5.68	\$28.14	\$124.23			
<b>Combined Cycle</b>									
2003	\$767	\$66.04	\$8.03	1.77	\$21.21	\$87.25	\$ 4.54	\$ 32.11	43.83
2004		\$67.69	\$8.23	\$1.81	\$21.74	\$89.43	\$ 4.51	\$ 31.91	43.92
2005		\$69.38	\$8.44	\$1.86	\$22.28	\$91.67	\$ 4.25	\$ 30.04	42.35
2006		\$71.12	\$8.65	\$1.91	\$22.84	\$93.96	\$ 4.25	\$ 30.04	42.66
2007		\$72.89	\$8.86	\$1.95	\$23.41	\$96.31	\$ 4.29	\$ 30.35	43.28
2008		\$74.72	\$9.09	\$2.00	\$24.00	\$98.71	\$ 4.38	\$ 30.97	44.23
2009		\$76.58	\$9.31	\$2.05	\$24.60	\$101.18	\$ 4.29	\$ 30.38	43.97
2010		\$78.50	\$9.55	\$2.10	\$25.21	\$103.71	\$ 3.97	\$ 28.08	42.01
2011		\$80.46	\$9.78	\$2.16	\$25.84	\$106.30	\$ 3.82	\$ 27.02	41.30
2012		\$82.47	\$10.03	\$2.21	\$26.49	\$108.96	\$ 3.94	\$ 27.88	42.52
2013		\$84.54	\$10.28	\$2.27	\$27.15	\$111.68	\$ 4.06	\$ 28.75	43.75
2014		\$86.65	\$10.54	\$2.32	\$27.83	\$114.48	\$ 3.64	\$ 25.74	41.12
2015		\$88.81	\$10.80	\$2.38	\$28.52	\$117.34	\$ 3.72	\$ 26.31	42.07
2016		\$91.04	\$11.07	\$2.44	\$29.24	\$120.27	\$ 3.97	\$ 28.10	44.25
2017		\$93.31	\$11.35	\$2.50	\$29.97	\$123.28	\$ 4.20	\$ 29.73	46.29
2018		\$95.64	\$11.63	\$2.56	\$30.72	\$126.36	\$ 4.32	\$ 30.56	47.53
2019		\$98.03	\$11.92	\$2.63	\$31.49	\$129.52	\$ 4.45	\$ 31.46	48.86
2020		\$100.49	\$12.22	\$2.69	\$32.27	\$132.76	\$ 4.58	\$ 32.42	50.25
2021		\$103.00	\$12.52	\$2.76	\$33.08	\$136.08	\$ 4.58	\$ 32.42	50.70
2022		\$105.57	\$12.84	\$2.83	\$33.91	\$139.48	\$ 4.71	\$ 33.30	52.03
2023		\$108.21	\$13.16	\$2.90	\$34.75	\$142.97	\$ 4.84	\$ 34.23	53.43
2024		\$110.92	\$13.49	\$2.97	\$35.62	\$146.54	\$ 4.97	\$ 35.18	54.86
2025		\$113.69	\$13.82	\$3.05	\$36.51	\$150.20	\$ 5.12	\$ 36.25	56.42
2026		\$116.53	\$14.17	\$3.12	\$37.43	\$153.96	\$ 5.27	\$ 37.31	57.99
2027		\$119.45	\$14.52	\$3.20	\$38.36	\$157.81	\$ 5.43	\$ 38.38	59.57

Source: (a)(c)(d) Plant Costs - Page 214, Table C.20 IRP 2003  
 (b) = (a) x Payment Factor - Page 214, Table C.20 IRP 2003  
 (e) = (d) x (8.76 x 'Capacity Factor') + (c)  
 (f) = (b) + (e)  
 (g) Natural Gas Price Forecast (\$/MMBtu)  
 (h) = 7074 x (g) / 1000  
 (i) = (f) / (8.76 x 'Capacity Factor') + (h)

SCCT	CCCT	
9.59%	8.61%	Payment Factor - Page 214, Table C.20 IRP 2003
15%	85%	Assumed Capacity Factor
12,176	7,074	Heat Rate in btu/kWh - Page 209, Table C.18 IRP 2003
2.50%	2.50%	Inflation Rate - page 358 IRP 2003

