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December 28, 2006

Hon. Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *PacifiCorp*  
Docket No. ER07-\_\_\_-000

FILED  
OFFICE OF THE  
SECRETARY  
2006 DEC 28 P 2:51  
FEDERAL ENERGY COMMISSION

Dear Ms. Salas:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d (2000) and Part 35 of the regulations of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. Part 35 (2006), PacifiCorp hereby tenders for filing an original and six (6) copies of proposed revisions to Section 11.5 of its Large Generator Interconnection Agreement ("LGIA"). PacifiCorp respectfully requests that the tariff sheets enclosed in Exhibit A be accepted for filing effective December 29, 2006.

## 1. Description of Filing

PacifiCorp is filing to amend Article 11.5, Provision of Security, under the LGIA provisions of its Substitute Sixth Revised Volume No. 11 Open Access Transmission Tariff ("OATT"). The revisions are necessary to provide consistency among PacifiCorp's LGIA and its Small Generator Interconnection Agreement ("SGIA"). Specifically, PacifiCorp seeks to include a pre-design security requirement in its LGIA. While PacifiCorp's amendment deviates slightly from Article 11.5 approved by the Commission in Order No. 2003, PacifiCorp believes this provision is "consistent with or superior to" the *pro forma* provision, and offers customers interconnection service, consistent with the principles of Order No. 2003.<sup>1</sup>

<sup>1</sup> See 18 C.F.R. § 35.28(f)(iv).

Ms. Magalie R. Salas  
December 28, 2006  
Page 2

Order No. 2003 was issued by the Commission to standardize the terms and conditions of interconnection service and to facilitate non-discriminatory, open access to the transmission grid.<sup>2</sup> Order No. 2006 furthered this effort, setting forth standard terms and conditions for interconnection of small generators with a capacity of no more than 20 MW.<sup>3</sup> As is relevant here, Order No. 2006 approved the same pre-design phase security requirement PacifiCorp seeks to include in its LGIA.<sup>4</sup>

Inclusion of the same language used in SGIA Article 6.3 in PacifiCorp's LGIA Article 11.5 is consistent with Commission policy. First, the Commission has set forth its preference for consistency "between the rules for the Large and Small Generating Facilities, unless there is a specific reason to do so otherwise."<sup>5</sup> Because PacifiCorp seeks to include the same language in the LGIA as approved in Order No. 2006, the Commission's preference for consistency is furthered by this revision.

Second, the Commission's reasoning for adopting the SGIA Article 6.3 language applies in the large generator context as well. Specifically, in response to a request by PacifiCorp that design costs be included in the security requirement in SGIA Article 6.3, the Commission found that "design costs are a part of the development process and should be covered" in the SGIA.<sup>6</sup> The Commission's rationale for the SGIA would also apply to the LGIA provision on security.

Third, the discussion in Order No. 2003 on security incorporates a degree of flexibility to customize the security required and the appropriate deadline for providing that security.<sup>7</sup> This is evidenced by the Commission's prior approvals of modifications to LGIA Article 11.5.

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<sup>2</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs., Regulations Preambles ¶ 31,146 (2003) ("Order No. 2003"), *on reh'g*, FERC Stats. & Regs., Regulation Preambles ¶ 31,160 (2004) ("Order No. 2003-A"), *on reh'g*, FERC Stats. & Regs., Regulations Preambles ¶ 31,171 (2004) ("Order No. 2003-B"), *on reh'g*, Order No. 2003-C, FERC Stats. & Regs., Regulations Preambles ¶ 31,190 (2005) ("Order No. 2003-C"); *see also* Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004).

<sup>3</sup> *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, FERC Stats. & Regs., Regulations Preambles ¶ 31,180, (2005) ("Order No. 2006"), *on reh'g*, Order No. 2006-A, FERC Stats. & Regs., Regulations Preambles ¶ 31,196 (2005) ("Order No. 2006-A"), *order on clarification*, Order No. 2006-B, 116 FERC ¶ 61,046 (2006).

<sup>4</sup> Order No. 2006 at PP 261, 266. The provision is included as SGIA Article 6.3.

<sup>5</sup> *Id.* at P 59.

<sup>6</sup> *Id.* at PP 261, 266.

<sup>7</sup> Order No. 2003 at P 593. The Commission has allowed Transmission Providers flexibility in developing this security provision. *See Sierra Pacific Power Co.*, 111 FERC ¶ 61,145 at P 7 (2005).

Ms. Magalie R. Salas  
December 28, 2006  
Page 3

Specifically, the Commission has allowed a jurisdictional entity to include pre-design phase security requirement to LGIA Article 11.5.<sup>8</sup> In light of the foregoing, PacifiCorp respectfully requests the Commission accept the modifications to Article 11.5 of its LGIA, as forth in Exhibit A to this filing.

## 2. Communications

All communications and correspondence regarding this filing should be directed to the following persons.<sup>9</sup>

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## 3. Waiver and Effective Date

PacifiCorp respectfully requests that the Commission accept the attached tariff changes and grant the necessary waivers to allow it to become effective as requested herein. Specifically, PacifiCorp requests that the Commission waive its 60-day advance notice requirement to permit the tariff change to take effect on December 29, 2006.<sup>10</sup> Granting this waiver will allow consistency between the SGIA and LGIA credit standards at an earlier date.

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<sup>8</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,134 at PP 41, 47 (2006).

<sup>9</sup> PacifiCorp requests waiver of the Commission's Rule 2010, 18 C.F.R. § 385.2010, such that more than two people may be designated on the service list on behalf of PacifiCorp in this proceeding.

<sup>10</sup> *See* 18 C.F.R. §§ 35.3, 35.11 (2006).

Ms. Magalie R. Salas  
December 28, 2006  
Page 4

PacifiCorp also respectfully requests a waiver of any requirements of Part 35 of the Commission's regulations that have not been fulfilled by this filing and the materials enclosed herewith.

**4. List of Materials**

Set forth below is a list of materials tendered for filing with the Commission herein.

Exhibit A      Clean tariff sheet incorporating revisions to Article 11.5 of PacifiCorp's OATT

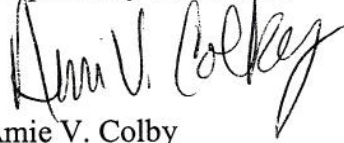
Exhibit B      Red-line tariff sheets setting forth changes to Article 11.5 of PacifiCorp's OATT

**5. Conclusion**

Based upon the foregoing, PacifiCorp respectfully requests that the Commission accept the attached tariff sheets for filing, effective on the dates indicated herein.

If you have any questions please do not hesitate to contact the undersigned.

Respectfully Submitted,



Amie V. Colby  
Rebecca Roback

**Exhibit A**

**11.4.3** Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

**11.5 Provision of Security.** At least thirty (30) Calendar Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes. In addition:

**11.5.1** The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

**11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

**11.5.3** The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

**Exhibit B**

**11.4.3** Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

**11.5 Provision of Security.** At least thirty (30) Calendar Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes. In addition:

**11.5.1** The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

**11.5.2** The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

**11.5.3** The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.