

**First Progress Report of the Independent Evaluator  
PacifiCorp 2012 Request for Proposals  
June, 2006**

This is the first progress report of Merrimack Energy Group, Inc., the Independent Evaluator (IE) for PacifiCorp's 2012 Request for Proposals (RFP). The progress report will address the activities which have occurred through June, 2006.

**Summary of Activities**

PacifiCorp has conducted several Technical Conferences on issues associated with development of the 2012 Request for Proposals beginning with a Technical Conference on March 6, 2006. This initial Technical Conference focused on PacifiCorp's activities related to its examination and evaluation of Integrated Gasification Combined Cycle (IGCC) technology. The IE attended the presentation and participated in a follow-up meeting with Commission and Division Staff, personnel from PacifiCorp and representatives from several stakeholders to discuss the RFP process.

On April 3, 2006 PacifiCorp conducted a second Technical Conference to provide an update on its activities associated with IGCC technology. The IE participated via phone-in conference call.

PacifiCorp conducted a third Technical Conference on May 9, 2006 to begin discussions of the RFP process. PacifiCorp discussed a proposed schedule for the process, identified the benchmark options and potential bridging resources, and a schedule for coal project development. PacifiCorp also discussed the process for securing investment tax credits for IGCC projects as a component of the Energy Policy Act of 2005.

On June 1 and 2, 2006, PacifiCorp conducted a Bidders conference and Stakeholders conference on the 2012 Request for Proposals. After the Bidders conference, the IE and Commission and Division staff discussed several issues associated with the development of an RFP for coal-based resources. The IE agreed to write-up some initial thoughts on key issues associated with a coal-based RFP as well as other issues raised during the conferences.

Based on the discussions and the comments raised during both conferences, the IE drafted two documents. The first (Attachment 1) is a discussion of a number of key RFP issues and options based on discussions from the two conferences. The second (Attachment 2) is a review and assessment of the credit and security provisions contained in other recent competitive bidding processes. Both documents are included as attachments to this First Progress Report.