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~~December 12, 2007~~ December 12, 2007

VIA HAND DELIVERY

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Docket No. 05-035-47: In the Matter of the Application of PacifiCorp for
Approval of a 2009 Request for Proposals for Flexible Resource

Dear Ms. Orchard:

This letter memorializes PacifiCorp's (the "Company") meeting with representatives from the Utah Division of Public Utilities, the Utah independent evaluator, and certain bidders who have submitted bids in the Company's pending 2012 request for proposals wherein the Company updated the bidders on the Company's motion to amend and its plan moving forward with respect to the 2012 request for proposals.

As the Public Service Commission of Utah ("Commission") is aware, the Company filed a motion October 2, 2007 requesting Commission authorization to amend the 2012 request for proposals (that requested proposals for the 2012 to 2014 timeframe) ("2012 RFP") with respect to the following: (1) to modify the proposal response date, thus permitting new and existing bidders an opportunity to submit new bids or refresh their existing bids; (2) to eliminate the request for qualifications procedure and to modify the qualification requirements; and (3) to permit the inclusion of a Company benchmark resource at the Company's Currant Creek plant site and/or the Lake Side plant site.

The Company filed the motion to address and mitigate the Company's concerns regarding the rapidly changing conditions impacting the selection of generation options nationwide and the absence of a viable company own/operate option in the 2012 RFP without an

amendment. In response to the Company's motion, all interested parties filed comments and objections to the motion listing a variety of concerns. The overriding concern seemed to be the potential for delay associated with an in-service date of 2012 for a new resource and the integrity of the request for proposal process, including the perception that bidders may have as a result of the Company being permitted to amend the 2012 RFP and include additional Company owned/operated resource options. In light of the overwhelming opposition to the Company's motion, the Company arranged meetings with the interested parties (the Utah Division of Public Utilities, the Utah Committee of Consumer Services, and the Utah Association of Energy Users) who filed objections to the Motion to further discuss the reasons why the Company filed the motion and to discuss potential alternatives to amending the 2012 RFP. As a result of the meetings, the Company withdrew its motion and indicated in its notice of withdrawal of motion that it intended to issue a new system-wide all-source (with the exception of renewable energy resources, which will be the subject of a separately issued request for proposal by the Company at a later date) incremental request for proposal. This new incremental request for proposals will not be duplicative of the 2012 RFP, but separate and distinct. The Company anticipates filing this new request for proposal no later than January 31, 2008.

Following the filing of its notice of withdrawal of motion to amend, the Company held a bidders' conference December 7, 2007 to notify the bidders of the Company's intent to proceed with the 2012 RFP. At the bidders' conference, the Company provided the bidders with an update regarding its motion to amend and subsequent withdrawal of that motion, and notified the bidders of its plans to continue with the 2012 RFP, including completing the evaluation of all bids (except bids that present significant risk due to the pendency of bankruptcy proceedings); the identification of a conditional final shortlist; identification of a final shortlist; and scheduling of negotiations with the final shortlist bidders. The Company also explained to the bidders that upon notification to a bidder of its selection to the conditional final shortlist, the bidders will have an opportunity to cure certain bid and bidder requirements for a period of 15 business days following notification. These bid and bidder requirements include credit requirements; minimum eligibility requirements, fixed pricing requirements, and CO₂ indemnification requirements for coal bids.

In addition, the Company anticipates delivering to the independent evaluator for posting on its website a summary of the bidders' conference for those bidders who were unable to attend the conference, including a schedule of upcoming dates and deadlines for the 2012 RFP process.

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Please contact me or Stacey Kusters at (503) 813-5351 if you have any questions regarding this matter. Thank you.

Sincerely,

Justin Lee Brown

cc: Artie Powell, Utah Division of Public Utilities (via e-mail only)
Thomas Brill, Utah Division of Public Utilities (via e-mail only)
Michele Beck, Utah Committee of Consumer Services (via e-mail only)
Wayne Oliver, Utah Independent Evaluator (via e-mail only)