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

A. My name is A. Robert Lasich. My business address is 1407 West North Temple, Suite 320, Salt Lake City, Utah. My position is president of PacifiCorp Energy.

QUALIFICATIONS

Q. Please describe your education and business experience.

A. I have a bachelor of arts degree from Indiana University, a master's degree in business administration from the University of Cincinnati and a law degree from Indiana University. I joined MidAmerican Energy Company in October 1997 and have held positions of increasing responsibility, including senior attorney, vice president, gas supply and trading and vice president, MidAmerican Energy Holdings Company, responsible for integration and transition matters related to the acquisition of PacifiCorp. Prior to that, I was with the law firm of Dale & Eke P.C., where I focused on real estate and corporate law. Prior to admission to the practice of law, I held several accounting and financial positions with Cabot Corporation and its successor organizations. I was appointed president of PacifiCorp Energy in August 2007 after 1 1/2 years as vice president and general counsel, and was elected to the PacifiCorp board of directors in March 2006. As president, I have responsibility for the electric generation, commercial and energy trading, and coal-mining operations of the Company.

Q. What is the purpose of your testimony?

A. I will layout the decision making process that the Company uses to (1) identify the need for, (2) the selection of and (3) the justification of new supply-side

resources.

I will explain the reason for and prudence of major supply-side resource additions and the planned increases to generation related operation and maintenance (O&M) expenses included in the test year through June 30, 2009.

I will describe the Company's natural gas supply strategy that is designed to provide a stable and predictable natural gas supply in a manner that mitigates price volatility and ensures reliable supply.

Finally I will address the Company's decision to terminate the West Valley lease from PPM Energy, Inc.

Q. Please briefly explain how you will support the prudence of supply-side resources in your testimony.

A. I will start by describing the integrated resource plan (IRP) and how that strategic tool is utilized to assist the Company in identifying and quantifying the need and timing of new supply-side resources, I will outline the regulatory request for proposal process and how that market-based tool assists the Company in identifying the most cost-effective resources, and then I will briefly describe the Company's decision making process to select supply-side resources.

With respect to the prudence of supply-side resources, I begin with the Lake Side combined cycle plant; then move to the Leaning Juniper 1, Marengo, Marengo II, Goodnoe Hills, Glenrock and Seven Mile Hill wind projects; and finally to the Blundell Bottoming Cycle project. I will explain the decision making process that led the Company to conclude there was a resource need, how the plants were acquired, and the technology, size, location and cost impact of

each facility.

Finally I will address the Company's decision to terminate the West Valley lease from PPM Energy, Inc.

INTEGRATED RESOURCE PLAN

Q. Please briefly describe the integrated resource plan.

A. The IRP is a strategic planning tool that presents a framework of future actions to ensure PacifiCorp continues to provide reliable, least-cost service with manageable and reasonable risk to its customers. The IRP builds on PacifiCorp's prior resource planning efforts and reflects significant advancements in portfolio modeling and risk analysis.

Q. What is the main purpose of the IRP?

A. The mandate for an IRP is to assure, on a long-term basis, an adequate and reliable electricity supply at the lowest reasonable cost and in a manner "consistent with the long-run public interest." The main role of the IRP is to serve as a strategic roadmap to assist the Company in determining and implementing the Company's long-term resource strategy. In doing so, it accounts for state commission IRP requirements, the current view of the planning environment, corporate business goals and MidAmerican Energy Holdings Company transaction commitments that are related to IRP activities, such as the acquisition of renewable resources.

As a strategic business planning tool, it supports informed decision-making on resource procurement by providing an analytical framework for assessing resource investment tradeoffs. As an external communications tool, the

IRP engages numerous stakeholders in the planning process and guides them through the key decision points leading to the Company's preferred portfolio of generation, demand-side and transmission resources.

The emphasis of the IRP is to determine the most robust resource plan under a reasonably wide range of potential futures, as opposed to the optimal plan for some expected view of the future. The modeling is intended to inform and support rather than overshadow the expert judgment of the Company's decision-makers. The preferred portfolio is not meant to be a static planning product, but rather is expected to evolve as part of the ongoing planning process as new information and circumstances become available. As a multi-objective planning effort, the IRP must reach a balanced position upon considering several priorities and accounting for diverse and sometimes conflicting stakeholder views. In short, the IRP cannot be all things to all people. As the owner of the IRP, the Company is uniquely positioned to determine the resource plan that best accomplishes IRP objectives on a system-wide basis, thereby meeting customer, community and investor obligations collectively.

Q. What is the outcome of the IRP process?

A. The result is a preferred portfolio that represents a balance of resource additions that meet future customer needs, while minimizing cost, balancing diverse stakeholder interests and addressing environmental concerns.

To follow through on the findings of the resource plan, PacifiCorp's IRP includes an action plan that is intended to inform and provide guidance for the Company's resource procurement activities over the next few years.

