

# **EXHIBIT F**

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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Request of Rocky  
Mountain Power for a Waiver of Solicitation  
Process and for Approval of Significant  
Energy Resource Decision

DOCKET NO. 08-035-35

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Redacted Direct Testimony of

Wayne Oliver

Public Service Commission of Utah

June 20, 2008

1 I. INTRODUCTION

2 Q. WOULD YOU PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS  
3 ADDRESS?

4 A. My name is Wayne J. Oliver. I am Principal and Founder of Merrimack Energy Group,  
5 Inc. (Merrimack Energy), 155 Borthwick Avenue, Suite 101, Portsmouth, New  
6 Hampshire, 03801.

7  
8 Q. WOULD YOU PLEASE SUMMARIZE YOUR EDUCATIONAL AND  
9 PROFESSIONAL EXPERIENCE?

10 A. I have over 30 years of experience in the energy industry. During that time, I have held  
11 senior level positions as an economist and consultant with government agencies and  
12 private sector firms. I was formerly a Founder and Senior Officer of Reed Consulting  
13 Group, Inc. I also served as a Director with Navigant Consulting, Inc. after the  
14 acquisition of Reed Consulting Group by Metzler and Associates in 1997 and the  
15 subsequent formation of Navigant to integrate a number of the consulting firms acquired  
16 by Metzler and Associates. I have also been an Assistant Professor in the Economics  
17 Department at Northeastern University and an Adjunct Professor in the Finance  
18 Department at Babson College, where I taught courses in Risk Management (in the  
19 Masters of Business Administration program) and Futures and Options. I have a Masters  
20 Degree in Economics and completed all course work for a PhD in Economics. My  
21 resume is attached as Exhibit WO-1.1.

22

23 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

24 A. I am testifying on behalf of the Utah Public Service Commission. I was retained by the  
25 Utah Public Service Commission (“Commission”) to serve as Independent Evaluator in  
26 this proceeding.

27

28 Q. HAVE YOU SERVED AS INDEPENDENT EVALUATOR IN OTHER  
29 PROCUREMENT PROCESSES?

30 A. Yes. I have served as Independent Evaluator or Monitor in approximately twenty  
31 competitive bidding processes over the past fifteen years on behalf of Public Utility  
32 Commissions, utilities or public agencies. During that time I have reviewed and  
33 evaluated hundreds of power supply proposals for both conventional and renewable  
34 resources. In particular, Merrimack Energy has served as Independent Evaluator for  
35 PacifiCorp’s 2012 Base Load Request for Proposals as well as the 2008 All Source  
36 Request for Proposals. I have also worked with power generators and utilities in  
37 submitting power supply proposals, conducting market assessments, and conducting due  
38 diligence for power project acquisitions.

39

40

## II. PURPOSE OF TESTIMONY

41 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS  
42 PROCEEDING?

43 A. As Independent Evaluator, I have been asked by the Commission to review PacifiCorp’s  
44 analysis supporting its proposed acquisition of the Chehalis Power Generating Plant  
45 (“Plant”) and assess whether the acquisition is in the public interest. That is, does the

46 acquisition result in the lowest reasonable cost to PacifiCorp's retail customers taking  
47 into consideration long-term and short-term impacts, risk, reliability and the financial  
48 impacts on PacifiCorp.

49

50 Q. PLEASE SUMMARIZE PACIFICORP'S REQUEST IN THIS PROCEEDING.

51 A. PacifiCorp, through its Rocky Mountain Power Division, has filed for two requests with  
52 the Commission: (1) a Solicitation Waiver Request under Utah Code 54-17-201(3) and  
53 54-17-501 and (2) a request for approval of a significant energy resource decision to  
54 acquire the Project under Utah Code Ann. 54-17-302 ("Acquisition Approval Request").

55

56

### III. BACKGROUND

57 Q. PLEASE DESCRIBE YOUR UNDERSTANDING OF THE TYPE OF ANALYSIS  
58 REQUIRED OF PACIFICORP BY STATUTE TO JUSTIFY ACQUISITION OF A  
59 SIGNIFICANT ENERGY RESOURCE SUCH AS THE CHEHALIS POWER  
60 GENERATING PLANT.

61 A. Rule R746-430-4 states that if the requested waiver is for a waiver of a solicitation  
62 process, the affected utility should provide the following evidence:

63 1. That the particular resource to be procured is consistent with the utility's  
64 current Integrated Resource Plan

65 2. That the particular resource to be procured is consistent with any pending  
66 solicitation processes and what affect procurement of the particular resource will  
67 have on any pending solicitation processes.

