State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

JON HUNTSMAN Jr.
Governor

GARY HERBERT
Lieutenant Governor

MEMORANDUM

To: PacifiCorp IRP Mailbox

From: Utah Division of Public Utilities

Philip J. Powlick, Director
Artie Powell, Energy Section Manager
Joni Zenger, Technical Consultant
Charles Peterson, Technical Consultant
Sam Liu, Utility Analyst

Date: June 12, 2008

Re: 2008 Integrated Resource Plan (Utah Docket No. 07-2035-01)

The Utah Division of Public Utilities ("Division") wants to clarify our comments that were previously filed on June 6, 2008, regarding the PacifiCorp 2008 Integrated Resource Plan ("IRP"). The Company subsequently inquired about the Division's comments regarding the number of case scenarios that would need to be run in order to provide meaningful results for the portfolio development. Specifically, the Division stated in our June 6 comments the following:

> We recommend that the Company assign more staff to IRP modeling, because we do not believe that 42 scenario runs provides adequate case analyses and there should be several hundred times that many case scenarios in future IRP modeling in order to account for the various input factors.

The Division's intent behind this comment was twofold. First, we do not understand how the 42 case scenarios that were presented to us at the May 22 meeting were developed and thus selected. Second, not knowing this, we questioned whether 42 case scenarios was an adequate number to produce meaningful results and to comply with the Commission's IRP guidelines and recent orders.

On May 22, 2008, during the pubic IRP meeting, PacifiCorp presented a matrix of scenarios entitled "Portfolio Development Case Definitions for the 2008 IRP." With the addition of the

Utah Commission Order for a $0 per ton CO2 comparison run, from the top row of the matrix, one could infer over 200,000 potential scenarios. The 42 scenarios identified by PacifiCorp for further study constitutes approximately two-one-hundredths of one percent (0.02%) of the total number of potential scenarios. Again, based on the potential number of scenarios identified by the Company, the Division emphasizes that we do not believe that 42 scenario runs provides adequate case analyses. We did not intend or expect that the Company would, in the future, run hundreds of thousands of case scenarios.

However, we did want to understand how the 42 selected case runs addressed all of the necessary variables, such as CO_2 costs, renewable portfolio standards, gas prices, construction cost assumptions, planning reserve margins, etc. In this regard, we encourage the Company to expend some effort in explaining its scenario selection process. Additionally, the Division notes that elimination of just a few combinations of variables significantly reduces the potential number of scenarios. For example, replacing the $8 per ton CO_2 case with the Commission ordered $0 per ton case (as discussed at the May meeting), reduces the number of potential scenarios to 165,888. Eliminating other unsupportable combinations would significantly limit the number of potential scenarios.

Narrowing the number of potential scenarios and justifying the scenarios selected for further study, would relieve much of the Division's concerns in this area. However, in the end it may be the case that a significantly greater number of scenarios will need to be analyzed to provide meaningful results. At this time, however, the Division does not have a specific number in mind. We hope that these supplemental comments clarify the intent of our June 6 comments, and we apologize for any confusion in our original language.

cc: Dave Taylor
Pete Warnken