Q. Is there participation by others in the creation of the Company's IRP?

A. Active public involvement from customer interest groups, regulatory staff, regulators and other stakeholders provided considerable guidance and input into the development of the IRP. The analytical approach used conforms to all state standards and guidelines.

REQUEST FOR PROPOSAL

Q. Please briefly describe the Request for Proposal process.

A. As stated earlier, the IRP creates a strategic roadmap for determining and implementing the Company's long-term resource strategy. ,The regulatory request for proposal process is the procurement activity to assist in the selection process to identify the most economic resources to meet the IRP's action plan. To implement resource decisions in the action plan, the Company uses a formal and transparent procurement program in accordance with current law, rules and guidelines in each of the states in which the Company operates.

The IRP has determined the need for resources with considerable specificity and identified the desirable portfolio resource characteristics and timing of need. The IRP has not identified specific resources to procure, or even determined a preference between asset ownership versus contracted resources. These decisions will be made subsequently on a case-by-case basis with an evaluation of competing resource options, including emerging legislative and regulatory developments, updated available information on technological, environmental and other external market factors such as electric and natural gas price projections. These options will be fully developed using competitive bidding

with an RFP process or other procurement methods, as appropriate.

As part of the development of the regulatory RFP process, the Company identifies the size, timing and operating characteristics of the supply-side resource requirements. The Company also provides input as to credit requirements and other performance criteria to provide some assurance that only viable projects will be made available for selection.

Q. What is the benefit of the RFP process to Utah customers?

A. The Company has adopted prudent safeguards to assure that no bias occurs. The Company seeks proposals from all potential suppliers who can meet the stated requirements of an RFP.

An Independent Evaluator is retained and is involved in the RFP process. The Independent Evaluator will actively monitor the solicitation process for fairness. The Independent Evaluator will also provide ongoing input regarding concerns raised in the process and ultimately render an opinion on whether the process is fair and the modeling used to evaluate bids is sufficient. The Independent Evaluator will not make the ultimate decision as to which bid(s) should be awarded under the solicitation.

COMPANY APPROVAL PROCESS

Q. What other approvals does the Company seek before moving ahead with a new supply-side resource?

A. Once a resource is selected from the RFP process, the Company still evaluates the proposal for prudence. Company executives are provided with a detailed overview of the project, the contract support and counterparty guarantees for

executing upon the project, the risks associated with the project, the need for the project as supported by the IRP, the financial assessment of the project, and the ranking of the project based upon the results of RFP process. Upon review of this information, the Company determines if it will proceed with acquisition and development of the project.

NATURAL GAS-FUELED RESOURCES

Lake Side

Q. Please describe the size and location of the Lake Side resource.

A. The Lake Side resource is a 548 MW (average ambient temperature rated) natural gas fired combined cycle combustion turbine power plant located approximately 35 miles south of Salt Lake City in Utah County. The project consists of 503 MW coming from the combined cycle portion of the plant with an additional 45 MW available from the ability to duct fire. Exhibit RMP___(ARL-1) shows a map of the plant location.

Q. On what basis did PacifiCorp determine that the Lake Side project was needed?

A. On January 24, 2003, PacifiCorp issued its 2003 IRP. The 2003 IRP concluded that PacifiCorp needed substantial new supply-side resources to meet its projected loads. Specifically, the 2003 IRP concluded that a resource was needed in the East portion of the system during 2007. Lake Side is a direct response to the conclusion reached in the 2003 IRP.

Q. How did PacifiCorp implement the 2003 IRP?

A. The Company issued RFP 2003-A. A copy of RFP 2003-A is included as Exhibit

RMP___(ARL-2).

Q. Please provide a general description of the RFP 2003-A process.

A. RFP 2003-A employed a blind bid evaluation process wherein bid responses were submitted to an external consultant (Navigant) who, in turn, assured that the responses were adequately blinded such that the bidding entity was not known to PacifiCorp. Navigant then supplied the blinded bid responses to the Company for evaluation and ranking on the basis of economics, resource flexibility, and environmental factors. At this point, the short-listed entities were contacted to clarify their offer. The Company then compared the offers against the self build alternative (expansion of Currant Creek).

Q. What was the outcome of RFP 2003-A for the 2007 Resource?

A. PacifiCorp determined that Lake Side was the most cost effective long-term resource to meet the need identified.

Q. What was Navigant's overall role?

A. Navigant' s overall role was: (1) to make certain that the Company evaluated its own build option in a manner that was reasonable, fair, unbiased, and comparable to the extent practicable, against other bids, and (2) to report on whether the process followed by the Company adequately met these objectives. Navigant prepared a report entitled "Navigant Consulting's Final Report on PacifiCorp's RFP 2003-A, dated September 8, 2004." A copy of this report is included as Exhibit RMP___(ARL-3). A detailed description of the RFP 2003-A process is included in the report.

Q. Did Navigant agree with that decision?

A. Yes. Page 47 of the Navigant report states that:

> "Taken in aggregate, it was apparent that the preferred transaction would be with the selected bidder due to its lower risk and its equivalent cost characteristics."

