Q. Please state your name, business address and present position with Rocky Mountain Power (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 briefly 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. The purpose of my testimony is to (i) demonstrate the prudence of the McFadden Ridge I wind-powered supply-side resource addition, (ii) the associated increase

to generation-related operation and maintenance (O&M) expense included in this application, and (iii) the prudence of additional generation plant capital investments placed in service during the test period.

Q. Please briefly explain how you will support the prudence of this supply-side resource 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 also provide an overview of the relevant MidAmerican Energy Holdings Company (MEHC) transaction commitments. I will provide a description of the McFadden Ridge I resource acquired by the Company and the decision-making process that led to the acquisition. I conclude with a brief discussion of the other generation related projects that are scheduled to be placed in service by the end of the test period.

Integrated Resource Plan

Q. Please briefly describe the Integrated Resource Plan.

A. The Integrated Resource Plan (IRP) is a strategic planning tool that presents a framework of future actions for resource acquisitions to ensure the Company continues to provide reliable, low-cost service with manageable and reasonable risk to its customers. The IRP builds on the Company'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 that the company has, on a long-term basis,

an adequate and reliable electricity supply at the lowest reasonable cost and to ensure that such supply is provided or fulfilled 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, a current view of the planning environment, corporate business goals and MEHC transaction commitments that are related to IRP activities, such as the acquisition of renewable resources.

As a strategic business planning tool, the IRP 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 management activities and transmission resources.

The emphasis of the IRP is to determine the most robust resource plan for a reasonably wide range of potential outcomes. The modeling is intended to inform and support the expert judgment of the Company's decision-makers. The preferred portfolio is not intended to be static, but rather is expected to evolve as part of the ongoing planning process as new information becomes available and new circumstances evolve. As a multi-objective planning effort, the IRP must balance several priorities and account for diverse and sometimes conflicting stakeholder views. However, the IRP cannot be all things to all people. As the owner of the IRP, the Company, with input from stakeholders, and other

interested parties, is uniquely positioned to determine the resource plan that best accomplishes IRP objectives on a system-wide basis, and meets 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, minimize cost, balance diverse stakeholder interests and address environmental concerns.

To follow through on the findings of the resource plan, the Company'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. Yes. Customer interest groups, regulatory staff, regulators and other stakeholders provide considerable guidance and input into the development of the IRP. The analytical approach used conforms to all state standards and guidelines.

Q. How did the most recent IRP address renewable resources?

A. The 2007 IRP identifies 2,000 megawatts (MW) of cost-effective renewable resources to be acquired by 2013. Under this plan, the Company will seek to acquire 1,400 megawatts of new renewable resources by 2010, with an additional 600 megawatts in place by 2013. The 2,000 megawatts of renewable resources is inclusive of the 1,400 megawatts of cost-effective renewable resources identified in the Company's 2004 IRP.

Q. How did the 2007 IRP address the procurement of renewable resources?

A. The 2007 IRP procurement plan recognized the challenge of acquiring the

committed levels of renewable resources plus the additional targeted amount. Specifically, the 2007 IRP said:

> *"In order to fill this requirement, the company will continue to aggressively pursue the acquisition of these resources through various approaches including new request for proposals, bi-lateral negotiations, the Public Utilities Regulatory Policy Act, and self-development." (2007 IRP at p. 229)*

Q. What state commissions acknowledged the 2007 IRP and its action plan on renewable resource acquisition?

A. The state commissions of Oregon, Washington and Idaho acknowledged the 2007 IRP and its action plan, including pursuit of 2,000 MW of cost-effective renewables by 2013. The states of California and Wyoming do not require formal filing of the Company's 2007 IRP. In a Report and Order issued February 6, 2008, the Public Service Commission of Utah indicated that it did not acknowledge the 2007 IRP.

Q. Has the Company aggressively pursued renewable resources via each acquisition strategy listed in the 2007 IRP?

A. Yes, the Company has acquired renewable resources via each and every acquisition strategy listed in the 2007 IRP. The Company has acquired renewable resources via new Requests for Proposals (RFP), bi-lateral negotiations, the Public Utilities Regulatory Policy Act and self-development.

