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Public Service Commission of Utah  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, Utah 84110

Attn: Ms. Julie Orchard  
Commission Secretary

Re: Notice of Filing Rocky Mountain Power's 2009R RFP

Dear Commissioners:

Pursuant to Utah Code Ann. § 54-17-502(2)(a)(ii)(A), Rocky Mountain Power (Company) hereby advises the Public Service Commission of Utah (Commission) that the Company will be issuing a request for proposals (RFP) for new renewable resources (2009R RFP). The Company anticipates issuing the 2009R RFP in the second quarter of 2009. The Company is providing this notice to the Commission to allow time for the Commission to hire a consultant to monitor and document the RFP process, as provided in Utah Code Ann. § 54-17-502(2)(a)(ii)(B).

The 2009R RFP will solicit system-wide (east and west) renewable resources to the Company's portfolio and which are capable of delivery in or into PacifiCorp's network transmission system. The request will be for renewable resources with an online date between 2010-2012. Each renewable resource acquisition under the 2009R RFP is limited in size to no more than 300 MW.

The 2009R RFP will permit qualified bidders to bid qualifying renewable resources in the form of a power purchase agreement, asset transfer arrangements, such as a build own transfer, or some other form of creative agreement (for example a full or partial facility lease).

In addition to bidding in renewable resources, bidders will have the option to bid in renewable resources coupled with energy storage. Energy storage has the distinct advantage of potentially enabling higher penetrations of intermittent renewable energy in the Company's portfolio. Pumped water, compressed air, battery storage, or other contractual forms that result

in a renewable resource can form intermittent renewable resources and therefore create an energy resource that can be scheduled to match customer demand or result in a high degree of dependability throughout a prescribed time period.

The 2009R RFP may run concurrently with the Amended 2008R-1 RFP for a period of time. This will allow the Company to compare the costs from the Amended 2008R-1 RFP with those submitted in the 2009R RFP to ensure that customers receive the least-cost resource adjusted for risk. To achieve this objective, proposals under the 2009R RFP will be accepted from new bidders and any bidders to the Amended 2008R-1 RFP. PacifiCorp has advised the Amended 2008R-1 RFP Final Shortlist bidders of the option to submit proposals to the 2009R RFP while continuing participation in the Amended 2008R-1 RFP.

The Company's strategy of successive (and potentially overlapping) renewable RFPs is intended to provide the Company the necessary flexibility in the procurement process in order to select least-cost renewable resources adjusted for risk. To that end, the 2009R RFP would allow the Company to be proactive in a competitive procurement environment and gain potential renewable generation and construction cost advantages stemming from the current economic climate.

This type of overlapping procurement permits the Company to continuously test the market during the current economy. For example, after the completion of the Initial Shortlist in the Amended 2008R-1 RFP, PacifiCorp was approached by a bidder requesting to revise its initial Amended 2008R-1 RFP bid pricing due to a decrease the bidder had previously provided for its costs to construct a renewable project. The Company advised the bidder that the Initial Shortlist had already been determined and that the Final Shortlist was in process. An overlapping procurement strategy allows PacifiCorp to react to this type of market signal, which ultimately provides the highest value to customers.

The 2009R RFP will not duplicate the Amended 2008R-1 RFP; rather the two differ. The Amended 2008R-1 RFP solicits up to 500 MW of renewable resources with commercial operation between 2009 and 2011; whereas the 2009R RFP will solicit up to 500 MW of renewable resources (with each renewable resource within the 2009R RFP limited in size to no more than 300 MW) with commercial operation targeted between 2010 and 2012. This difference in commercial operation dates is significant because the production tax credit had not been extended at the time the Amended 2008R-1 RFP was issued. The extension of the production tax credit provides bidders the ability to submit competitive proposals through the 2012 extension date under the 2009R RFP. Second, the Company will be submitting a benchmark resource in the 2009R RFP. Although the Company originally intended to submit a benchmark bid in the Amended 2008R-1 RFP, it later determined not to submit a benchmark.

Please feel free to direct any inquiries regarding this matter to either Stacey Kusters at (503) 813-5351 or myself at the number indicated above.

Sincerely,

Yvonne R. Hogle  
Senior Counsel  
Rocky Mountain Power

Cc: Stefan Bird  
Stacey Kusters  
Mark Moench  
Jeff Larsen