68 3. Evidence regarding how the particular resource to be procured compares in  
69 value to similar resources.

70 4. Evidence how the particular resource will be connected to and will be  
71 integrated with the utility's system.

72 5. Evidence of the costs which the utility anticipates it will recover from  
73 ratepayers, which shall include, but is not limited to, analysis of the affects upon  
74 the utility's power costs and revenue requirements, and

75 6. Evidence of any affect the proposed resource will have on future resource  
76 acquisitions.

77

78 Q. WAS PACIFICORP'S FILING OF APRIL 1, 2008 CONSISTENT WITH THESE  
79 REQUIREMENTS?

80 A. No. PacifiCorp witness Gregory Duvall filed testimony that compared the cost of  
81 acquiring the Plant in 2008 to the cost of acquiring resources in accordance with the  
82 Company's Business plan over a 20 year period. The analysis compared the economics  
83 of the acquisition to two options; one option assumes a cost for a new gas-fired  
84 combined cycle facility at REDACTED and the second option assumes a cost of a new  
85 combined cycle facility at REDACTED. The analysis considers the impacts of the three  
86 options on system-wide fuel and O&M costs, front office transactions and long term  
87 contracts, system balancing purchases and sales, wheeling costs, and capital and fixed  
88 costs. While the capital costs used for the two options in the analysis are consistent with  
89 current market expectations with regard to the capital costs from new gas-fired  
90 combined cycle facilities relative to the acquisition of the Chehalis Plant, the acquisition

91 is compared only to generic combined cycle projects. The analysis did not go far enough  
92 with regard to the requirements of Rule 746-430-4. In particular, the analysis is not  
93 consistent with the first three requirements listed above, with the Company only using  
94 the results of the 2012 RFP as guidance in establishing the capital cost for generic  
95 resources identified above. PacifiCorp did not provide evidence that the particular  
96 resource to be procured is consistent with any pending solicitation process and did not  
97 provide evidence how the particular resource to be procured compares in value to similar  
98 resources.

99

100 Q. PLEASE SUMMARIZE THE CONCLUSIONS OF MR. DUVALL'S TESTIMONY.

101 A. Mr. Duvall concludes that based on the cost of the two combined cycle options  
102 identified above, the total benefits of adding the Plant are significant on a system-wide  
103 present value revenue requirements basis. Mr. Duvall concludes that acquisition of the  
104 plant will benefit the Company and its customers and the Commission should approve  
105 the acquisition.

106

107 Q. IS MR. DUVALL'S ANALYSIS IN AND OF ITSELF SUFFICIENT JUSTIFICATION  
108 TO SUPPORT APPROVAL OF THE ACQUISITION?

109 A. No. While Mr. Duvall's analysis is a reasonable analysis to undertake in analyzing the  
110 economic benefit of the acquisition of the plant, it is not fully consistent with the  
111 requirements of Rule 746-430-4. The analysis does not assess whether the acquisition is  
112 consistent with the Company's current Integrated Resource Plan or with pending  
113 solicitation processes.

114

115 Q. WAS THE TIMEFRAME FOR CONSIDERATION OF THE ACQUISITION OF THE  
116 PLANT CONSISTENT WITH THE 2012 BASE LOAD SOLICITATION PROCESS  
117 UNDERTAKEN BY PACIFICORP?

118 A. Yes. PacifiCorp, through the testimony of Stefan Bird, illustrated that discussions  
119 associated with the acquisition of the Plant were occurring at the approximately the same  
120 time as the 2012 Base Load solicitation process, which was approved by the  
121 Commission in April 2007 and is still on-going. Mr. Bird indicated that in late 2006, the  
122 Company entered into confidentiality agreements related to the Plant as well as other  
123 units. Evidence in the case illustrates that PacifiCorp had conducted an economic  
124 analysis as the basis for its offer price for the Plant in December 2007. In January 2008,  
125 it appeared that discussions regarding acquisition of the Plant were renewed and  
126 PacifiCorp submitted a non-binding proposal on February 13, 2008.

127

128 Q. WHAT WAS THE STATUS OF THE 2012 BASE LOAD RFP IN THE DECEMBER  
129 2007 TO FEBRUARY 2008 TIMEFRAME AT A TIME WHEN PACIFICORP  
130 SUBMITTED THE BID TO ACQUIRE THE CHEHALIS PLANT?