Q. Please describe the Company's most recent activity with respect to renewable resource RFPs to implement the 2007 IRP action plan.

A. The Company has had three recent renewable resource RFPs. First, the Company issued an RFP on January 31, 2008 for long-term renewable resources less than

100 MW in generating capability that could be available by December 31, 2009. [1] The Company identified this RFP as "RFP 2008R". Developers and other bidders were invited to submit proposals in the form of a power purchase agreement (PPA) or build-own-transfer agreement (BOT). Bids under RFP 2008R were due on March 31, 2008. As a result of RFP 2008R, the Company executed a PPA for the entire output from a 99 MW wind-powered generation resource with Three Buttes Windpower LLC, an entity owned by Duke Energy Corp.

Q. Please describe the second RFP.

A. On March 4, 2008, the Company filed an application with the Oregon Public Utility Commission to open a docket for approval of a RFP process targeting 500 MW of renewable resources that could be available by December 31, 2011. The Company identified this RFP as "RFP 2008R-1". On April 15, 2008, the Company filed, in compliance with Utah Code Ann. . § 54-17-502(2)(a)(ii)(A), a notice with the Public Service Commission of Utah indicating that it intended to issue the RFP 2008R-1 in the second quarter of 2008. The RFP 2008R-1 solicited system wide renewable resources capable of delivery in or into PacifiCorp's network transmission system. Each renewable resource within the RFP 2008R-1 is limited in size to no more than 300 MW, in compliance with Utah Code Ann. § 54-17-502(2)(a)(i). On October 6, 2008, the Company issued RFP 2008R-1 to the market and the Company received bids December 22, 2008.

Q. Has the Company recently refreshed RFP 2008R-1?

A. Yes. The Company provided bidders with an opportunity to refresh their bids, or

[1] The Company also considered offers for renewable resources of 100 MW or greater if the term was less than five years.

for new or existing bidders to provide new proposals. The amended RFP, 2008R-1 constitutes the third RFP. The deadline for updated or new bids was February 27, 2009, and the Company is currently in the process of reviewing the information supplied by bidders. The Company anticipates that it will continue to issue a RFP for renewable resources each year to acquire needed resources to serve customers and/or comply with renewable portfolio standard (RPS) or emission-related laws.

Q. Please describe the third RFP.

A. On April 28, 2009, the Company filed a petition with the Public Utilities Commission of Oregon to open a docket for the approval of a solicitation process for new renewable resources (2009R RFP); and appoint Boston Pacific Company as the independent evaluator for the 2009R RFP. The Company provided notice of its intent to issue the 2009R RFP to the Public Service Commission of Utah April 28, 2009. The 2009R RFP will solicit up to 500 MW of system-wide renewable resources, with no single resource exceeding 300 MW.

MEHC Transaction commitments

Q. Please provide an overview of the MEHC transaction commitments related to the acquisition of renewable resources.

A. As part of the regulatory approvals related to the acquisition of the Company, MEHC and the Company committed to:

- Bring at least 100 MW of cost-effective wind resources in service within one year of the close of the transaction;
- Have 400 MW of cost-effective new renewable resources in the Company's generation portfolio by December 31, 2007, and

- Reaffirm the Company's commitment to acquire 1,400 MW of cost-effective new renewable generation resources.

The resource described below has been acquired consistent with these commitments.

Supply-Side Resources

Q. Please describe the McFadden Ridge I wind-powered generation resources.

A. The McFadden Ridge I resource will be a wind-powered generation project with a capacity of approximately 28.5 MW consisting of nineteen wind turbine generators, an electrical collector system, access roads, and required communication and control facilities (metering, hardware, software, and associated communication circuits).

Q. Where is the McFadden Ridge I Wind Project located?

A. The McFadden Ridge I resource will be located approximately three miles east of McFadden, Wyoming on a site that consists of private and public lands adjacent to the High Plains wind-powered generation resource. Exhibit RMP___(ARL-1) shows a map of the plant location.