**Table 9**  
**Natural Gas Price Forecast ( \$/MMBtu )**

Year	Raw Fuel	Transport Cost	Distribution Cost	Combined Cycle CT Fuel Cost
	(a)	(b)	(c)	(d)
		(a) x .016 + 0.13	((a)+(b))x.015+0.09	(a) + (b) + (c)
2003	\$4.18	\$0.20	\$0.16	\$4.54
2004	\$4.15	\$0.20	\$0.16	\$4.51
2005	\$3.91	\$0.19	\$0.15	\$4.25
2006	\$3.91	\$0.19	\$0.15	\$4.25
2007	\$3.95	\$0.19	\$0.15	\$4.29
2008	\$4.04	\$0.19	\$0.15	\$4.38
2009	\$3.95	\$0.19	\$0.15	\$4.29
2010	\$3.63	\$0.19	\$0.15	\$3.97
2011	\$3.48	\$0.19	\$0.15	\$3.82
2012	\$3.60	\$0.19	\$0.15	\$3.94
2013	\$3.72	\$0.19	\$0.15	\$4.06
2014	\$3.32	\$0.18	\$0.14	\$3.64
2015	\$3.40	\$0.18	\$0.14	\$3.72
2016	\$3.63	\$0.19	\$0.15	\$3.97
2017	\$3.86	\$0.19	\$0.15	\$4.20
2018	\$3.98	\$0.19	\$0.15	\$4.32
2019	\$4.10	\$0.20	\$0.15	\$4.45
2020	\$4.22	\$0.20	\$0.16	\$4.58
2021	\$4.22	\$0.20	\$0.16	\$4.58
2022	\$4.35	\$0.20	\$0.16	\$4.71
2023	\$4.48	\$0.20	\$0.16	\$4.84
2024	\$4.61	\$0.20	\$0.16	\$4.97
2025	\$4.75	\$0.21	\$0.16	\$5.12
2026	\$4.89	\$0.21	\$0.17	\$5.27
2027	\$5.05	\$0.21	\$0.17	\$5.43

Columns

(a) Official Price Forecast July 2003 - Opal Index

		<u>Shrinkage</u>	<u>Fees</u>
(b)	Transport Cost	0.016	0.13
(c)	Distribution Cost	0.015	0.09

## **ATTACHMENT G<sup>1</sup>**

### **Explanation of Evaluation and Ranking Procedures (WAC 480-107-060(2)(d))**

#### **GENERAL EVALUATION CRITERIA**

- The net present value of the stream of bid prices should be comparable to, equal to or below the avoided cost for the respective resource type.
- The proposed project must be technologically mature and commercially available.
- The Project Developer must demonstrate a reasonable measure of site control, if applicable to the technology or resource.
- The Project Developer must demonstrate experience in developing the type of resource proposed.
- The proposed project must conform to all applicable laws and regulations.
- The Project Proposal must include a plan and schedule for receiving authorizations and permits.
- The Project Proposal must demonstrate economic feasibility.
- The Project Proposal must demonstrate adequate security.
- The proposed project must be electrically compatible with the Company's existing electric system.

#### **RANKING FACTORS**

During the final review to determine the negotiation group, the Company will utilize the following factors for the ranking of project proposals. Demand-side resources and supply-side resources proposals will be considered together. The Company reserves the right to determine the ranking for each proposal, and further, may select a negotiation group representing proposals totaling more or less than the resource block. The following ranking factor categories have been ordered according to their usual relative significance and value. For some types of projects certain ranking factors may be more or less important. For all projects the pricing factors

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<sup>1</sup> These evaluation and ranking procedures are substantially the same as contained in PacifiCorp's 1991 Request for Proposals, which was filed with the Commission in June 1991 and approved for issuance on October 1, 1991. They are incorporated into this document under the specific circumstance that the resource block in this particular RFP solicitation is zero, and may not reflect the evaluation and ranking procedures that would be used under different circumstances.

(Categories 1 & 2) will be considered as having at least fifty (50) percent of the total value. The environmental factors (Category 4) will be considered as having at least ten (10) percent of the value.

