

PacifiCorp Semi-Annual Report for Utah Hedging Collaborative Process
Confidential Attachment B – Physical Supply

Natural Gas

There were no natural gas physical supply issues over the past six months.

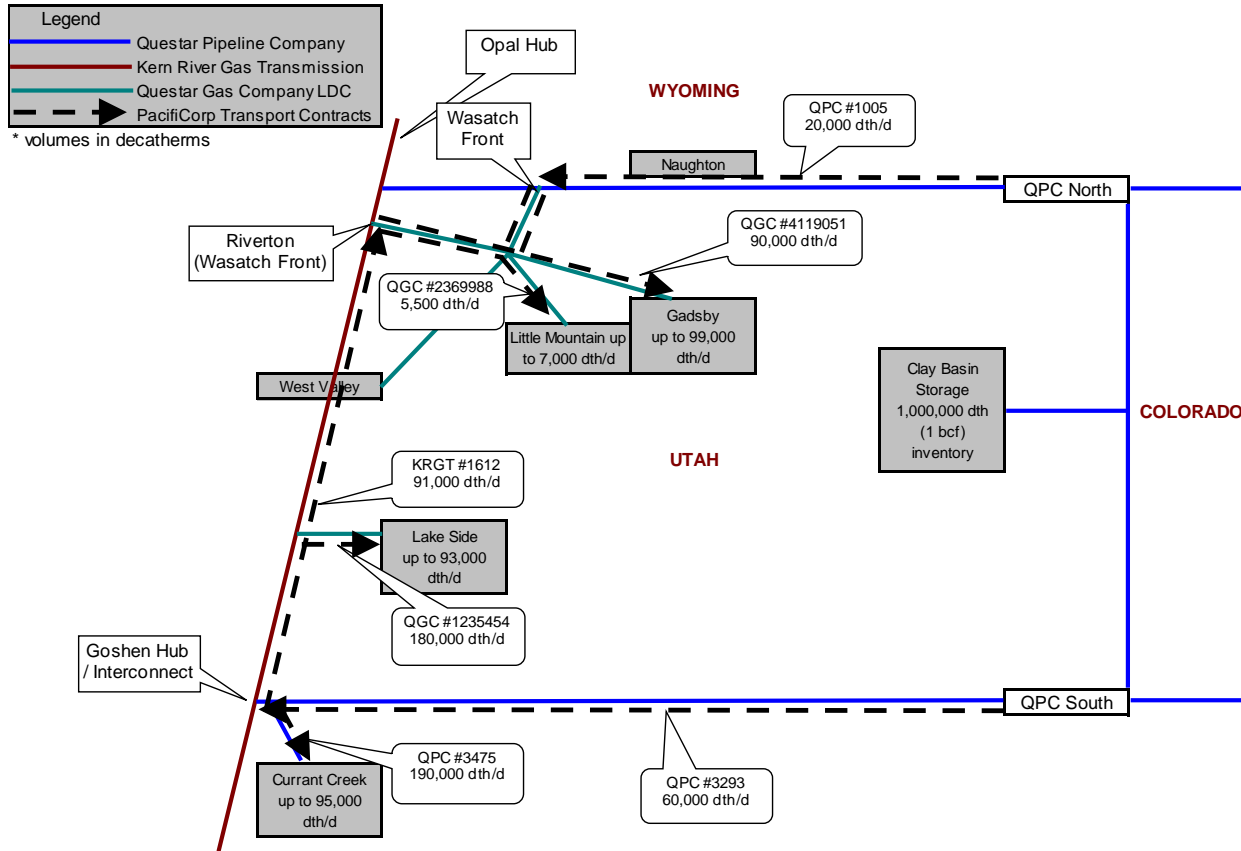
There are no anticipated natural gas physical supply issues for the next three years. The current upward trend of natural gas production is expected to continue as shale-based and oil-associated production continues to be attractive. The relatively low and predictable marginal cost of shale based production and high oil prices will continue to encourage natural gas production even without high natural gas prices. Additionally, specific to the Rocky Mountains and the Pacific Northwest, there are no major export pipeline expansions planned for either region over the next three years. Finally, because the Company is a local consumer, the Company has a transportation advantage when competing for supply. All of this points to reliable supply that might only be slightly threatened if there is an extraordinary drop in oil prices that might reduce the amount of oil-associated natural gas production.

Figures B-1 and B-2 are diagrams of the natural gas transportation and storage used to serve its east and west natural gas fired generating plants.