Q. Please describe the benefits of the McFadden Ridge I resource to Utah customers.

A. Utah customers benefit from the McFadden Ridge I resource because it represents a better long-term cost/risk balance for the Company to generate electricity with this resource than to make purchases in the open market. The 2004 and 2007 IRPs specify that renewable resources (using wind resources as a proxy) are steadily added to the system with the target of reaching 1,400 MWs or more of renewable resources.

Q. How else will the McFadden Ridge I resource benefit Utah customers?

A. This renewable resource further benefits Utah customers by providing the Company with (i) a zero incremental cost fuel source (thus reducing commodity risk exposure), (ii) multi-shafted generation resources (thus diversifying the impact of individual generator failures), and (iii) additional valuable ownership and operational experience with utility scale wind projects. This resource utilizes General Electric Company (GE) wind turbines, thus giving the Company the opportunity to use valuable experience from other GE-based wind-powered generation resources and further optimize spare parts and O&M resources across the portfolio. Further, as a result of long-term planning and the reasonable expectation that additional state and/or federal renewable portfolio standards will be established, the Company is expecting to have a robust need for renewable resources in the coming years.

Q. What factors did the Company consider before acquiring the McFadden Ridge I resource?

A. Upon undertaking a thorough analysis which included (i) reviewing a detailed overview of the project including the contract support and counterparty guarantees, (ii) consideration of the risks, (iii) consideration of the need as established by the IRP, (iv) financial assessments, and (v) consideration of the justification for the project, Company executives made the decision that it would be in the best interests of our customers to proceed with the acquisition of this resource. The Company followed this process in determining that the resource, discussed in more detail below, is prudent and in the public interest.

Q. What investment related to the McFadden Ridge I resource is included in the revenue requirement?

A. The Company has included $70.2 million for the McFadden Ridge I resource in this application. The O&M costs included in this case associated with McFadden Ridge I is approximately $0.5 million for wind turbine-generator maintenance, permitting obligations, local levy tax and land royalties and easements.

The McFadden Ridge I resource is scheduled to begin operating during October 2009. As discussed in Mr. Gregory N. Duvall's testimony, the Company's net power cost calculation reflects the inclusion of McFadden Ridge I. Mr. Steven R. McDougal's testimony includes the revenue requirement calculations associated with the inclusion of this resource.

Q. What other generation plant capital investments are included in this application?

A. Excluding investments in new supply side resources, the Company plans to place approximately $608 million of generation related projects in service between the historical base period and the test period ending June 30, 2010.

Q. Please briefly describe the types of capital investments being made.

A. These other investments fall within four major categories: (i) environment plan projects, (ii) hydro relicensing implementation projects, (iii) turbine upgrade projects, and (iv) repair and replacement projects.

Q. What is the amount of capital investments that the Company intends to place in service in each category?

A. The Company plans to invest the following levels of expenditure for each

category:

- Environmental plan projects - $66 million
- Hydro relicensing implementation projects - $37 million
- Turbine upgrade projects - $51 million
- Repair and replace projects - $453 million

Q. How will customers benefit from these capital expenditures?

A. These capital expenditures enable the Company to maintain overall reliability of the aging fleet. As a result, the Company plants produce energy at a lower cost than the market, enabling the Company to serve its customers at some of the lowest retail electric prices in the western United States. Continued safe operation and reliability of the Company's existing generating units requires capital spending.

Conclusion

Q. Please summarize your conclusions.

A. The McFadden Ridge I resource represents a significant investment 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 this facility during the rate-effective period and, therefore, are expected to pay for the costs associated with the facility. The Company has been prudent in securing McFadden Ridge I for the benefit of its Utah customers and is justified in seeking and obtaining full cost recovery. Also, the Company is making other prudent capital expenditures in its existing generation fleet that represent a significant investment that will benefit the customer by maintaining a safe, reliable, cost-effective generating resource

and should be granted full recovery for these costs.

Q. Does this conclude your testimony?

A. Yes.