1. The degree to which the net present value of the stream of bid prices compares to the avoided cost for supply-side resources or the cost-effectiveness levels for demand-side resources for the equivalent period. For demand-side resources, prices will be ranked based on utility cost not total resource cost. This category includes:
  - Net present value of the bid prices
2. Assessment of financial risks/costs to the Company. This category includes:
  - Ability to provide and demonstration of development security
  - The Front-loading of payments
  - Security provided for Front-loading of payments
  - Structure and timing of payments
  - Administrative cost and burden to Company
  - Reliability of the resource and security for performance of the contract
  - Rigor of proposed method of demonstrating savings
  - Level of Company's exposure to fuel cost escalation
3. Consistency with resource needs. This category includes:
  - Degree to which Project Proposal creates lost opportunities
  - Consistency with the integrated resource plan with regard to timing, size, type of resource, cost, etc.
  - Term of the contract
  - Term of savings
4. Measure of Environmental Costs. This category includes:
  - Residual environmental costs
  - Consideration of general environmental externalities
5. Demonstrated ability of Project Developer to complete the proposed project and perform under the terms of the Prototype Contract. This category includes:
  - Assessment of projects completed and operating record
  - Previous experience in developing similar projects
  - Organizational structure and composition of development and management team
  - Technical feasibility including commercial availability of proven equipment
  - Degree of consistency with Prototype Contract
6. Fuel supply and cost. This category includes:
  - Type of fuel
  - Source of fuel including contracts

- Transportation of fuel including costs and contracts
  - Length of fuel contract
  - Firmness of fuel supply
  - Cost of fuel
  - Escalation of fuel pricing
7. Compatibility to the Company's electrical system. This category includes:
- Location relationship between loads and resources
  - Reliability - long—term
  - Availability during peak periods/seasons
  - Load Factor
  - Dispatchability
  - Interruptibility
  - Support to transmission system
  - Requirement for new transmission capability
  - Impact on base load plants
  - Transmission versus distribution interconnection
  - Voltage support
  - In or out of service territory
8. Ability of the project to complete financing. This category includes:
- Type of financing, term, and interest rate
  - Capital structure
  - Financial strength of the Project Developer or ability to acquire financing
  - Plan and schedule for completing financing
  - Description of the financing entity
  - Status of financing commitment(s)
  - Assessment of economic feasibility
  - Demonstrated coverage ratios
9. Status of project development. This category includes:
- Status of permits and authorizations
  - Demonstration of favorable regulatory treatment, if project is an IPP
  - Contracts completed
  - Degree of engineering and design completed
  - Milestone plan and schedule for engineering, construction, financing, and approvals
  - Degree of control of project site
  - Likelihood of receiving permits
  - Identification of interconnection method(s) and costs
  - Arrangement of wheeling, if applicable
  - For demand-side resources, the degree of development of marketing plan and operational guidelines for managing the project

# ATTACHMENT H<sup>1</sup>

## Specification of Minimum Criteria for Bidders (WAC 480-107-060(2)(d))

- Project proposals must meet the applicable terms of this RFP described below in “General RFP Terms”.
- Project proposals must contain the information requested below, for supply-side resources and demand-side resources, as applicable.

### General RFP Terms

- The defined terms of this RFP are set forth in WAC 480-107-005 are capitalized, and shall apply to this RFP by reference.
- Project proposals must contain the information requested below for supply-side or demand-side resources, as applicable.
- Project developers are not limited to one proposal for each project. Project alternatives can be submitted; however, each one must be considered a separate proposal. Multiple proposals of the same project delivered in the same envelope will not be considered. All other terms of this RFP will apply as though each is a separate proposal.
- A Project Proposal may be withdrawn or modified provided that notification and/or re-submittal occurs according to the schedule and procedure described herein.
- The preparation and submission of a Project Proposal will be by and at the expense of the Project Developer.
- Supply-side resource proposals must be for a project of not less than 100 kilowatts (kW); demand-side resource proposals must provide for a minimum of 250,000 kWh of savings per calendar year.
- Contract deliveries must be for a period of not less than 10 years nor more than 20 years.
- Until the Company enters into a binding long-term contract to purchase a resource, the Company has no duty to purchase except as otherwise appropriate under state and federal

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<sup>1</sup> These minimum criteria for bidders are substantially the same as contained in PacifiCorp’s 1991 Request for Proposals, which was filed with the Commission in June 1991 and approved for issuance on October 1, 1991. They are incorporated into this document under the specific circumstance that the resource block in this particular RFP solicitation is zero, and may not reflect the minimum criteria for bidders that would be used under different circumstances.

regulations. Participation by a Project Developer in this RFP process does not constitute an offer to purchase by the Company. The Company may terminate participation in the RFP process with any Project Developer during any point in the process up to and including contract negotiation. The Company reserves the right to reject all proposals.