Q. Please describe the transaction that Navigant was referring to.

A. Summit Power, through its affiliate Summit Vineyard, LLC (Summit), submitted a bid to develop, construct, and transfer, upon completion, ownership of a 548 MW (average ambient temperature rated) power plant to PacifiCorp. The name of the project is the Lake Side Power Project. Summit proposed to develop the Lake Side Power Project on the former Geneva Steel site in Vineyard, Utah, and enter into an Engineering, Procurement and Construction Contract (EPC) with Siemens Westinghouse Power Corporation (Siemens Power) to construct the resource. Siemens Corp., the parent company of Siemens Power, guaranteed the work of Siemens Power under the EPC contract. In addition, PacifiCorp entered into a long term maintenance program for the Lake Side Power Project with Siemens Power. The scope of supply for the long-term program covers the planned maintenance of the gas turbine internal components, which includes the compressor, combustor and turbine. The scope of the long-term program also includes diagnostics, parts and services for maintaining the plant's digital control system.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it provided the best balance between cost and risk to fulfill the identified need in terms of timing, amount and degree of

flexibility. This resource was chosen instead of a more costly Company built alternative or a more risky alternative from an entity who has since filed for bankruptcy. Customers will benefit from the fact that the Lake Side resource will indeed have a level of flexibility associated with combined cycle natural gas fired plants with duct firing and steam augmentation. As with other flexible resources, Lake Side will enable the Company to manage unexpected changes in loads, resources, and/or transmission transfer capabilities while also being available as a resource that can be economically dispatched such that the output can support sales to third parties at times when it is not needed to meet Company obligations. Since Lake Side has a more efficient heat rate than other natural gas-fueled resources owned by PacifiCorp and located in the East system, it is reasonable to expect that Lake Side will be economically dispatched prior to those resources and that Lake Side will, as a result, serve as a valuable resource in maintaining system integrity during unplanned transmission and/or generation outages.

Q. Has the decision to construct Lake Side been reviewed by this Commission?

A. Yes. On November 12, 2004, the Commission issued an Order granting a Certificate of Public Convenience and Necessity authorizing the Company to proceed with construction of the Lake Side project. In its Order, the Commission said:

> "We conclude and find the Lake Side Power Project resource addition as proposed by the Company is required by the public convenience and necessity, and that a certificate to that effect should be issued." (Utah PSC Docket No. 04-035-30, November 12, 2004 Order, p. 18)

The Commission reached this conclusion, in part, based on the following facts:

1. The Utah Division of Public Utilities (Division) hired its own consultant (in

addition to Navigant) to evaluate the Company's certificate application. Both the Division and its consultant testified that they found no evidence to refute Navigant's conclusion that the solicitation and evaluation of base load bids (the 2007 resource category in RFP 2003-A) was fair and equitable. The Division's consultant also testified the selection of the preferred resource (the Lake Side project) was a reasonable decision given the parameters of the base load bid category, and

2. The Company testified the Lake Side project proposal by Summit represented the most prudent balance between cost and risk. At the Utah PSC certificate hearing, no party opposed the granting of a certificate of public convenience and necessity to the Company for the Lake Side project, or challenged the Company's selection of the Lake Side project as the best alternative.

Q. How did the Company make the decision to move forward with the Lake Side project?

A. The Company's board of directors was provided with a detailed overview of the project, the contract support and counterparty guarantees for executing the project, a comparison against the risks associated with an alternative bidder, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, the fueling strategy, and the justification of the project due to the results of RFP 2003-A. Upon review of this information, the Company's board of directors deliberated and subsequently voted to proceed with the project.

Q. What investment related to the Lake Side project is included in the revenue requirement?

A. The Company has included $328.2 million for the Lake Side plant in this application. The O&M cost associated with the Lake Side plant for the test year is approximately $4.8 million. This is the labor required to operate the plant, chemical cost, maintenance materials and contracts, and other miscellaneous operating expenses (*e.g.* utilities, rents, leases, insurance premiums, *etc.*).

The Lake Side project was placed in service September 7, 2007. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Lake Side for the test period. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

GAS PROCUREMENT SRATEGY

Q. Please describe the Company's natural gas supply strategy.

A. The Company is striving to provide a stable and predictable natural gas supply in a manner that mitigates price volatility and ensures reliable natural gas supply.

Q. What factors are influencing the Company's natural gas strategy?

A. The Company is experiencing a significant increase in its natural gas requirements due to its new combined cycle combustion turbines at the Currant Creek and Lake Side plants and higher capacity factors on higher heat rate units such as the Gadsby simple cycle combustion turbines. This increase in requirements for natural gas requires a supply strategy that mitigates price and supply risk to customers, and the Company is seeking a long-term focus to ensure

customer protection against major volatility swings.