131 A. PacifiCorp conducted the detailed evaluation of the bids and benchmarks submitted in  
132 response to the 2012 Base Load RFP primarily during December 2007, consistent with  
133 the Steps 2 and Step 3 evaluation process as identified in the 2012 RFP. PacifiCorp had  
134 selected the shortlist of three projects by early January 2008. Subsequent to selection of  
135 the shortlist, PacifiCorp then began the contract negotiation process with these three



136 projects. Initial negotiations were therefore occurring during the time that PacifiCorp  
137 submitted its bid to acquire the Chehalis plant on February 13, 2008.

138

139 Q. PLEASE DESCRIBE THE EVALUATION PROCESS REQUIRED FOR THE BIDS  
140 SUBMITTED IN RESPONSE TO THE 2012 RFP.

141 A. As identified in the 2012 Base Load RFP document, PacifiCorp proposed to undertake a  
142 three step process to evaluate the bids submitted in response to the 2012 RFP. Step 1 of  
143 the evaluation process (i.e. Initial Short List) involves a price and non-price analysis of  
144 the eligible bids to determine an initial short list. PacifiCorp uses the Structuring and  
145 Pricing RFP Base Model to screen the proposals and to evaluate and determine the price  
146 ranking for the eligible bids received.

147

148 In Step 2, Global Energy Decision's Capacity Expansion Model (CEM) is used to  
149 develop optimized portfolios of resources under various assumptions for future emission  
150 expense levels and market prices based on the initial short list. The objective of this step  
151 is for CEM to develop a number of optimized portfolios – one for each combination of  
152 emission and wholesale market and natural gas price assumptions – based on the bids in  
153 the initial short list and the Company benchmarks. An optimal portfolio will be  
154 established for each combination of emission and wholesale market and natural gas price  
155 assumptions. Each portfolio from the CEM scenarios will be a candidate for the  
156 optimum combination of resources to be selected through the RFP process and will  
157 therefore be advanced to the stochastic/deterministic analysis step.

158

159 In Step 3 (Risk Analysis), stochastic and deterministic analyses will be performed on  
160 each optimized portfolio in order to identify the resources in the highest performing  
161 (least cost, adjusted for risk) portfolios. Step 3 includes both a Step 3(a) stochastic  
162 analysis (PaR model) and Step 3(b) deterministic scenario analysis (CEM Model).  
163 Consistent with the IRP, the Company used the Planning and Risk Model (PaR) and  
164 Capacity Expansion Model (CEM) to assess the risks of each eligible resource  
165 alternative.

166

167 Q. DID PACIFICORP UNDERTAKE THE ANALYSIS IDENTIFIED IN THE RFP  
168 DOCUMENT IN EVALUATING THE BIDS RECEIVED IN RESPONSE TO THE  
169 RFP?

170 A. PacifiCorp did not undertake a complete Step 1 evaluation of the bids but instead passed  
171 all eligible bids to the short list. PacifiCorp did undertake a complete Step 2 and Step 3  
172 analysis as identified above during the December 2007 to early 2008 timeframe.

173

174 Q. WHAT IS YOUR RECOMMENDATION REGARDING THE APPROPRIATE  
175 APPROACH FOR EVALUATING THE CHEHALIS PLANT GIVEN THE TIMING OF  
176 THE COMMUNICATIONS BETWEEN PACIFICORP AND THE CHEHALIS  
177 PLANT OWNERS?

178 A. In my view and based on the requirements of R746-430-4 and the timing of the  
179 acquisition of the plant relative to the timing of the solicitation process, the appropriate  
180 evaluation would be to undertake an assessment of the Chehalis plant along with and  
181 relative to the bids submitted in response to the 2012 RFP since this resource was

182 effectively another option available during the same timeframe as the bid evaluation  
183 associated with the 2012 RFP process. PacifiCorp could have evaluated the Chehalis  
184 plant relative to the costs of the bids submitted in response to the 2012 RFP. Since  
185 PacifiCorp was in contract negotiations with several short listed proposals, such an  
186 assessment could have informed PacifiCorp whether it should have been more  
187 aggressive in continuing its negotiations with a bid option if the economics were more  
188 favorable than Chehalis rather than select Chehalis as a company-owned resource. This  
189 would be the most appropriate way to determine if the acquisition of the Chehalis plant  
190 is in fact in the public interest since all resource options available at the time would be  
191 consistently evaluated.