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Figure B-1

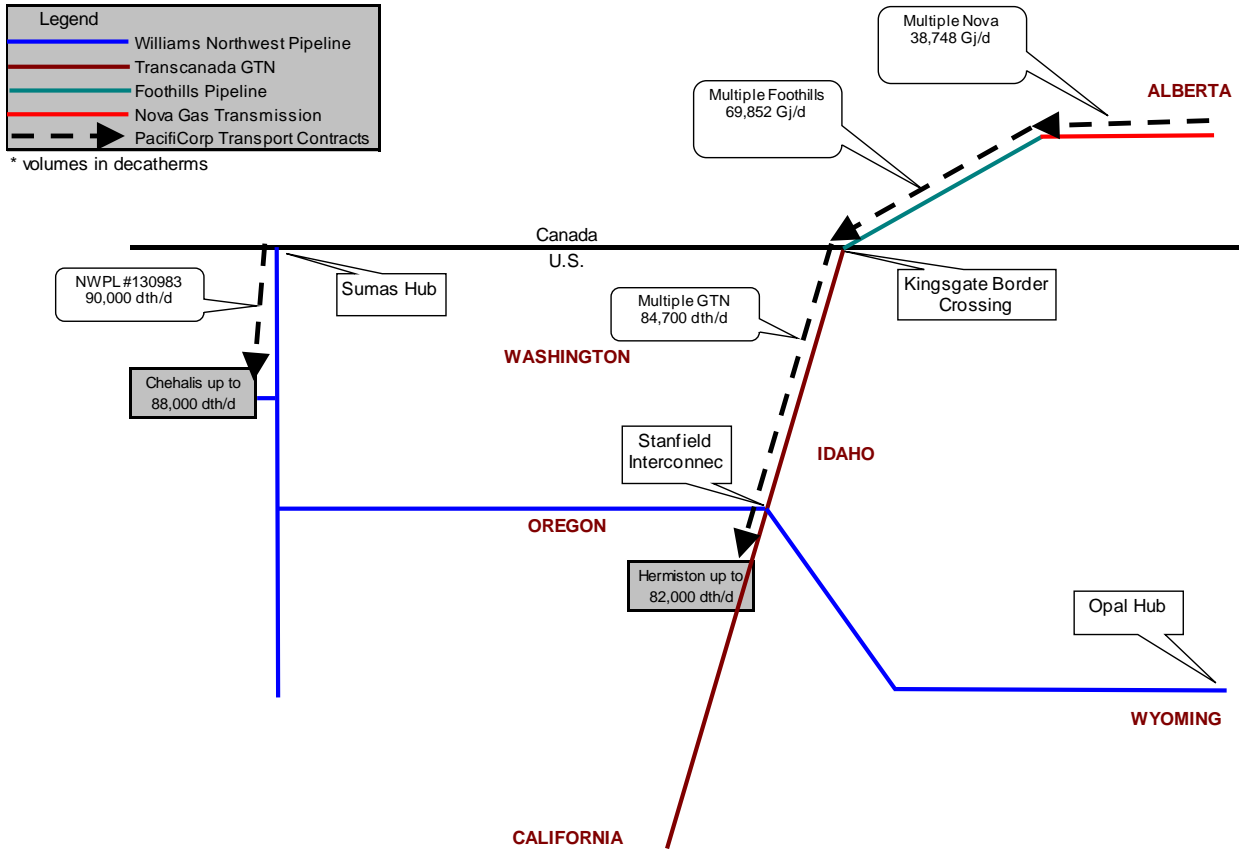
PacifiCorp's East Side Firm Natural Gas Transportation Contracts



