



December 15, 2016

Joe Briney
S•POWER

Re: Response to Indicative Pricing Request

Delivered via email to jbriney@spower.com

Dear Mr. Briney:

Attached please find indicative pricing for the proposed Glen Canyon B Solar project ("Project").

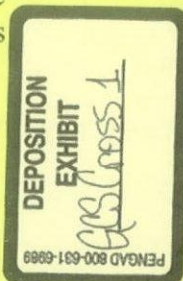
The indicative pricing that accompanies this letter is provided in accordance with Rocky Mountain Power Utah Schedule 38 ("Schedule 38"). Indicative prices, as noted in Schedule 38, "are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties and approved by the Commission." The indicative pricing contained herein is based on certain assumptions (including, but not limited to, the availability of certain transmission services). The assumptions used to determine the avoided cost pricing are subject to change, which in turn may modify the provided indicative avoided cost pricing.

The Commission order dated June 9, 2015, in Docket No. 14-035-140 requires the Company to identify routine and non-routine updates or modeling changes. This avoided cost study is based upon the 2016.Q1 Utah Compliance Filing in Docket No. 16-035-29, which was made on June 29, 2016 ("2016.Q1 Filing"). This avoided cost study is based upon the 2016.Q2 Utah Compliance Filing in Docket No. 16-035-29, which was made on September 26, 2016 ("2016.Q2 Filing"). That filing listed four routine updates and no non-routine updates. No party has filed an objection to the 2016.Q2 filing.

<http://www.psc.state.ut.us/utilities/electric/elecindx/2016/1603529indx.html>

In addition, the Company has identified three routine updates since the 2016.Q2 Filing:

1. Official Forward Price Curve – Update to the curve dated October 12, 2016 ("161012 OFPC").
2. Routine GRID Update – Update the GRID model to include inputs assumptions based on information available as of October 20, 2016.
3. QF Queue – Update the QF queue to reflect current signed and potential QFs. The QF queue was 2,273 MW of nameplate capacity in the 2016.Q2 filing and was revised to 2,824 MW of nameplate capacity for the Glen Canyon B project.



Therefore, in accordance with the Commission orders referenced above and consistent with Rocky Mountain Power Utah Schedule 38 ("Schedule 38"), provided below is indicative avoided cost pricing. This indicative pricing replaces and supersedes any pricing previously provided.

The QF Projects contemplated in this indicative pricing request are located in an area that PacifiCorp, in its merchant capacity, is aware has significant transmission constraints. The indicative pricing stream does not assume that additional transmission will be constructed in the constrained area in which the QF is proposed, at least in the time-frame indicated for the Projects' commercial operation. In accordance with the amended Network Operating Agreement between PacifiCorp ESM and PacifiCorp Transmission approved by the FERC on May 21, 2015, curtailments may be necessary when project output exceeds the Company's transmission rights. The provided indicative avoided cost pricing applies to delivered output from the Projects and reflects a preliminary projected level of curtailment at each Project. Further analysis of potential redispatch costs and curtailments will be necessary.

The indicative pricing has been provided for illustrative purposes in annual on-peak ("HLH") and off-peak ("LLH") values and as annual 7x24 flat (all hours) values. The pricing has also been provided in monthly HLH and LLH values. Should you choose to move forward with a power purchase agreement, the monthly HLH and LLH values will be used in the power purchase agreement. HLH is defined as Monday through Saturday, 7:00 AM MST to 11:00 PM MST, excluding NERC holidays. LLH is defined as all hours that are not on peak.

Schedule 38 also indicates it is the responsibility of the QF developer to make necessary interconnection arrangements with PacifiCorp Transmission. As noted in Schedule 38, "[t]he Company's obligation to make purchases from a QF is conditioned upon all necessary interconnection arrangements being consummated." The process of making the interconnection arrangements may result in the identification of additional costs (including, but not limited to, potential improvements to the distribution and/or transmission system) or timing considerations to accomplish necessary interconnection upgrades that are the responsibility of the qualifying facility developer.

A copy of the Schedule 38 can be obtained on the Company's website:

https://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Qualifying_Facility_Procedures.pdf

Nothing in this letter should be construed as creating a power purchase agreement or other legally enforceable obligation between PacifiCorp and Project. Nothing in this indicative pricing request response should be construed as an offer on the part of PacifiCorp to enter a power purchase agreement with Project. Project may only obtain a final power purchase agreement through full compliance with the procedures for such as detailed in Schedule 38.