Q. What steps is the Company taking to protect its customers from volatility in the price and supply of natural gas?

A. The Company is seeking to secure enough physical gas to operate its gas-fired generating units during on-peak hours and to protect customers against the potential of purchasing high market-priced electricity in the future. By purchasing gas on a forward-looking basis, the Company is hedging against the risk of increased market prices for natural gas, essentially locking in a fixed price for on-peak power now rather than relying on market timing decisions later. Due to the significant increase in gas requirements mentioned above, the Company is moving towards active management of 5 to 10 years of future gas supply.

Q. How do customers benefit from the Company's natural gas supply strategy?

A. As mentioned above, the Company's hedging strategy protects customers from long-term price and supply risk as the Company procures the fuel required to run its gas-fired generating units. In a volatile market environment and a period of rising costs, such a strategy will stablilize the cost of natural gas and supply the electricity our customers demand at a reasonable and predictable price.

Q. Does hedging always produce the lowest possible cost?

A. On average over the long term, it should. But in any particular period there will inevitably be periods when market prices are lower than the Company's hedged costs and periods when market prices are higher than hedged costs, as was the case in Case No. PAC-E-06-04. The benefit of this approach is that customers will be protected against significant volatility.

RENEWABLE RESOURCES

WIND

Q. How does the 2004 Integrated Resource Plan address wind resources?

A. The 2004 IRP characterizes wind energy as having only minor impacts on the environment and producing no air pollutants or greenhouse gasses (page 94 of PacifiCorp's 2004 IRP). The 2004 IRP includes wind resources as a proxy for all renewable resources, which are part of a prudent and balanced resource mix.

Q. Please describe the Company's renewable resource request for proposal.

A. The Company's renewable resource RFP, designated RFP 2003-B, was issued in February 2004 and it recommended the acquisition of up to 1,100 MW of renewable resources. The Company's 2003 IRP had identified 1,400 MW of renewable resources as part of a least-cost portfolio of resources to meet the Company's growing demand over a ten-year period. Following the acquisition of PacifiCorp by MidAmerican Energy Holdings Company, PacifiCorp amended RFP 2003-B by re-opening the process to allow previous bidders to update their proposals and invite new bidders to participate. Given then-current federal tax law, amended RFP 2003-B focused on the acquisition of renewable resources that could be made available prior to the end of 2006 and 2007.

Q. What was the outcome of RFP 2003-B?

A. RFP 2003-B resulted in the acquisition of the 100.5-MW Leaning Juniper 1 wind plant, the acquisition and subsequent construction of the 140.4-MW Marengo wind plant and provided the opportunity for the Company to construct the 70.2-MW Marengo II wind plant.

Leaning Juniper 1

Q. Please describe the size and location of the Leaning Juniper 1 resource.

A. Leaning Juniper 1 is a 100.5 MW wind energy generation facility, consisting of 67 General Electric 1.5 MW (model SLE) 60 hertz wind turbine generators located about three miles southwest of Arlington, Oregon. Exhibit RMP___(ARL-4) shows a map of the plant location. PacifiCorp owns the assets and all output and all interconnection rights up to the project's 100.5 MW capability. The turbines have 80 meter tubular towers and a 77 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, approximately 20 miles of turbine access roads, two permanent meteorological towers, one collector substation, one supervisory control and data acquisition system, and one operation and maintenance building. Ongoing operations, warranty, and general maintenance services are being performed by Leaning Juniper 1 Wind Power LLC (a PPM Energy, Inc. affiliate), under a negotiated two-year contract.

Q. How is energy generated by Leaning Juniper 1 delivered?

A. The energy generated by the project is delivered to the project's substation, which connects to the Jones Canyon substation that was built by the Bonneville Power Administration (BPA), then to BPA's transmission system. Energy from the project is then transmitted across BPA's transmission system for delivery into PacifiCorp's system.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents the only resource made

available to the Company via RFP 2003-B that could economically meet a commercial operation date during 2006. The 2003, and subsequent, IRPs specify that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 MW or more of renewable resources. Leaning Juniper 1 represents such a resource. In addition, Leaning Juniper 1was economical when compared against resources identified via RFP 2003-B for renewable resources that could become commercial during 2007.

Q. How else will the Leaning Juniper 1 resource benefit Utah customers?

A. The Leaning Juniper 1 resource further benefits Utah customers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and valuable ownership and operational experience with utility scale wind projects. Leaning Juniper 1 is the first wind resource that PacifiCorp has acquired on an ownership basis since the construction of the Foote Creek 1 wind resource at Foote Creek rim in Wyoming. The Leaning Juniper 1 project utilizes General Electric Company wind turbines, thus giving PacifiCorp valuable experience with this particular manufacturer. As a result of long-term planning and the reasonable expectation that additional state and/or federal renewable portfolio standard will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Leaning Juniper 1 is providing the Company with valuable experience to enable

the evolution of those activities as well as valuable experience with a General Electric Company turbine-based wind project.

Q. How did the Company make the decision to move forward with the Leaning Juniper 1 project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project due to the results of RFP 2003-B. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Leaning Juniper 1 project is included in the revenue requirement?