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Figure B-2

PacifiCorp's West Side Firm Natural Gas Transportation Contracts



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Power

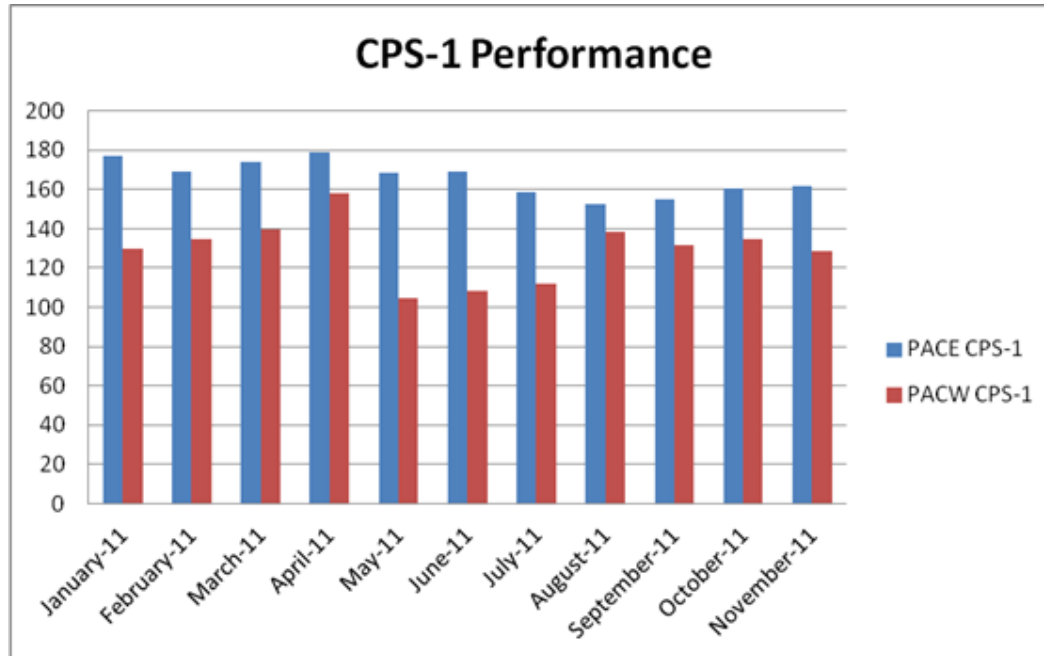
There were no power physical supply issues over the past six months.

There are no anticipated power physical supply issues for the next three years. The Company continues to meet its obligations to interconnection reliability for power delivery, as measured by the North American Reliability Corporation's (NERC) mandatory balancing and contingency standards.

The Company is obligated to meet the NERC reliability standards on control performance. Control Performance Standard One, or CPS-1, is a measure of a balancing authority's impact on overall system frequency. A measure of 200 indicates that the entity had a neutral impact over the period, neither harming frequency nor improving it. A measure over 200 indicates that the entity had a positive impact to frequency over the period; a measure under 200 indicates that the entity had a negative impact to frequency over the period. It is recognized that all entities will experience generation contingencies or other events that will negatively impact system frequency for short periods. A measure of 100 is the minimum requirement necessary to comply with the standard. Company CPS-1 performance is illustrated in Figure B-3.

Figure B-3

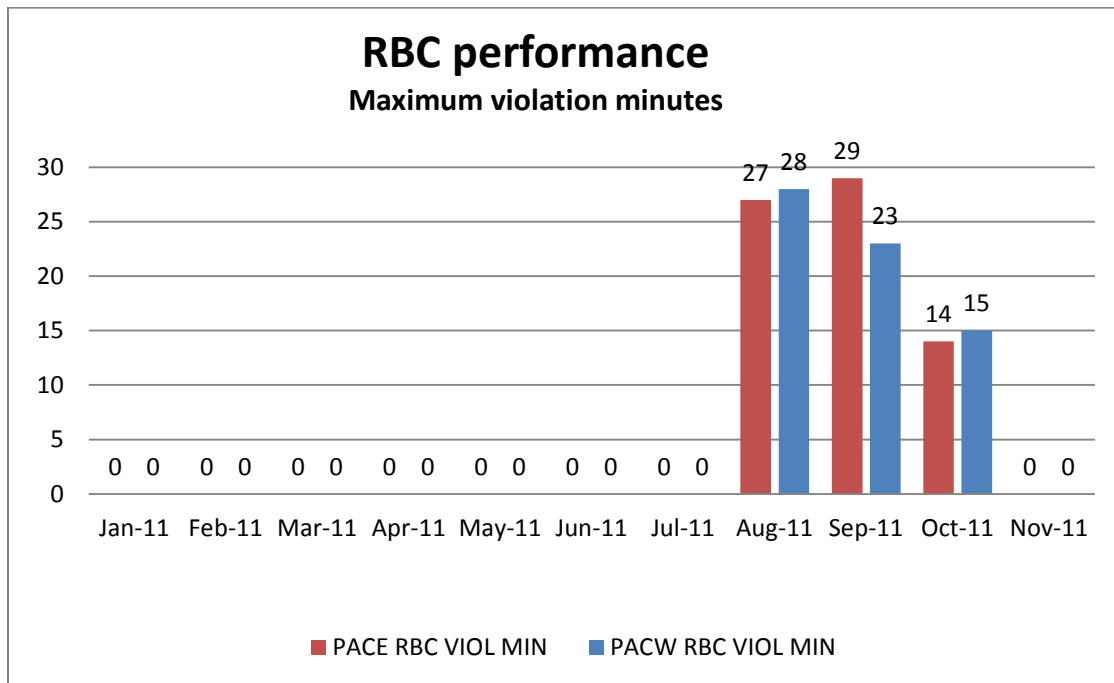
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The Company is also obligated to meet the requirements of the WECC Reliability-Based Control Proof-of-Concept Field Trial. This new standard uses a time-based area control error (ACE) bandwidth limit. That is, the balancing authority may not exceed the bounds of the ACE limit bandwidth for longer than 30 minutes in any single event. Over the past six months, the Company experienced no violations of the Balancing Authority ACE Limit standard. Figure B-4 illustrates the single largest excursion of each month, each of which is of a shorter duration than the 30 minute limit.

