

1 party raising the issue, and has been authorized to represent that the modification satisfies
2 Sherman County/Simplot's concern on this point. Thus, this issue can be eliminated.

3 **Issue No. 10.b:**

4 Should small QFs be offered a simplified contract price term more consistent with
5 historical practices and the policy of encouraging diverse small resources and
6 recognizing that the owners of smallest QFs lack resources to use sophisticated
7 predictive measures? Examples include a floating price which equals the highest price
8 among the indexed options (Deadband Index Gas Price, Index Gas price, Mid-C
9 Index Rate Price) and selection of an option by small QFs at shorter intervals than life
10 of agreement (e.g., quarterly or yearly).

11 **PacifiCorp Comment:** PacifiCorp believes this issue should not be included in the
12 issues list. The Commission fully addressed pricing options in Order No. 05-584, and the
13 availability of alternative options to be made available to QFs, as a requirement, should not
14 be selectively revisited in this docket.

15 **Issue No. 10.f:**

16 Should the effective date of the new price term be made retroactive to the date of the
17 expiration of the last agreement between the parties or some other date?

18 **PacifiCorp Comment:** PacifiCorp believes this issue should not be included.

19 Commission Order No. 05-899 already provides that contracts entered into subsequent to the
20 effective date of the standard form contracts filed by PacifiCorp, PGE and Idaho Power
21 (August 11, 2005) will be subject to investigation, and the Commission modified that Order
22 by Order No. 05-1061 to delete the required contract provision making rates subject to
23 refund. Thus, the Commission has already addressed the issue of retroactive application of
24 avoided cost rates to post-August 11 contracts, and there is no authority for the Commission
25 to retroactively change the terms of any other contracts that might have been entered into
26 prior to August 11, 2005.

27 **Issue No. 25:**

28 Issues related to the application of the Revised Protocol.

1 **PacifiCorp Comment:** PacifiCorp disagrees with the addition of this issue. The
2 Commission has established in Order No. 05-584 the avoided cost methodology to be used
3 for fixing PacifiCorp’s avoided cost rates, and that methodology, and the resulting rates, will
4 not be affected by any analyses of Revised Protocol. *If* the application of Revised Protocol’s
5 provision regarding the situs assignment of a portion of QF power purchase agreement costs
6 (those costs above the cost of a “Comparable Resource”) ever comes into play, it will be in
7 the context of a case addressing PacifiCorp’s recovery of those costs. The Comparable
8 Resources, and their costs, will change over time, and it would be an unnecessary and
9 wasteful use of the Commission’s and parties’ time and resources to undertake analyses of
10 Revised Protocol issues in this docket.

11 **Issue No. 26:**

12 Should “By _____, Seller” in § 2.2.2 of PacifiCorp’s contract be
13 replaced with “Upon completion of construction, Seller” to harmonize with §6.1?

14 **PacifiCorp Comment:** PacifiCorp agrees with the suggested change to its contract.
15 Thus, this issue can be removed.

16 **Issue No. 27:**

17 Should “Seller’s shareholders, directors and officers have” in § 3.2.3 of PacifiCorp’s
18 contract be replaced with “Seller has” to accommodate all types of entities, rather
19 than only corporations?

20 **PacifiCorp Comment:** PacifiCorp agrees with the suggest change. Thus, this issue
21 can be removed.

21 **Staff’s Proposed Consolidated Issues List—Phase II**

22 **Proposed issue not included in Staff’s list:** PacifiCorp proposed that the following
23 issue be addressed in Phase II:

24 Impact of imputed and/or direct debt incurred by Company and ratepayers from new
25 QF contracts as a result of new accounting rules - Emerging Issues Task Force
26 (“EITF”) 01-08 and Financial Interpretation No. 46 (“Fin 46”) and how it should be
treated in avoided cost adjustments.

1 PacifiCorp continues to believe that the debt issue resulting from the new accounting
2 rules must be addressed by the Commission if the avoided cost rates are to comply with the
3 PURPA requirement of ratepayer neutrality. While this cost issue will not be applicable to
4 all QF contracts, in some cases it will be a real cost, the impacts of which on the utility's
5 customers should not be ignored.

6 DATED: October 21, 2005.

7 STOEL RIVES LLP

8 /s/ John M. Eriksson

9 John M. Eriksson
10 Attorney for PacifiCorp
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CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing document upon the parties of record in this proceeding by electronic mail where available and by first-class mail, addressed to said parties/attorneys' addresses as shown below:

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