A. The Company has included $176.8 million for the Leaning Juniper 1 plant in this application. The O&M cost associated with the Leaning Juniper 1 resource for the test year is approximately $3.2 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

The Leaning Juniper 1 plant was placed in service September 14, 2006. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Leaning Juniper 1. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Marengo

Q. Please describe the size and location of the Marengo resource.

A. Marengo is a 140.4 MW wind energy generation facility, consisting of 78 Vestas 1.8 MW wind turbine generators located near Dayton, Washington. Exhibit RMP___(ARL-5) shows a map of the plant location. PacifiCorp owns the assets, all output and all interconnection rights. The Vestas turbines located at the Marengo site have 67 meter tubular towers and an 80 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, two permanent meteorological towers, one collector substation, a transmission line extension, one supervisory control and data acquisition system, and one operation and maintenance building. Ongoing operations, warranty, and general maintenance services will initially be performed by Vestas American Wind Technology, Inc. for a period that extends four years from the commercial operation date of the Marengo II project discussed below.

Q. How will energy generated by Marengo be delivered?

A. The electrical energy generated by the Marengo wind project will be delivered to the project substation and stepped up from 34.5kV to 230kV and delivered into PacifiCorp's transmission system on the North Lewiston-to-Walla Walla 230kV transmission line via a 230 kV transmission line extension and new transmission switching station (the Talbot switching station). As such, no third-party transmission expense is anticipated (*i.e.,* no BPA point-to-point wheeling expenses) to deliver project energy to PacifiCorp's system.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents a resource made available to the Company via RFP 2003-B that could economically meet a commercial operation date during 2007. The 2003, and subsequent, IRPs specify that that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 MW or more of renewable resources. Marengo represents such a resource.

Q. How else will the Marengo resource benefit Utah customers?

A. The Marengo resource further benefits Utah customers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational experience with utility scale wind projects. Marengo is the second wind resource that PacifiCorp has acquired on an ownership basis since the construction of the Foote Creek 1 wind resource at Foote Creek rim in Wyoming. The Marengo project utilizes Vestas wind turbines, thus giving PacifiCorp valuable experience with this particular manufacturer. As a result of long-term planning and the reasonable expectation that additional state and/or federal renewable portfolio standards will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Marengo will also provide the Company with valuable experience with a Vestas turbine-based wind

project.

Q. How did the Company make the decision to move forward with the Marengo project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project due to the results of RFP 2003-B. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Marengo project is included in the revenue requirement?

A. The Company has included $246.6 million for the Marengo project in this application. The O&M cost associated with the Marengo resource for the test year is approximately $5.8 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements. The O&M cost for the test year is inclusive of the Marengo II wind farm that will be described hereafter.

The Marengo plant was placed in service August 4, 2007. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Marengo for the same number of months that the investment is included in the revenue requirement. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Marengo II

Q. Please describe the size and location of the Marengo II resource.

A. The Marengo II project is a 70.2 MW wind energy generation facility, consisting of 39 Vestas 1.8 MW wind turbine generators located near the Marengo wind project outside of Dayton, Washington. Exhibit RMP___(ARL-6) shows a map of the plant location. PacifiCorp owns the assets, all output and all interconnection rights. The Vestas turbines located at the Marengo II site have 67 meter tubular towers and an 80 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, a permanent meteorological tower, one collector substation, a transmission line extension, and one supervisory control and data acquisition system. Ongoing operations, warranty, and general maintenance services will initially be performed by Vestas American Wind Technology, Inc. for a period of four years.

Q. How will energy generated by Marengo II be delivered?

A. The electrical energy generated by the Marengo II wind project will be delivered to the project substation and stepped up from 34.5kV to 230kV and delivered into PacifiCorp's Talbot switching station via the 230 kV transmission line extension constructed as part of the Marengo wind project. Like Marengo, the Marengo II wind project will not incur third-party transmission expense to deliver to PacifiCorp's system.

Q. Are the benefits of Marengo II similar to those you have identified associated with the original Marengo Wind Project?

A. Yes, with this project being a renewable resource that can economically meet a commercial operation date during 2008.

Q. How did the Company make the decision to move forward with the Marengo II project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Marengo II project is included in the revenue requirement?

A. The Company has included $135.8 million for the Marengo II project in this application. The O&M cost associated with the Marengo II resource for the test year is included in the amount reported for the Marengo project mentioned above. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

The Marengo II project is expected to be operational by August 2008. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Marengo II for the same number of months that the investment is included in the revenue requirement. Mr. McDougal's testimony

describes the revenue requirement calculations associated with the inclusion of this resource.

