Q. Please state your name, business address and position with PacifiCorp dba
 Rocky Mountain Power (the Company).

A. My name is Paul H. Clements. My business address is 201 S. Main, Suite 2300,
Salt Lake City, Utah 84111. I am the Commercial representative for Rocky
Mountain Power, responsible for Qualifying Facilities and Retail Special
Contracts.

7 QUALIFICATIONS

8 Q. Please briefly describe your education and business experience.

9 A. I have a B.S. in Business Management from Brigham Young University. I have
10 been employed with PacifiCorp for one year as an Originator/Power Marketer
11 responsible for negotiating retail special contracts and Qualifying Facility
12 contracts. I have also worked in the merchant energy sector for 8 years in pricing
13 and structuring, origination, and trading roles. I currently have responsibility for
14 Qualifying Facility contracts within Rocky Mountain Power.

15 Q. Have you previously submitted testimony in this docket?

- 16 A. No.
- 17 PURPOSE OF TESTIMONY
- 18 Q. What is the purpose of your testimony?

19 A. I will be responding to three issues raised by Mr. Swenson in his direct testimony

- 20 in this Docket: (1) the date for posting Project Development Security, (2) the
- 21 timing for specific commitments that can lead to delay damages and termination,
- 22 and (3) inclusion of lack of or excess wind as a Force Majeure event for testing
- 23 dates. I will also present the Company's proposed timeline for posting of Project

24 Development Security.

- 25 **PROJECT DEVELOPMENT SECURITY** Can you summarize Mr. Swenson's position regarding the posting of Project 26 Q. 27 **Development Security?** 28 Yes, Mr. Swenson in his direct testimony has stated that Pioneer Ridge's position A. 29 is to use 180 days from the effective date of the contract as the date on which 100 30 percent of the required Project Development Security be posted. 31 What is the Company's proposal for the timing of posting of Project **Q**. 32 **Development Security?** 33 A. The Company proposes that the required Project Development Security be posted 34 ten (10) days after the Effective Date. 35 0. Why does the Company require that Project Development Security be posted sooner than 180 days after the Effective Date as proposed by Mr. Swenson? 36 37 A. The Company has the obligation to purchase the output of Pioneer Ridge upon the 38 Effective Date. Upon assuming the obligation, the Company plans for the Pioneer 39 Ridge resource to come online at the Scheduled Commercial Operation Date. 40 Therefore, the Company requires assurance that the resource will be online at the 41 agreed-upon time. The Project Development Security provides such assurance 42 and allows for recovery of any costs that the Company incurs if the project is 43 delayed and/or cancelled. Therefore, Project Development Security should be 44 posted at the same time the Company assumes the obligation - on the Effective 45 Date.
- 46

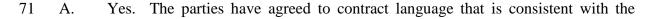
47 CRITICAL TIMING DATES

48 Q. Have PacifiCorp and Pioneer Ridge resolved the issue on critical timing 49 dates?

A. Yes. Mr. Swenson proposed to move the start of delay damages 90 days beyond
the Scheduled Commercial Operation Date and push the termination date to 90
days past the Guaranteed Commercial Operation Date. The proposals set both
dates 90 days beyond that which PacifiCorp deemed reasonable. Mr. Swenson in
his prefiled direct testimony on page 8 lines 14-16 stated,

- 55 "What we expect is that there is a likely band of time for which the project
 56 will reach Commercial Operations. Our best estimate of that band is plus or
 57 minus 90 days from our expected on line date."
- 59 In further negotiations with Pioneer Ridge, PacifiCorp proposed, instead of 60 extending the delay damage and termination dates by 90 days, to implement a 90 61 day period before the Scheduled Commercial Operation Date during which the 62 project can come online and receive the full Contract Price for that year. In 63 addition, PacifiCorp proposed that if the project comes online between 90 and 180 64 days before the Scheduled Commercial Operation Date, Pioneer Ridge will 65 receive 85 percent of the Contract Price for that year. This proposal provides the 66 90 day band that Mr. Swenson stated is necessary. This proposal structures the 90 67 day band in such a way that it provides an incentive to come online early instead 68 of providing leniency in the penalties associated with a delay.

69 Q. Have the parties reached agreement on the contract language for critical 70 timing dates?



72

Company's proposal on this issue.

73 LACK OR EXCESS WIND AS A FORCE MAJEURE EVENT

- Q. Has the Company and Pioneer Ridge resolved Mr. Swenson's claim that lack
 or excess wind should be considered a Force Majeure event when
 determining the Commercial Operation Date?
- 77 The Company firmly believes lack of or excess wind should not be A. Yes. 78 considered a Force Majeure event. However, the Company understands that 79 certain wind conditions may be necessary in order to perform the required testing 80 to prove Commercial Operation. Therefore, the Company has proposed inserting 81 language in the definition of Commercial Operation that allows for extension of 82 the Scheduled Commercial Operation Date in the event Pioneer Ridge is ready to 83 perform the required tests to reach Commercial Operation, as certified by a 84 professional engineer, but is unable to do so due to lack of wind or excess wind 85 conditions.

86 Q. Have the parties agreed to this concept proposed by the Company?

- 87 A. Yes. The parties have agreed to the concept proposed by the Company and are88 finalizing the contract language.
- 89 Q. Has the Company prepared a draft power purchase agreement Commission
 90 orders in order to contract with Pioneer Ridge?
- 91 A. Yes. I have attached to my testimony as Exhibit A, a draft power purchase
- 92 agreement that is consistent with Commission orders.
- 93 Q. Does this conclude your testimony?
- 94 A. Yes it does.