

FILE

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COPY

From Division or Department **COGENERATION AND QUALIFYING FACILITIES CONTRACTS**

To Division or Department

FILE NO.

RE: LETTER OF
SUBJECT **411 Ultrapower Inc. - Rocklin Project**
25,000 KW, Log No. 15P028

June 26, 1987

Redacted

On December 4, 1984 the developer of the above-referenced project, Ultrapower, Inc., advanced \$16,000 as required by PGandE to perform the detailed interconnection study for the project. The interconnection study was not performed at that time because the project was on the interim solution waiting list. The project became eligible to participate in the interim solution on December 31, 1986. On January 9, 1987, the developer requested PGandE to begin the detailed study. The results of the detailed study were transmitted to the developer on May 7, 1987. A summary of the study results is attached for your information.

In the attached June 19, 1987 letter from Ultrapower, the developer requested that PGandE prepare a Special Facilities Agreement (SFA) based on the interconnection study referenced above (except for the modifications stated in items 1 and 4 of the June 19, 1987 letter). This request was submitted to PGandE in compliance with the Qualifying Facility Milestone Procedure (QFMP).

Therefore, in accordance with the procedures outlined in N.H. Daines' January 4, 1984 transmittal to Managers and Division Managers regarding interconnection coordination responsibilities, I request that Sacramento Valley Region assume the responsibility for interconnection job estimate and construction for this project. Job accounting instructions are attached for your use.

In order to accurately track development of this project under the QFMP, please provide an estimated completion date for the SFA by July 15, 1987.

We will prepare a response to the questions raised by the developer in the attached June 19, 1987 letter. We will send you a copy of our response.

Please direct any questions you may have concerning this project to

Redacted

ORIGINAL SIGNED BY

Redacted

Handwritten signature

Redacted :msc

cc: Redacted

Attachments

*Sacramento Valley Region

~~DA~~

PACIFIC GAS AND ELECTRIC COMPANY

PGE

77 BEALE STREET • SAN FRANCISCO, CALIFORNIA 94106 • (415) 781-4211 • TWX 910-372-6587

May 7, 1987

CERTIFIED MAIL

Redacted

Contract Manager
Ultrapower, Inc.
16845 Von Karman Avenue
Irvine, CA 92714

COPY

Subject: Results of a Detailed Interconnection Study
Ultrapower, Inc. - Rocklin (Project Log No.15P028)

Pacific Gas and Electric Company (PGandE) has completed the detailed interconnection study for Ultrapower, Inc.'s proposed 25 MW woodwaste-fired facility near Rocklin, Placer County, California.

Enclosed is the summary of the detailed interconnection study results which includes a non-binding cost estimate of \$302,000 (three hundred two thousand dollars) for the project special facilities. This estimate (which is within +/- 10% accuracy) is based on current costs and shall remain in effect for ninety (90) days from the date of this letter; however, it is subject to change as a result of Special Facilities Agreement preparation which will include final costs of the special facilities.

The proposed interconnection voltage for the proposed facility is 60 KV. However, PGandE plans to convert this area from 60 KV to 115 KV in the near future. If and when this area is converted to 115 KV, Ultrapower, Inc. will be responsible for converting its facilities and the associated special facilities to 115 KV operation. Ultrapower, Inc. may select to construct its facilities at 115 KV initially, thus, eliminating the future conversion costs.

The Qualifying Facility Milestone Procedure (formerly known as "Interconnection Priority Procedure") adopted by the California Public Utilities Commission (CPUC) on January 16, 1985, as revised by subsequent orders and decisions, requires that you request a Special Facilities Agreement within forty-five (45) calendar days from receiving these study results. Failure to comply with this requirement will result in loss of your project's interconnection priority. You may be required to verify the date you mailed the request for a Special Facilities Agreement; therefore, we strongly recommend that you forward your request by U.S. registered mail, return receipt requested.

We would like to point out that the Federal Tax Reform Act of 1986 calls for Contribution-In-Aid-Of-Construction (CIAC) to be taxed at a rate of 40% in 1987 and 34% in subsequent years (advance payments which were previously

received by PGandE tax free are now treated as taxable income). Legislation has also been proposed for similar changes to California taxes. The CPUC is currently reviewing the effects of this law. In the interim, the CPUC, through Resolution E-3018, has granted PGandE the authority to collect a 67% tax component on such contributions. The Tax Reform Act does not have any impact in cases where a Qualifying Facility elects to have PGandE finance Special Facilities through monthly payments because these payments have been and will continue to be treated as taxable income.

We need about twenty (20) months lead time to do the engineering design and install the special facilities after executing a Special Facilities Agreement with Ultrapower, Inc. We await your direction to initiate the Special Facilities Agreement preparation.