Goodnoe Hills

Q. Please describe the size and location of the Goodnoe Hills resource.

A. The Goodnoe Hills resource is a wind resource located near Goldendale, Washington. Exhibit RMP___(ARL-7) shows a map of the plant location. PacifiCorp owns the assets, all output and 94 MW of interconnection rights with the BPA. Ongoing operations, warranty, and general maintenance services will be performed by the wind turbine supplier (REpower System AG) for the first two years and then by enXco Service Corporation for the following eight years. The Goodnoe Hills wind project consists of a 94 MW wind energy generation facility utilizing 47 REpower System AG 2.0 MW (model MM92) 60 hertz wind turbine generators. The turbines have 80 meter tubular towers and a 92.5 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, permanent meteorological towers, a supervisory control and data acquisition system, a collector substation and one operation and maintenance building.

Q. How will energy generated by Goodnoe Hills be delivered?

A. The energy generated by the projects will be delivered to a 34.5/230 kilovolt substation which connects to the Rock Creek substation built by the BPA. The energy is then delivered to BPA's transmission system for transmission across BPA's system for delivery into PacifiCorp's system.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents an economic renewable resource. The 2003, and subsequent, IRPs specify that that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 MWs or more of renewable resources. Goodnoe Hills represents such a resource.

Q. How else will the Goodnoe Hills resource benefit Utah customers?

A. The Goodnoe Hills resource further benefits Utah customers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational experience with utility scale wind projects. The Goodnoe Hills project utilizes REpower wind turbines, thus giving PacifiCorp valuable experience with this particular manufacturer. The combination of the turbine supplier and operational expertise held by the project developer enabled the Company to negotiate a long-term operation and maintenance agreement for the entire project. This benefited customers as it is an economical way to operate a project that is located outside of PacifiCorp's service territory. Further, as a result of long-term planning and the reasonable expectation that additional state and/or federal renewable portfolio standards will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years. PacifiCorp currently has a number of power purchase agreements from wind projects in its portfolio and it is important that the Company diversify to include owned renewable resources. Goodnoe Hills

will provide the Company with further experience in owning wind resources and enable the evolution of those activities in other locations.

Q. How did the Company make the decision to move forward with the Goodnoe Hills project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Goodnoe Hills project is included in the revenue requirement?

A. The Company has included $196.6 million for the Goodnoe Hills project in this application. The O&M cost associated with the Goodnoe Hills resource for the test year is approximately $1.8 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

The Goodnoe Hills project is expected to be operational by June 2008. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Goodnoe Hills. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Glenrock

Q. Please describe the size and location of the Glenrock resource.

A. The Glenrock wind project is a wind resource located in Converse County, Wyoming. Exhibit RMP___(ARL-8) shows a map of the plant location. PacifiCorp owns the assets, all output and all interconnection rights with PacifiCorp Transmission. Ongoing operations, warranty, and general maintenance services will be performed by PacifiCorp or a third party. The Glenrock wind project consists of a 99 MW wind energy generation facility utilizing 66 General Electric 1.5 MW wind turbine generators. The turbines have 80 meter tubular towers and a 77 meter rotor diameter. The project includes above-ground and underground electric cable, fiber optic communication cable, turbine access roads, permanent meteorological towers, a supervisory control and data acquisition system, and the refurbishment of operations/maintenance structures currently at the site.

Q. How will energy generated by Glenrock be delivered?

A. The energy generated by the Glenrock project will be delivered to a 34.5/230 kilovolt substation which will connect to PacifiCorp's transmission system via a 13-mile 230 kilovolt transmission line extension and a transmission interconnection substation located between the Glenrock mine and the Dave Johnston power plant.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents an economic renewable resource. The 2003, and subsequent, IRPs specify that that renewable resources

(using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 MWs or more of renewable resources. Glenrock represents such a resource.

Q. How else will the Glenrock resource benefit Utah customers?

A. The Glenrock resource further benefits Utah customers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational experience with utility scale wind projects. The Glenrock project utilizes General Electric Company wind turbines, thus giving PacifiCorp valuable experience with the largest manufacturer of wind turbines in the United States. Further, as a result of long-term planning and the reasonable expectation that additional state and/or federal renewable portfolio standards will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years.

Q. How did the Company make the decision to move forward with the Glenrock project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Glenrock project is included in the revenue requirement?

A. The Company has included $210.3 million for the Glenrock project in this application. The O&M cost associated with the Glenrock resource for the test year is approximately $1.2 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

The Glenrock project is expected to be operational by the end of December 2008. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Goodnoe Hills. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

Seven Mile Hill

Q. Please describe the size and location of the Seven Mile Hill resource.

A. The Seven Mile Hill resource is a wind resource located in Carbon County, Wyoming. Exhibit RMP___(ARL-9) shows a map of the plant location. PacifiCorp owns the assets, all output and all interconnection rights with PacifiCorp Transmission. Ongoing operations, warranty, and general maintenance services will be performed by PacifiCorp or a third party. The Seven Mile Hill wind project consists of a 99 MW wind energy generation facility utilizing 66 General Electric 1.5 MW wind turbine generators. The turbines have 80 meter towers and a 77 meter rotor diameter. The project includes underground electric cable, fiber optic communication cable, turbine access roads, permanent

meteorological towers, a supervisory control and data acquisition system, a collector substation and one operation and maintenance building.