192

193 Q. HAS PACIFICORP CONDUCTED SUCH AN ANALYSIS?

194 A. As previously noted, PacifiCorp did not originally conduct such an analysis. I submitted  
195 two separate data requests to PacifiCorp requesting that PacifiCorp provide the detailed  
196 results of an economic analysis of the proposed plant compared to all proposals and  
197 benchmarks submitted and evaluated in response to the 2012 RFP consistent with the  
198 Step 1, Step 2 and Step 3 evaluation process under the premise that the plant should be  
199 compared on an equal basis to other similar resources. The data requests in question  
200 were IE 1.11 and IE 3.1. I also asked the Company to provide specific project cost  
201 information about the Chehalis plant and other proposals to allow for a cost analysis of  
202 each option. PacifiCorp did eventually provide their assessment of the Step 1, Step 2,  
203 and Step 3 analysis along with the assumptions, inputs, and specific cost information  
204 used in the analysis.

205

206 Q. ISN'T IT TRUE THAT THE CAPITAL COST OF THE CHEHALIS PLANT IS  
207 SIGNIFICANTLY LESS THAN THE COST OF A NEW COMBINED CYCLE UNIT?

208 A. Yes. Certainly the acquisition cost of the Chehalis plant is at a significant discount from  
209 the capital cost of a new combined cycle unit. However, the capital cost of a project is  
210 only one of many costs that must be considered when evaluating the economics of  
211 resource options. Other fixed and operating costs along with operational parameters of a  
212 unit such as heat rates, minimum run levels, duct-firing capability, etc. will influence the  
213 relative economics of power generation options. An appropriate analysis will therefore  
214 assess the system-wide cost impacts associated with various proposals and projects  
215 included in the utility's resource plan. In conducting such an analysis other costs, in  
216 addition to the capital or acquisition cost need to be considered as well including fuel  
217 commodity costs, fuel transportation, transmission costs associated with each option,  
218 fixed and variable O&M costs as well as plant operating constraints. For combined cycle  
219 plants, fuel costs account for more than 75% of the costs of a combined cycle option  
220 given the current gas market. As a result, the physical location of the project and access  
221 to gas supply and transportation will have a significant impact on project economics. For  
222 example, Rocky Mountain gas has been selling at a significant discount from gas  
223 sourced at Sumas in the Pacific Northwest. The current and expected cost differentials  
224 for the gas commodity and associated pipeline transportation costs should be considered.  
225 Furthermore, Washington State, where the Chehalis plant is located, includes a tax on  
226 fuel which provides a competitive disadvantage for projects located in Washington  
227 State. Finally, the estimated transmission cost impacts associated with each project can

228 have a significant impact on the relative economic evaluation of different proposals and  
229 resource options. All such costs should be considered when evaluating resource options.

230

231 Q. ARE THERE ANY ADVANTAGES ASSOCIATED WITH THE CHEHALIS  
232 PROJECT RELATIVE TO THE COMPETITIVE OPTIONS FROM THE RFP?

233 A. Yes. The Chehalis plant is an existing facility. Therefore, development risk has been  
234 eliminated, since the plant has secured its permits and has been operational for several  
235 years. In addition, the acquisition cost of the plant is known. Therefore, the plant cost is  
236 not subject to cost uncertainty and market volatility associated with the recent run-up in  
237 capital costs due to increases in steel prices, copper prices, cement, interest rates and  
238 labor costs. As a result, the cost risk and uncertainty associated with new projects is  
239 eliminated. In addition, the risk associated with access to capital for project financing is  
240 also eliminated since the project has already been financed. Thus, much of the cost and  
241 development uncertainty and risk has been eliminated, which provides a real benefit in  
242 terms of minimizing risk and ensuring reliability in today's power market.

243

244 Q. IS IT COMMON PRACTICE IN THE POWER INDUSTRY FOR UTILITIES TO  
245 ACQUIRE EXISTING POWER GENERATION RESOURCES OUTSIDE OF A  
246 COMPETITIVE BIDDING PROCESS EVEN IF COMPETITIVE BIDDING IS THE  
247 REQUIRED MECHANISM TO PROCURE NEW LONG-TERM RESOURCES.

248 A. I am aware of several cases where utilities have acquired existing assets outside of a  
249 competitive bidding process, although I have not researched whether the utility had to  
250 obtain an exemption or waiver to acquire such an asset. However, it is my understanding

251 that utilities in Oklahoma, Louisiana, and Indiana have recently acquired or proposed to  
252 acquire existing generation assets outside of the competitive bidding process.