To move to the next step in the process you must request a proposed power purchase agreement from PacifiCorp within 60 days of the receipt of this indicative pricing letter. It is respectfully

requested that all formal correspondence regarding the current Utah Schedule 38 Compliance Filing or this pricing request be addressed to:

By E-Mail (preferred) : datarequest@pacificorp.com

By Regular Mail : Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Informal inquiries may be E-Mailed to Bruce.Griswold@pacificorp.com with a CC: to Dan MacNeil at Daniel.MacNeil@pacificorp.com. Alternately, feel free to contact me at (503) 813-5218.

Regards,



Bruce Griswold
Director Short-term Origination and QF Contracts
PacifiCorp

This communication is preliminary and is intended to serve as a basis for further discussion and negotiations between the parties. This does not contain all matters upon which agreement must be reached for a transaction to be completed. The matters set forth herein are not intended to and do not constitute a binding agreement or establish any obligation by any party, and this communication may not be relied upon as the basis for a contract by estoppel or otherwise. A binding agreement will arise only upon the negotiation, execution, and delivery of mutually satisfactory definitive agreements and the satisfaction of the conditions set forth therein, including completion of due diligence and the approval of such agreements by the respective governing bodies and management of each party, which approval shall be in the sole subjective discretion of the respective governing bodies and management. Any actions taken by a party in reliance on the non-binding terms expressed herein or on statements made during negotiations of the transactions contemplated hereby are taken at that party's own risk. In addition, our proposed terms are based on current market conditions and PacifiCorp may update our proposed terms/conditions based on changing market conditions until such time as the parties have executed a definitive agreement.

ILLUSTRATIVE ANNUAL PRICING

Glen Canyon B Solar 21.0 MW and 34.9% CF Illustrative Avoided Cost Prices

Year	Energy Payment (\$/MWH)		Total \$/MWH at 34.9% CF (1)	Output Curtailed %
	HLH	LLH		
2019(p)	\$15.08	\$13.96	\$14.86	0.0%
2020	\$16.11	\$12.28	\$15.43	0.1%
2021	\$16.59	\$12.78	\$15.91	0.0%
2022	\$17.98	\$14.50	\$17.37	0.0%
2023	\$20.77	\$17.64	\$20.21	0.0%
2024	\$18.13	\$16.00	\$17.76	0.0%
2025	\$20.02	\$17.72	\$19.61	0.0%
2026	\$24.00	\$21.32	\$23.53	0.0%
2027	\$24.02	\$21.49	\$23.57	0.0%
2028	\$42.42	\$38.26	\$41.68	0.0%
2029	\$44.49	\$40.06	\$43.71	0.0%
2030	\$47.31	\$42.91	\$46.54	0.0%
2031	\$46.76	\$42.53	\$46.01	0.0%
2032	\$49.70	\$45.15	\$48.89	0.0%
2033	\$51.03	\$46.44	\$50.22	0.0%
2034(p)	\$54.19	\$49.46	\$53.35	0.0%
15 Year Nominal Levelized Prices at 6.66% Discount Rate				
\$/MWh	\$28.77	\$25.26	\$28.18	0.0%

(1) Total \$/MWh are illustrative. Actual avoided cost prices will be provided in monthly detail by hour class. Actual effective prices will depend on QF generation levels.

Monthly prices for use in the contract

Glen Canyon B Solar 21.0 MW and 34.9% CF Illustrative Avoided Cost Prices

Month	2019		2020		2021		2022		2023	
	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH
Jan			\$17.58	\$14.98	\$18.10	\$15.42	\$18.94	\$15.95	\$21.90	\$19.06
Feb			\$17.11	\$14.32	\$17.63	\$14.76	\$18.47	\$15.29	\$21.50	\$18.79
Mar			\$15.22	\$13.65	\$15.75	\$14.10	\$16.59	\$14.63	\$19.02	\$17.43
Apr			\$13.32	\$9.34	\$13.80	\$9.92	\$15.82	\$12.91	\$17.40	\$15.18
May			\$13.32	\$8.90	\$13.80	\$9.49	\$15.82	\$12.48	\$17.64	\$14.93
Jun			\$14.58	\$10.11	\$15.06	\$10.69	\$17.08	\$13.68	\$19.93	\$16.32
Jul			\$19.19	\$14.03	\$19.55	\$14.57	\$20.63	\$15.68	\$23.58	\$19.13
Aug			\$19.01	\$13.77	\$19.37	\$14.31	\$20.44	\$15.42	\$23.60	\$19.09
Sep			\$18.28	\$12.46	\$18.65	\$13.00	\$19.72	\$14.11	\$22.94	\$18.32
Oct			\$15.33	\$13.86	\$15.96	\$14.12	\$16.70	\$14.65	\$20.39	\$18.08
Nov			\$15.18	\$13.47	\$15.81	\$13.73	\$17.95	\$15.86	\$21.49	\$19.23
Dec	\$15.08	\$13.96	\$16.37	\$15.01	\$16.99	\$15.27	\$18.81	\$16.98	\$22.06	\$19.98