Q. How will energy generated by Seven Mile Hill be delivered?

A. The energy generated by the project will be delivered to a 34.5/230 kilovolt substation which will connect to PacifiCorp's transmission system via an adjacent 230 kilovolt interconnection substation. The energy is then delivered to PacifiCorp's transmission system on the Miners to Dave Johnston 230kV transmission line.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents an economic renewable resource. The 2003, and subsequent, IRPs specify that that renewable resources (using wind resources as a proxy) be steadily added to the system with the target of reaching 1,400 MWs or more of renewable resources. Seven Mile Hill represents such a resource.

Q. How else will the Seven Mile Hill resource benefit Utah customers?

A. The Seven Mile Hill resource further benefits Utah customers by providing the Company with a zero incremental cost fuel source (thus reducing commodity risk exposure), a multi-shafted generation resource (thus diversifying the impact of individual generator failures), and further valuable ownership and operational experience with utility scale wind projects. The Seven Mile Hill project utilizes General Electric wind turbines, thus giving PacifiCorp the option and ability to share spare parts with other existing wind turbine projects. Further, as a result of long-term planning and the reasonable expectation that additional state and/or

federal renewable portfolio standards will be established, PacifiCorp is expecting to have a robust need for renewable resources in the coming years.

Q. How did the Company make the decision to move forward with the Seven Mile Hill project?

A. Company executives were provided with a detailed overview of the project, the contract support and counterparty guarantees for executing upon the project, the risks associated with the project, the need for the project as established by the IRP, the financial assessment of the project, and the justification of the project. Upon review of this information, the Company determined that it would proceed with acquisition of the project.

Q. What investment related to the Seven Mile Hill project is included in the revenue requirement?

A. The Company has included $201.4 million for the Seven Mile Hill project in this application. The O&M cost associated with the Seven Mile Hill resource for the test year is approximately $1.4 million. This is due to the wind turbine-generator maintenance agreement, permitting obligations, local levy tax and land royalties and easements.

The Seven Mile Hill project is expected to be operational by the end of December 2008. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Seven Mile Hill. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

GEOTHERMAL

Blundell Bottoming Cycle

Q. Please describe the size and location of the Blundell Bottoming Cycle resource.

A. The Blundell Bottoming Cycle resource is a separate facility at the Blundell plant, located near Milford, Utah. Exhibit RMP___(ARL-10) shows a map of the plant location. The bottoming cycle generates a nominal 11 MW of electrical energy using latent heat in the geothermal brine.

Q. Please provide additional detail about the Blundell Bottoming Cycle resource.

A. The Blundell Plant, which was developed and constructed in the 1980's, utilizes a single-flash process to generate electrical power from liquid-dominated geothermal brine. The original plant was designed to utilize the heat energy in the geothermal brine, flashing the brine to steam and using it in a conventional steam turbine generator. The brine is flashed to steam, passed through a steam turbine generator, condensed back to liquid and then re-injected back into the underground geothermal reservoir at approximately 340^{o}F.

The bottoming cycle uses the latent heat in the geothermal brine to drive a second turbine generator. Rather than re-injecting the 340^{o}F brine back into the underground geothermal reservoir, it flows through a conventional tube and shell heat exchanger and is used to vaporize pentane as the motive fluid. The pentane vapor drives the second turbine generator which produces the nominal 11 MW. The pentane is condensed back to liquid with an air-cooled condenser. The brine

is re-injected back into the geothermal reservoir at approximately 190°F.

Q. How will energy generated by the Blundell Bottoming Cycle resource be delivered?

A. Energy generated by the Blundell Bottoming Cycle will be delivered directly to the Company's existing transmission system at the 46kV level.

Q. Please describe the benefits of this resource to Utah customers.

A. Utah customers benefit from this resource as it represents a high capacity factor renewable resource that can economically meet a commercial operation date during 2007. The 2003, and subsequent, IRPs specify that that renewable resources be steadily added to the system with the target of reaching 1,400 MWs or more of renewable resources prior to 2015. The Blundell Bottoming Cycle project represents such a resource.

Q. How else will the Blundell Bottoming Cycle resource benefit Utah customers?

A. This resource is predicated on enhancing the overall efficiency of an existing generation plant. PacifiCorp routinely makes these assessments in search for projects that can take advantage of existing infrastructure. In this instance, the project takes advantage of existing generation and transmission infrastructure. As such, no material transmission system investments had to be made to accept the electrical output.

Q. How did the Company make the decision to move forward with the Blundell Bottoming Cycle resource?

A. The Company's board of directors was provided with a detailed overview of the project, the plan for executing upon the project, the risks associated with the

project, the need for the project, the financial assessment of the project, the fueling strategy, and the justification of the project. Upon review of this information, the Company's board of directors deliberated and subsequently voted to proceed with the project.