253

254 Q. DO YOU BELIEVE THAT THE OWNERS OF THE CHEHALIS PLANT SHOULD  
255 BE REQUIRED TO COMPETE TO SELL THEIR UNIT THROUGH THE 2008 ALL  
256 SOURCE COMPETITIVE BIDDING PROCESS?

257 A. No. Existing power generation projects would generally prefer to negotiate a sale of an  
258 existing plant outside of the competitive procurement process because of the information  
259 requirements associated with the procurement process and the time required to complete  
260 the process. Furthermore, one of the primary tasks associated with acquisition of an  
261 existing plant is for the buyer to conduct detailed due diligence. This process is  
262 somewhat inconsistent with a competitive bidding process. For example, in a  
263 competitive bidding process, it may take some time before it is determined whether or  
264 not a bid is selected for the shortlist. The time for bid preparation and bid evaluation is  
265 effectively “down time” for the owner of an existing asset who may be interested in  
266 selling its project as quickly as possible. It is generally more efficient and timely to  
267 conduct due diligence and contract negotiations during this time rather than spend time  
268 and money to meet the RFP requirements. The RFP process is more effective in  
269 assessing power purchase agreement options from existing assets or particularly new  
270 resources that will be built to meet the requirements of the RFP. Since the 2008 All  
271 Source RFP has yet to be issued, it is not reasonable to require the Chehalis plant to bid  
272 into the RFP at this time.

273

274 IV. ECONOMIC EVALUATION OF CHEHALIS

275 Q. YOU PREVIOUSLY INDICATED THAT IN RESPONSE TO DATA REQUESTS  
276 PACIFICORP DID PROVIDE STEP 1, STEP 2 AND STEP 3 ASSESSMENTS.  
277 PLEASE SUMMARIZE THE RESULTS OF THE STEP 1 ANALYSIS CONDUCTED  
278 BY PACIFICORP.

279 A. PacifiCorp submitted the results of the Step 1 analysis in response to IE data request IE  
280 4.1 (Confidential). The Step 1 analysis, using the RFP Base Model, was completed for  
281 the Chehalis plant as well as three other combined cycle units bid into the 2012 RFP.  
282 The analysis illustrates that the Chehalis plant has a slightly lower value (higher cost),  
283 based on Break-even Less Delivered Cost (\$/MWh) compared to the lowest cost  
284 resource, a gas-fired combined cycle project selected for the short list. The Chehalis  
285 plant is significantly more economic (i.e. lower break-even less delivered cost  
286 differential) than the other two combined cycle projects, one of which was on the short  
287 list for the 2012 RFP.

288

289 Q. DID PACIFICORP COMPLETE THE STEP 2 CEM ANALYSIS AS REQUESTED?

290 A. In response to IE data request IE 1.13, PacifiCorp did run a Step 2 evaluation which did  
291 include the Chehalis plant as an option in 2008 that could be selected in Step 2 for Cases  
292 1 to 9 under a 12% planning reserve margin. These studies did not include the  
293 benchmark and coal bids from the RFP as options. The study also removed the West  
294 CCCT from the 2007 IRP in 2011 that was included in the original 2012 RFP analysis  
295 for west option to be considered. The results showed that the Capacity Expansion Model  
296 selected the Chehalis project in all cases. However, the model also selected three other

297 combined cycle options bid into the 2012 RFP, including one option that was not  
298 selected for the short list in the 2012 RFP.

299

300 In response to other data requests from interveners, PacifiCorp prepared another  
301 Capacity Expansion Model run in response to DPU 6.2.1. In this case, the model was  
302 allowed to select from among the Chehalis plant, three combined cycle bids submitted in  
303 response to the 2012 RFP and Front Office Transactions. Coal bids and benchmarks  
304 were not included. Also, the West Side CCCT in 2011 was removed. The model selected  
305 Chehalis in 2008 along with two of the three combined cycles in 2012, with the  
306 remaining requirements met via Front Office Transactions. The other two combined  
307 cycles selected were the combined cycle bids selected for the short list in the 2012 RFP  
308 process.