Figure B-4

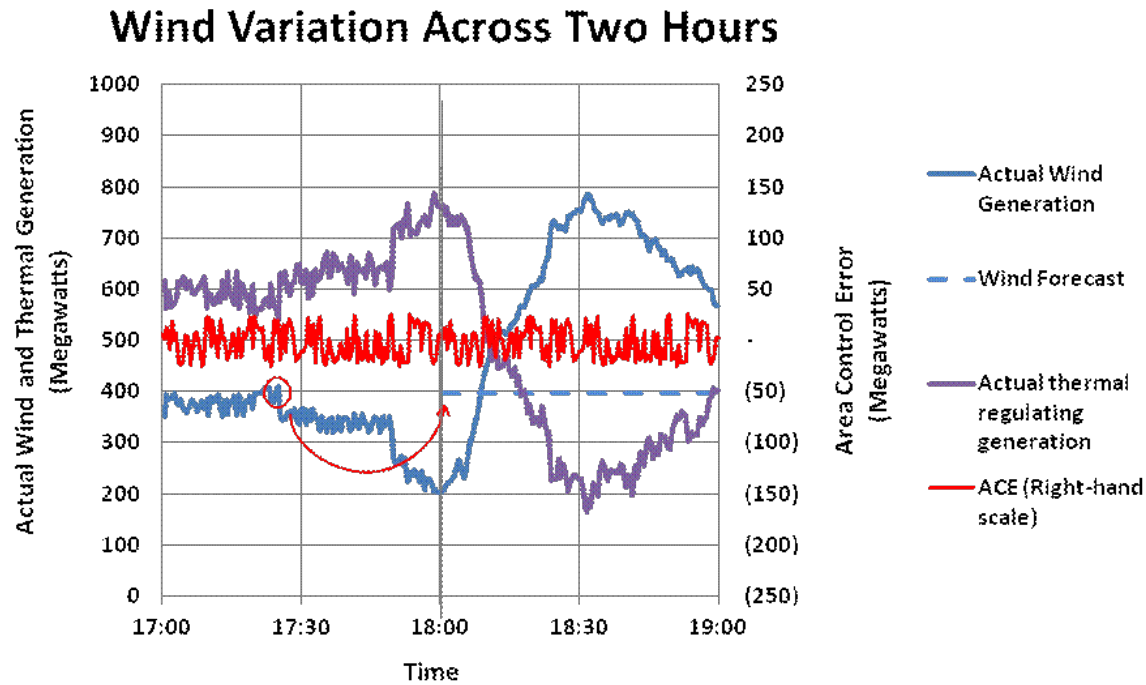


In addition, the company recovered from all generation contingencies. Over the past six months, the Company has experienced multiple contingencies as was and is to be expected. The Company recovered from each contingency without incident and was in compliance with the Disturbance Control Standard (NERC Standard BAL-002-0).

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Finally, the Company experienced variable generation volatility as expected, and again met all applicable reliability standards. The following example in Figure B-5 from September 26, 2011 is representative of a large wind experienced in the PacifiCorp East balancing authority area. Of note, in this event and all others, the Company was able to maintain Area Control Error, the reliability measure of load and resource balance, near zero as required by the standards.

Figure B-5



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Figure B-6 is a diagram of the Company's power system topology at the sub-control area level.

Figure B-6