Q. What investment related to the Blundell Bottoming Cycle resource is included in the revenue requirement?

A. The Company has included $27.7 million for the Blundell Bottoming Cycle resource in this application. The incremental O&M cost associated with the Blundell Bottoming Cycle resource for the test year is being offset by operational efficiencies gained by the exting plant.

The Blundell Bottoming Cycle resource was placed in service on December 1, 2007. As discussed in Mr. Widmer's testimony, the Company's net power cost calculation reflects the inclusion of Blundell Bottoming Cycle resource for the same number of months that the investment is included in the revenue requirement. Mr. McDougal's testimony describes the revenue requirement calculations associated with the inclusion of this resource.

WEST VALLEY LEASE

Q. What is the status of the West Valley Lease?

A. The Company has decided to not renew the existing lease with PPM Energy, Inc., and it will terminate on May 31, 2008.

Q. Please describe the options available to the Company ("the Lessee") under the terms of the Lease Agreement, dated March 5, 2002, between West Valley Leasing Company LLC, as Lessor and PacifiCorp, as Lessee ("the Lease Agreement").

A. The Lease Agreement contains two option provisions, which are exercisable at the discretion of the Lessee, in addition to the Lessee's right to permit the Lease to run its full term. The first option allows for early termination of the Lease Agreement, at two separate opportunities, both of which were subject to rescission by a deadline set forth in the Lease Agreement. Pursuant to the terms of the option provision, PacifiCorp exercised its right to terminate the Lease Agreement and has provided the Lessor notice of such intent, and the Company has not exercised its right to rescind such notice. Accordingly, the Lease Agreement terminates effective May 31, 2008. The second option provision contained in the Lease Agreement gave the Lessee the option to purchase the West Valley Project, which the Company did not exercise.

Q. Did the Company evaluate the resource need and the economics of the Lease Agreement prior to issuing the notice of exercise of the termination option on December 1, 2006?

A. Yes. The Company determined that customers would benefit most by terminating the Lease Agreement based on its assessment of the value of the resource and its corresponding utilization or capacity factor. The Company's efforts to renegotiate the terms of the Lease Agreement with PPM Energy, Inc., were not successful. Thus, the Company chose not to rescind the notice of termination.

Q. How did the Company's evaluation of the Lease Agreement support the decision to terminate the Lease Agreement and ensure customers interests were protected?

A. The Company evaluated the fixed price purchase option at the price established in the Lease Agreement. The purchase option was evaluated by comparing the fixed purchase price against the market value of the West Valley plant. The Company determined the market value of the West Valley plant was equivalent to the value of the energy produced, as determined by the forward price curve, net of fuel and variable operating costs through 2027[1]. The Company also considered the value the purchase option would bring by considering the avoided transmission investment costs associated with the West Valley plant being used as a network resource.

Q. How did the Company determine the avoided transmission cost benefit associated with the fixed price purchase option and what were the results of fixed price option evaluation?

A. PacifiCorp transmission provided an assessment of the reliability impacts and required capital investment required if the West Valley plant was no longer available as a network resource. The transmission study concluded that removal of the West Valley plant as a network resource would require the installation of a static VAR compensator at the Camp Williams substation and acceleration of the in-service date for the Oquirrh substation expansion from 2009 forward to 2008. This transmission investment would be deferred until 2028, beyond the project life,

[1] The life of a simple-cycle combustion turbine, similar to the turbines at the West Valley plant, is 25 years. West Valley went commercial in 2002. The estimated life of West Valley is through 2027.

if the Company chose to exercise its purchase option in the Lease Agreement. The combination of the value of the transmission investment deferral plus the market value of the West Valley plant dispatched against the forward price curve for the term of June 1, 2008 through May 31, 2027, which covers the life of the West Valley plant, was well below the contract purchase price of $122.5 million as stipulated in the Lease Agreement.

Q. Did the Company evaluate the extension of the Lease Agreement from June 1, 2008, through May 31, 2017, and what did the company conclude?

A. Yes. The Company evaluated the extension of the Lease Agreement. The market value of the West Valley plant was determined by dispatching the West Valley plant against the forward price curve from June 1, 2008, to May 31, 2017. The market value of the plant plus the value of deferring transmission investment costs discussed above was well below the cost to extend the lease payments of $749,150 per turbine per calendar quarter totaling $97.9 million in 2007 dollars through the extended lease term.

Q. What action did the Company take?

A. The Company provided written notice of its intent to exercise its right to terminate the Lease Agreement on December 1, 2006.

CONCLUSION

Q. Please summarize your conclusions.

A. Supply-side resources with in-service dates prior to June 30, 2009, have been included in the Company's application including the investment, modeling of net power cost impacts, and associated expenses. These projects represent significant

investments the Company is making on behalf of its customers to meet their energy needs on a prudent and cost-effective basis. Customers will receive the output of these facilities during the rate-effective period and, therefore, should pay for the costs associated with the facilities. The Company has been prudent in securing these facilities for the benefit of its Utah customers and should be granted full cost recovery.

Q. Does this conclude your testimony?

A. Yes.