- The Company reserves the right to modify this RFP process, subject to the appropriate regulatory approval(s).
- Project developers or its agents are responsible for all interconnection costs and/or wheeling costs required to deliver electricity into the Company's system. The Company will provide a cost estimate, as a part of its interconnection procedures, following receipt of a formal interconnection request by the Developer. The Company will also provide a cost estimate of transmission upgrades, if any, as a part of its transmission service request procedures, following receipt of a transmission service request from the Developer or its agent. The cost of such service is paid in advance.
- The prototype contracts attached as Attachments B and D will be utilized for supply-side resource purchases by the Company and the purchase of demand-side resources, respectively. The Project Developer may propose to modify the Prototype Contract to suit the nature of the project.
- Project proposals for existing or future projects which have contractual or regulatory obligations (not covered herein) must include a statement disclosing the nature of such obligations.
- The Company will use all reasonable efforts to protect the confidentiality of information contained within a Project Proposal. All pages considered confidential by the Project Developer must include the word "confidential" at the top of the page in large bold print. The Company may be required to release project information in order to meet various regulatory or legal requirements. The Company may release information about bids received on an aggregated or generic basis. The Company will not be held liable for damages related to the submission of confidential information to governmental agencies as required or as part of any legal proceeding.

### **Required Information for Supply-Side Resources**

The Company is interested in receiving proposals for Generating Facilities from Qualifying Facility developers or Independent Power Producers. The resources acquired by the Company should be consistent with the Company's January 2003 Integrated Resource Plan. Both demand-side resources and supply-side resources will be evaluated and ranked together to identify the group of proposals most desirable for entering into long-term contracts. Generating Facilities over 100 kW of installed capacity providing a firm long-term supply at least ten years will be considered. Developers of projects less than one MW are also eligible to enter into the applicable standard contract, included as Attachment C. The form of agreement for the projects participating in this RFP is attached as Attachment B and designated as Long-Run Prototype Contract A.

Project developers, or their agents, will be responsible for arrangement of deliveries of electricity to a point acceptable to the Company within its main electrical system. Generating Facilities in

the Company's eastern service territories may be impacted by the transmission system's ability to move power to the Company's western service areas. Additionally, all costs associated with the delivery of electricity will be the responsibility of the Project Developer, or its agent.

Generating Facilities that directly interconnect with the Company's electrical system will be responsible for all capital costs associated with the interconnection, and costs for operation and maintenance ("O&M") of certain facilities required to operate in parallel with the Company's electrical system. The Company will provide engineering services, at the Project Developer's cost, to determine a suitable interconnection option, interconnection costs and protective relaying. In general, the Company will own, operate and maintain interconnection facilities on the Company's side of the point of interconnection. However, the Project Developer may be required to reimburse the Company for the maintenance of certain communication and protection equipment on the Generation Developer's side of the point of Interconnection. These interconnection costs and annual O&M reimbursements should be considered in the economic feasibility of the proposed project.

Project proposals should include responses and information regarding all applicable minimum requirements, general evaluation criteria, and itemized ranking factors. The information necessary for a Project Proposal to Project Developer in two parts. First, the contract will contain a significant amount of information regarding such items as assessment of bid value (category 1 of ranking factors), assessment of financial risks (category 2 of ranking factors), and fuel supply and cost (category 6 of ranking factors). Secondly, requested information not contained in the contract offer should be provided as a supplement and part of the Project Proposal. No specific format will be required as each Project Developer should present a Project Proposal in the manner appropriate for the project. A complete Project Proposal should address all applicable points outlined above. Evaluation and ranking of proposals will be facilitated by the orderly presentation of the required information by the Project Developer.

### **Required Information for Demand-Side Resources**

This section describes the requirements that apply specifically to demand-side resource proposals. Proposals for demand-side resources will be evaluated and ranked together with proposals for supply-side resources submitted under this RFP. Successful bidders will be eligible to enter into a contract with the Company to supply the resource proposed. The form of agreement for demand-side resource projects is included as Attachment D.