309

310 Q. DID PACIFICORP CONDUCT THE STEP 3 STOCHASTIC ASSESSMENT?

311 A. PacifiCorp conducted two stochastic assessments similar to the Step 3 assessment  
312 conducted for the IRP and 2012 RFP. The first assessment, presented in response to  
313 DPU data request 6.2 (1<sup>st</sup> Supplemental) compared the 2008 Business Plan options  
314 presented by Mr. Duvall in his Confidential Testimony which included the Chehalis  
315 plant along with two generic combined cycle units at capital cost levels of REDACTED  
316 and REDACTED respectively. The stochastic analysis presented the Present Value  
317 Revenue Requirements (PVRR) for the mean, 95<sup>th</sup> percentile PVRR, 95<sup>th</sup> percentile  
318 expected value based on a 5% probability and the Risk Adjusted PVRR (calculated as



319 the mean PVRR plus the 95<sup>th</sup> percentile PVRR multiplied by .05 (probability of the  
320 PVRR (95%) being realized based on the Monte Carlo sampling).

321

322 The second stochastic study requested by the IE and submitted in response to DPU data  
323 request 6.2 (1<sup>st</sup> supplemental), presents the results of the stochastic analysis based on the  
324 2012 Base Load RFP bids and portfolios under a medium CO2 tax strategy. The  
325 Company evaluated the eleven RFP portfolios that were evaluated in the Step 3 analysis  
326 for the 2012 RFP. The Company also included an additional portfolio that included  
327 Chehalis and the two short listed combined cycle projects from the 2012 RFP selected in  
328 the Step 2 CEM evaluation described above.

329

330 Q. PLEASE DESCRIBE THE RESULTS OF THESE TWO ASSESSMENTS BASED ON  
331 THE STOCHASTIC ANALYSIS.

332 A. The 2008 Business Plan assessment illustrates that the Business Plan with the Chehalis  
333 plant enjoys a cost benefit (i.e. lower cost) relative to the Business Plan with either of  
334 the two Combined Cycle options for both the Mean PVRR and the Risk Adjusted PVRR  
335 cases.

336

337 The stochastic analysis results for the eleven RFP portfolios along with a portfolio  
338 including Chehalis illustrates that after a correction for an error in calculating the  
339 pipeline demand charges for combined cycle options submitted in the RFP, the portfolio  
340 with the Chehalis plant and the two short listed combined cycles had the lowest average

341 cost or mean PVRR of all the portfolios evaluated as well as the lowest cost on a Risk  
342 Adjusted PVRR basis.

343

344 Q. BASED ON THE RESULTS OF THE ANALYSIS PRESENTED BY PACIFICORP,  
345 WHAT IS YOUR CONCLUSION REGARDING THE RESULTS OF THE  
346 ANALYSIS CONDUCTED BY PACIFICORP TO SUPPORT THE ACQUISITION  
347 OF THE CHEHALIS PLANT?

348 A. The results of the analysis conducted by PacifiCorp appear to indicate that the  
349 acquisition of the Chehalis plant is a reasonable resource choice, would have been a  
350 short listed resource had it bid into the 2012 RFP and the acquisition should be in the  
351 public interest. However, I have not had the opportunity to verify the accuracy of the  
352 revisions to the pipeline demand charges included in the final evaluation. PacifiCorp  
353 indicated shortly before the date for filing of testimony that an error was discovered in  
354 the modeling of gas pipeline demand charges. That error has apparently been corrected.  
355 However, the revisions and results of the analysis still need verification before a final  
356 decision can be rendered.

357

358

V. SUMMARY OF CONCLUSIONS

359 Q. PLEASE SUMMARIZE THE MAJOR CONCLUSIONS OF YOUR TESTIMONY.

360 A. The following are the major conclusions of my testimony:

361 1. The Chehalis plant acquisition should be evaluated relative to the bids submitted  
362 in response to the 2012 Base Load RFP since resources submitted in response to

363 the RFP were legitimate options for consideration to meet Company resource  
364 requirements.

365 2. In order for the acquisition of Chehalis to be in the public interest, PacifiCorp  
366 should clearly demonstrate that the project would have been selected as a  
367 preferred resource had it competed in the 2012 RFP process, based on the  
368 analysis undertaken by PacifiCorp for assessing RFP bids.

369 3. PacifiCorp's original analysis in support of the acquisition of Chehalis was a  
370 reasonable analysis but was not consistent with the analysis required by Rule  
371 746-430-4 based on the pending 2012 RFP process.

372 4. While the results of the analysis conducted by PacifiCorp in response to follow-  
373 up data requests appears to indicate that the acquisition of the Chehalis plant is a  
374 reasonable choice and in the public interest, the adjustments to the analysis and  
375 results still need verification before a final decision can be rendered.

376

377 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

378 A. Yes.