If you have any questions, please call Redacted

Sincerely,
ORIGINAL SIGNED BY

Redacted
Supervising Civil Engineer
Cogeneration and Qualifying
Facilities Contracts

N. C. M. Enclosure (1)

Redacted

* Sacramento Valley Region

PACIFIC GAS AND ELECTRIC COMPANY

DETAILED INTERCONNECTION STUDY RESULTS

FOR

ULTRAPOWER, INC.'S

25 MW FACILITY

AT

ROCKLIN, PLACER COUNTY, CALIFORNIA

MAY 1987

Ultrapower-Rocklin Project
Ultrapower Inc.
Summary of Detailed Interconnection Study

Purpose

The purpose of this detailed interconnection study was to:

- 1) determine the least cost interconnection arrangement;
- 2) identify the rights-of-way requirement;
- 3) provide a detailed interconnection estimate (+10% accuracy, non-binding); and
- 4) estimate the time necessary to complete the interconnection.

Project Background

Developer Name: Ultrapower, Inc.
Project Name: Ultrapower-Rocklin Project
Project Location: Placer County, Drum Division
Sacramento Valley Region
Generator Output: 25.0 MW net delivery
Projected
Operational Date: February 1989

Interconnection Plan

Interconnecting to the Smartville-Pleasant Grove 60 kV line was determined as the most direct and least expensive arrangement. The interconnection facilities will include, among other things, 1/2 mile of 60 kV single circuit wood pole line from Ultrapower's proposed substation to the Smartville-Pleasant Grove 60 kV line (see Attachments 1 and 2).

The 60 kV transmission line is proposed to be built on Ultrapower Inc.'s property with incidental third party guy rights. Since Ultrapower plans to plant high and fast growing trees along this route; arrangement must be made with Ultrapower so trees will not interfere with the proposed transmission line. In addition, this interconnection study did not address obtaining permits from agencies with jurisdiction over the proposed 60 kV line. The permitting should be handled by Ultrapower.

Special Facilities Charges

PGandE provides special facilities in accordance with the terms and conditions of its Electric Rules 2 and 21.

Interconnection Estimate

The detailed interconnection estimate (+10% accuracy, non-binding) is \$302,000 which includes the following work. This estimate does not include CIAC tax.

- | | | |
|--------------|---|-------------------|
| 1) | Acquire rights-of-way and construct about 1/2 mile of 60 kV wood pole line with 4/0 aluminum from Ultrapower to our Smartville-Pleasant Grove 60 kV line (see Attachments 1 and 2). Install a 60 kV air switch at the tap point. This cost is estimated based on the assumption that PGandE and Ultrapower reached an agreement on the planned high and fast growing trees. | \$ 68,000 |
| 2) | Modify protection schemes and install transfer trip equipment at Atlantic and Smartville Substations. Ultrapower is required to provide leased communication lines from its proposed substation to Atlantic and Smartville Substations. | \$ 133,000 |
| 3) | Install 60 kV revenue metering at Ultrapower. Ultrapower could provide the metering CTs and PTs and this estimate would be reduced accordingly. | \$ 30,000 |
| 4) | Install 2-60 kV air switches at Ultrapower. Ultrapower could provide these two switches and this estimate would be reduced accordingly. | \$ 46,000 |
| 5) | Install telemetering at Ultrapower. Ultrapower is required to lease a 4-wire simplex data telephone circuit, unconditioned Series 3002 from its substation to PGandE's Energy Control Center in San Francisco. | \$ 25,000 |
| TOTAL | | \$ 302,000 |

The proposed interconnection voltage for this project is 60 kV. However, PGandE has plans to convert this area from 60 kV to 115 kV in the future. If and when this area is converted to 115 kV, Ultrapower will be responsible for converting its facilities and the associated special facilities to 115 kV operation. Ultrapower may elect to construct its facilities at 115 kV initially, thus, eliminating the future conversion costs.

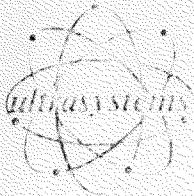
This detailed interconnection estimate does not include permitting costs for the 60 kV transmission line and CIAC Tax. Permitting for the transmission line should be included as part of all applications by Ultrapower to the agencies with jurisdiction over transmission lines.

In addition, Ultrapower is required to submit drawings of its proposed protection arrangement and metering arrangement to PGandE for review and comment.