#### Eligibility

1. Eligible Bidders  
Generally, any qualified bidder may submit a proposal. Bidders may propose to install energy efficiency measures in facilities owned by others. Businesses or government agencies may propose to supply demand-side resources by making eligible improvements to their own facilities. Businesses that would individually be too small to supply the minimum of 250,000 kilowatt-hours per year may submit a joint proposal.

Subsidiaries of the Company are not eligible.

2. Eligible Projects  
Proposed projects must install only eligible measures in facilities served by the Company



in the state of Washington.

The purchase price for proposed demand-side resource projects must be less than the net present value of the cost-effectiveness value of the demand-side resource delivered. Cost effectiveness values are shown in the Company's avoided cost schedules. Certain types of projects have additional value to the Company because they will build the capability to acquire demand-side resources that may not be forthcoming from Company programs ("Capability Building Projects"). These Capability Building Projects are limited to the following types of facilities in the state of Washington:

- Existing residential housing units.
- Facilities used primarily for agricultural irrigation.
- Facilities owned or operated by government agencies.

All Capability Building Projects and other projects are not eligible if they receive funding under any other energy efficiency program of the Company. The Company encourages proposals which allow the Company to capitalize and amortize its payments.

3. Eligible Measures

The Company encourages innovative proposals for improving the efficiency of electricity use in the targeted facilities. Proposals may include generally any means of improving energy efficiency that meets the criteria given below. Examples of measures that would usually be eligible include:

- Wall, ceiling and floor insulation.
- Energy efficient lighting systems.
- Storm windows or energy efficient replacement windows.
- Energy management systems and control systems that improve energy efficiency.
- Equipment that improves the energy efficiency of mechanical systems for space heating, cooling, and water heating.
- Energy efficient motors.
- Modifications to pumping and piping systems that improve the efficiency of energy use.

Measures included in proposals must:

- Improve the efficiency of electricity use. Measures that reduce energy consumption by curtailing or discontinuing an energy-using activity are not eligible. Measures that reduce electricity consumption by substituting another

fuel for electricity are also not eligible.

- Produce savings of electricity that can be reliably measured or estimated with methods acceptable to the Company.
- Be consistent with the Company's integrated resource plan.
- Be commercially available and reliable.

### Required Information

Project proposals must contain sufficient information to allow the Company to evaluate the criteria described above and in Attachment G. The following information is the minimum required for demand-side resource proposals to be accepted for evaluation. Proposals will need to include additional information to demonstrate that they meet the general evaluation criteria and the ranking factors and in order to be ranked higher than other proposals.

1. Project Developer

The Project Proposal must specify the full name, address, and phone number of the sponsoring entity. It must state the name of the individual authorized to represent the proposal. The proposal must contain the names and resumes of the project manager and other key individuals responsible for the project and name all subcontractors.

2. Description Of The Project

If the project involves efficiency improvements at particular known facilities (for instance, a school district proposing improvements to some of its buildings), the proposal must state the name and location of the facilities involved. The proposal must state the size and type of each facility (e.g. 30,000 square foot elementary school). The proposal must describe the measures to be implemented at each facility or specify the method that will be used to determine the measures to be implemented.

If the project involves efficiency improvements to a class of facilities (for instance, an energy service company proposing a program for residential customers), the proposal must specify the class and location of facilities that would be targeted and fully specify the method that will be used to select particular facilities for participation. The proposal must list the measures that may be implemented and fully specify the method that will be used to determine which measures will be implemented in each facility.

Project proposals must specify the amounts of energy savings that will be provided each year over the term of the savings.

Project proposals must specify in detail the method that will be used to measure or verify the claimed amount of energy saving.

Proposals must include management plans of sufficient detail to demonstrate that the proposed resource will be reliably delivered on the schedule proposed and in the amounts specified.

3. Cost and Finance

Project proposals must contain the proposed term during which measures will be installed

and a specific pricing proposal including the method to be used in determining payments. Proposals must include a table that explicitly compares the proposed price to the Company's avoided cost schedule.

## **ATTACHMENT I**

### **Security Requirements (WAC 480-107-090(d))**

Security provisions must be included with all long-term agreements where proposed payments to the Project Developer at any time exceeds the payment which would have been made under precise application of PacifiCorp's avoided cost schedule ("Front-loading"). Attachments B and D, the long-run prototype contracts, include specific security provisions applicable to supply-side and demand-side resources, respectively.