Month	2024		2025		2026		2027		2028	
	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH
Jan	\$19.13	\$17.12	\$20.89	\$18.59	\$25.13	\$22.33	\$24.98	\$22.58	\$43.00	\$39.08
Feb	\$18.88	\$17.25	\$20.45	\$18.66	\$24.85	\$22.54	\$24.60	\$22.58	\$42.09	\$39.02
Mar	\$16.50	\$15.62	\$18.42	\$17.59	\$22.19	\$21.09	\$22.03	\$21.27	\$38.27	\$36.91
Apr	\$14.52	\$13.45	\$17.25	\$15.84	\$20.45	\$18.99	\$20.38	\$19.02	\$36.38	\$33.89
May	\$14.92	\$13.42	\$16.40	\$15.06	\$19.93	\$18.34	\$20.13	\$18.59	\$35.81	\$33.17
Jun	\$17.54	\$14.64	\$19.50	\$16.29	\$23.90	\$19.93	\$24.08	\$20.03	\$43.10	\$35.92
Jul	\$20.39	\$17.47	\$22.50	\$19.53	\$27.28	\$23.83	\$27.10	\$23.78	\$48.46	\$42.73
Aug	\$20.59	\$17.62	\$23.17	\$19.78	\$27.54	\$23.72	\$27.32	\$23.52	\$48.85	\$42.10
Sep	\$20.13	\$17.51	\$22.23	\$19.41	\$26.22	\$23.01	\$26.12	\$22.98	\$45.72	\$40.98
Oct	\$18.63	\$16.65	\$19.88	\$17.92	\$23.61	\$21.43	\$23.81	\$21.75	\$41.58	\$38.57
Nov	\$19.52	\$17.51	\$20.40	\$18.07	\$23.96	\$21.51	\$24.58	\$22.24	\$43.97	\$39.84
Dec	\$19.33	\$17.39	\$20.90	\$18.52	\$24.32	\$21.90	\$24.86	\$22.69	\$44.30	\$40.75

Month	2029		2030		2031		2032		2033	
	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH	HLH	LLH
Jan	\$46.52	\$41.97	\$47.98	\$43.64	\$47.15	\$43.21	\$51.01	\$46.80	\$51.85	\$47.73
Feb	\$45.66	\$42.32	\$46.98	\$43.54	\$46.91	\$43.51	\$50.69	\$47.06	\$51.55	\$47.81
Mar	\$40.91	\$39.72	\$42.45	\$41.46	\$42.08	\$41.11	\$45.20	\$44.18	\$46.02	\$44.85
Apr	\$38.33	\$35.22	\$40.12	\$37.20	\$40.68	\$38.04	\$43.45	\$40.67	\$44.18	\$41.67
May	\$37.26	\$34.41	\$40.52	\$37.61	\$39.84	\$37.50	\$41.90	\$39.55	\$43.78	\$41.17
Jun	\$43.71	\$36.72	\$46.70	\$40.07	\$46.66	\$39.70	\$49.90	\$42.48	\$51.38	\$43.82
Jul	\$50.24	\$44.57	\$53.76	\$47.68	\$53.23	\$47.21	\$55.91	\$49.69	\$57.57	\$51.25
Aug	\$50.78	\$43.90	\$54.10	\$47.23	\$53.55	\$47.04	\$56.89	\$49.65	\$58.63	\$51.14
Sep	\$48.72	\$43.50	\$52.48	\$46.87	\$51.57	\$45.81	\$53.98	\$48.15	\$55.28	\$49.45
Oct	\$44.76	\$40.58	\$48.16	\$44.03	\$46.21	\$42.56	\$49.81	\$45.59	\$51.04	\$46.56
Nov	\$45.06	\$40.97	\$48.60	\$44.56	\$47.97	\$44.09	\$49.73	\$46.17	\$51.36	\$47.67
Dec	\$45.33	\$41.73	\$48.66	\$45.62	\$47.61	\$44.45	\$50.20	\$47.01	\$51.88	\$48.57

Month	2034	
	HLH	LLH
Jan	\$55.45	\$51.21
Feb	\$54.66	\$50.84
Mar	\$49.13	\$48.01
Apr	\$47.55	\$44.75

May	\$47.40	\$44.76
Jun	\$55.11	\$47.27
Jul	\$61.44	\$54.69
Aug	\$62.34	\$54.38
Sep	\$57.49	\$52.01
Oct	\$52.29	\$48.35
Nov	\$54.71	\$49.96
Dec	\$0.00	\$0.00