Schedule

Ultrapower's projected operation date of February 1989 can be met if request to proceed from Ultrapower is received by June 1987 and work is started by October 1987 and no lengthy negotiations or condemnation actions are required to obtain the necessary rights-of-way for the 60 kV transmission line. The standard lead time requirement for this project is 20 months as shown below:

<u>Running Time (months)</u>	<u>Event</u>
0	Receive Request to Proceed
4	Obtain Job Authorization and Sign Special Facilities Agreement with Flowing ULTRAPOWER
4	Start Land Department Activities
4	Start Design
17	Start Construction
20	Operation



ULTRASYSTEMS
DEVELOPMENT CORPORATION

June 19, 1987

VIA FEDERAL EXPRESS

RECEIVED
COGEN & Q.F. CONTRACTS

JUN 22 1987

MRM - Reply

cc TLL

Redacted

Supervising Civil Engineer
Cogeneration and Qualifying Facilities Contracts
Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA. 94106

RE: Interconnection of Ultrapower-Rocklin (Project Log No. 15P028)

Dear Redacted

On Wednesday, June 18, through the courtesy of Redacted of your staff and Mr. Manho Yeung of PGandE Transmission Planning, we had an excellent meeting to discuss matters related to the interconnection of the Ultrapower-Rocklin project. I am writing to recount the points we discussed and to request some specific things of PGandE.

1. We hereby request that PGandE prepare a Special Facilities Agreement (SFA) for this project based upon the results of the Detailed Interconnection Study dated May 7, 1987. Please note, however, that Ultrapower will take responsibility for obtaining the metering CTs, PTs, and air switches. In addition, please prepare the SFA to provide that Ultrapower will finance the cost of removable equipment so as to minimize the tax cost to Ultrapower of Contributions in Aid of Construction.
2. Pursuant to the QFMP, we are hereby updating the Project Development Schedule for this project in the following regards:
 - o The revised construction start date will be January 1, 1988.
 - o The date upon which we request that the Special Facilities be ready is November 1, 1988.
 - o The revised Scheduled Date of Operation is September 1, 1989.
3. In view of the fact that the PGandE estimated lead time for installing Special Facilities (20 months) will not support the foregoing schedule, we ask that you allow us to take whatever steps may be necessary to assist you in shortening this lead time. On each Ultrapower project in the past we have worked closely with the

Redacted

Pacific Gas and Electric Company

June 19, 1987

Page 2 of 2

individuals on your staff and in the PGandE Land Department to identify and resolve matters that have a significant impact on the lead time for interconnection. The result has always been very positive and mutually satisfying. In this regard we would propose advancing funds to PGandE immediately to allow you to commence rights-of-way acquisition, with such funds to be credited to the total cost Special Facilities. Please contact us as soon as possible and let us know the amount you will require for this purpose.

4. If the area lines were to be upgraded to 115kv, we understand that this would require larger poles (45 ft. above elevation) and increased insulation on the dedicated power line. Assuming this to be true, we request that PGandE proceed with its detailed engineering cost estimate based upon 45 ft. power poles, a 60kv line (initially) with increased insulation sufficient for 115kv conversion in the future, and a 40 ft. right-of-way within the property of the project (provided at no cost). We would also ask that PGandE prepare a cost estimate for interconnecting this project with the items specified in this letter.
5. Please provide us with a preliminary indication of capacity line losses for this project. We understand this figure will ultimately depend upon a number of variables, including the on-line date but a preliminary indication at this time will be useful for financial proforma analysis.

A revised plot plan incorporating the dedicated 40 ft. easement along the western and southern portions of the property will be sent to you shortly.

Thank you for your assistance regarding the foregoing and I look forward to hearing from you or a member of your staff at your earliest convenience.

Sincerely,

Redacted

Redacted

Project Development Manager

B0:sd

cc: Redacted Pacific Gas and Electric Company
Redacted Ultrasonics Engineers & Constructors, Inc.
Independent Power Corporation

PROJECT: ULTRAPOWER ROCKLIN (Detail Interconnection Study)

Please use the following job accounting to report time and expenses related to:
 Performing a detailed study to determine the electrical interconnection costs
 of Ultrapower Inc.'s proposed 25MW woodwaste-fired project near Rocklin, CA.

SUMMARY OF ACCOUNTING

CHARGE NUMBER			S P R O J E C T I D	FACILITY		ACTIVITY	SUB ACTIVITY	SPECIAL ID CODE	RESPONSIBILITY CENTER	
WORK PACKAGE NUMBER	WORK PACKAGE ACTIVITY	DIV		ID	ACCOUNT	SUB ACCOUNT	ORIGINATING			
JOE ORDER NUMBER	JOB DESCRIPTION						DIV		CENTER	
PREF	NUMBER	IS		55	56	57	58	59	70	71
1	522258	3		*		3257	3008		*	*

* Each originating RC should fill in this information.

If you have any questions regarding this job accounting contact:

Redacted
 Power Contracts Department
 Room 2370, 77 Beale Street
 Extension Redacted

cc: