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## MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities  
Chris Parker, Director  
Energy Section  
Artie Powell, Manager  
Charles Peterson, Technical Consultant  
Thomas Brill, Technical Consultant

Date: January 23, 2012

Re: Docket No. 11-035-73, Rocky Mountain Power Final Request for Proposals

### RECOMMENDATIONS (Approval)

The Division of Public Utilities (Division, or DPU) recommends that the Public Service Commission (Commission) approve PacifiCorp's (Company) final Utah All Source Request for Proposal 2016 Resource, Docket No. 11-035-73. The Commission, in its January 3, 2012 Suggested Modifications and Order, recommended a number of modifications to the RFP. The Commission also ordered the Company to 1) set up a process to inform interested parties of due diligence issues related to an asset purchase; and 2) seek approval of RFP schedule changes of more than five days.

### ISSUE

On October 5, 2011 the Company filed an application with the Commission requesting approval of a solicitation process for an all-source resource for 2016 (2016 RFP). On December 12, 2011 a hearing was held in order to hear testimony on unresolved issues. On January 3, 2012 the Commission issued its Suggested Modifications and Order in response to comments from

interested parties and the Utah Independent Evaluator, as well as reply comments by the Company. On January 5, 2012 the Company issued its renamed Utah All Source Request for Proposal 2016 Resource (Utah RFP) in response to the Commission's Suggested Modifications and Order. On January 10, 2012 the Commission issued an Action Request to the Division to review the revised Utah RFP for compliance with the Commission's Suggested Modifications and Order. This memorandum is the Division's response to the Commission's Action Request.

### **DISCUSSION**

The Company has adopted the Commission's suggested modifications. Furthermore, the Company has represented that it will comply with the Commission's direction to 1) set up a process to inform interested parties of due diligence issues related to an asset purchase; and 2) seek approval of RFP schedule changes of more than five days. The Division reviewed the Company's revised Utah RFP and determined that the Company substantially adopted all of the Commission's suggested modifications. Nevertheless, the Division will identify here two remaining issues with the Utah RFP. First, the "Step 4 evaluation," which has been in previous RFPs, has new language on page 59 of the Utah RFP, in particular, the following: "including, without limitation, compliance with the renewable portfolio standards consistent with the 2011 IRP ..." This additional language combined with "Step 4" generally, leaves a potential "out" for the Company to reject a project that otherwise would be accepted under the formal analyses of Steps 1 through 3. Second, the Company renamed the 2016 RFP as the Utah RFP.

Presumably, the renaming is not meant to distinguish or separate the RFP as a state-specific RFP for generation resources. The final disposition of a winning bid will be determined by the Commission in an appropriate future process.

### **CONCLUSION**

The Division recommends that the Commission approve the Company's final Utah All Source Request for Proposal 2016 Resource. The Commission, in its January 3, 2012 Suggested Modifications and Order, recommended a number of modifications to the RFP. The Company has revised its Utah RFP with the Commission's suggested modifications.

CC: Michele Beck, OCS  
Dave Taylor, RMP