

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)
PacifiCorp for Approval of a 2009 Request) DOCKET NO. 05-035-47
for Proposals for Flexible Resource)
) APPROVAL OF
) REQUEST FOR PROPOSALS
)

ISSUED: April 4, 2007

SHORT TITLE

PacifiCorp 2012 RFP Approval

SYNOPSIS

The Commission approves PacifiCorp's 2012 Request for Proposals for Base Load Resources filed March 26, 2007, subject to the editing changes contained herein.

By the Commission:

On June 27, 2005, pursuant to Utah Code Annotated §§54-17-101, et. seq., Energy Resource Procurement Act ("Act") and in accordance with Utah Code Annotated §54-17-201(2)(b), PacifiCorp ("Company") filed an application with the Public Service Commission of Utah ("Commission") for approval of its 2009 Request for Proposals for a Flexible Resource ("2009 RFP"). On July 20, 2005, the Commission issued a Scheduling Order setting the schedule for this docket.

In accordance with the Scheduling Order, on August 22, 2005, comments on the 2009 RFP were filed by the Utah Division of Public Utilities ("Division") the Utah Committee

of Consumer Services (“Committee”), Western Resource Advocates (“WRA”), and the Utah Association of Energy Users (“UAE”). On August 22, 2005, the Northwest Independent Power Producers Coalition requested an extension of time to file comments on the 2009 RFP and subsequently filed its comments on August 30, 2005.

On September 2, 2005, the Company filed a Motion to Extend the Procedural Schedule for the 2009 RFP by approximately 30 days in order to provide additional time for the Independent Evaluator (“IE”), Merrimack Energy Group, Inc., to provide substantive comments to new information posted by PacifiCorp on August 31, 2005, and to ascertain what impact, if any, there would be to the amount and/or timing of the 2009 resource need based upon the Company’s recent review of the resource assumptions contained within its 2004 Integrated Resource Plan (“2004 IRP”) filed in Docket No. 05-2035-01. In response to this request, on September 12, 2005, the Commission issued a Revised Scheduling Order for this case.

On September 16, 2005, the IE filed its “Report of the Independent Evaluator Regarding PacifiCorp’s 2009 Request for Proposals For Flexible Resources.”

As a result of the Company’s review and update of the resource assumptions contained within the 2004 IRP, on October 19, 2005, the Company filed a Motion to Suspend Procedural Schedule for the 2009 RFP. In this motion the Company requested the current proceedings be suspended pending the results of the updated 2004 IRP. In response to this request, on October 21, 2005, the Commission issued a Notice of Suspended Schedule and Notice of Scheduling Conference, which was subsequently amended on November 4, 2005. Also on November 4, 2005, PacifiCorp filed in Docket No. 05-2035-01, an update report to its

Integrated Resource Plan 2004. The update is entitled “2004 Integrated Resource Plan Update” (“2004 IRP Update”) and includes a significantly revised action plan. Following a scheduling conference, on January 30, 2006, the Commission issued a Revised Scheduling Order for review of the 2009 RFP.

On April 19, 2006, following the March 21, 2006, closing of the MidAmerican Energy Holdings Company (“MEHC”) acquisition of PacifiCorp, the Company submitted a Motion to Extend the Procedural Schedule in order for the Company and MEHC to have adequate time to review and discuss in greater detail the technical, financial and regulatory issues associated with PacifiCorp’s resource planning and acquisition process. In response to this request, on May 4, 2006, the Commission issued a Revised Scheduling Order. Technical conferences were held pursuant to notice on March 6, 2006, April 3, 2006, May 9, 2006 and September 21, 2006.

On July 11, 2006, the Company filed its Draft 2012 Request for Proposals for Base Load Resources (“Draft 2012 RFP”) and associated Appendices for up to four base load resources in the east control area commencing in the year 2012.

On August 16, 2006, comments on the Draft 2012 RFP were filed by the Division, the Committee, WRA, UAE, and LS Power Associates, L.P. (“LS Power”). On August 30, 2006, the IE submitted the Report of the Independent Evaluator on PacifiCorp’s Draft 2012 RFP. On September 14, 2006, the Company filed reply comments.

At the request of the parties, the Commission issued an Amended Scheduling Order on August 22, 2006, changing the dates of the hearing on the Draft 2012 RFP to October

3-5, 2006. On September 26, 2006, the Commission issued an updated scheduling order setting, among other things, the date for the RFP hearing, if required, for November 3, 2006.

On October 4, 2006, the Company filed its Revised Draft 2012 RFP in response to the comments filed on August 16, 2006. On October 13, 2006, the Company filed a Motion for a Protective Order, and the Commission issued a Protective Order.

On October 13, 2006, comments on the Revised Draft 2012 RFP were filed by AES Corporation, the Utah Chapter of the Sierra Club (“Sierra Club”), the Division, the Committee, WRA, UAE, LS Power, the IE and numerous members of the general public.

In preparation for the hearing, witness lists were filed with the Commission by the Company, the Division, the Committee, and LS Power on November 1, 2006, and by WRA on November 2, 2006. In addition, on November 1, 2006, the Division submitted a Joint Position Matrix summarizing the positions of the parties on unresolved and resolved issues associated with the Revised Draft 2012 RFP, and UAE submitted its position statement on the Company’s Revised Draft 2012 RFP.

On November 2, 2006, the Company filed a second Revised Draft 2012 RFP, requesting up to two, rather than four, base load resources, to which the Division filed comments and the Committee filed a request to file post-hearing briefs which was granted by the Commission at hearing on November 3, 2006.

A hearing on the second Revised Draft 2012 RFP was conducted on November 3, 2006. On November 13, 2006, post-hearing briefs were filed by the Company, the Division, the Committee, and WRA.

On December 21, 2006, the Commission issued Suggested Modifications to the Revised Draft 2012 RFP (“December Modifications”). On February 28, 2007, the Company filed clean and redline versions of the 2012 RFP (“February Draft”), stating it had made the changes suggested in the Commission’s December Modifications. On March 1, 2007, the Commission issued an Action Request to the Division to review the filing for compliance with the Commission’s December Modifications. On March 15, 2007, the Division, the IE and the Committee filed comments with the Commission recommending additional changes, primarily for document clarity. On March 16, 2007, Commission staff asked the Company if they planned to file responsive comments regarding the Division, IE and Committee suggested changes. The Company stated to Commission staff its intent to make all of the recommended changes. The Commission advised the Company to do so and to formally file the revised version along with an explanation of the changes. On March 26, 2007, the Company filed a clean and redline version of the 2012 RFP, and a letter outlining the changes made. On March 27, 2007, the Division filed a memo with the Commission stating it had reviewed the Company’s March 26, 2007 filing.

DISCUSSION, FINDINGS AND CONCLUSIONS

In our December Modifications, we found the amount and timing of coal resource benchmarks in the November Draft 2012 RFP to be within, and reasonably consistent with, the Company’s IRP preferred portfolios and would serve as reasonable benchmarks against which competitive bids could be compared. We also resolved several disputed issues and suggested seven modifications to the November Draft 2012 RFP in order to reflect the resolution of these issues.

The Division states the February Draft addresses the Commission's seven suggested modifications with the exception of indexing language, opportunity cost language, and the need for final editing for format, grammar and language. The Division supports the IE's suggestions for improving the indexing language. The IE provides specific suggestions to improve and clarify language regarding indexing, recommends the original 75-day response due date following RFP issuance be reinstated and provides numerous other editing recommendations, again for clarity. Including its suggested changes, the IE considers the RFP reasonable, consistent with industry standards and ready for issuance. The Committee states that overall, the Company has adequately incorporated the Commission's suggestions but provides a specific language change for clarity and makes note of one change not recommended by the Commission. The November Draft 2012 RFP includes a 575 megawatt super-critical pulverized coal unit or a 500 megawatt Integrated Gasification Combined Cycle unit at Jim Bridger as benchmark resource options in 2013. The February Draft includes these same units as benchmarks but not until 2014. The Committee recommends that if the Company can still meet a 2013 online date, both 2013 and 2014 be considered in Step 2 of the evaluation process to assure that the portfolios developed for final analysis are not artificially constrained.

The Company filed responsive comments on March 26, 2007, stating it made all of the changes recommended by the Division, IE and Committee and filed a revised version of the RFP reflecting these changes both in redline and clean copies. The Company clarifies that it can no longer meet the 2013 online date for the two alternative 2013 benchmark resources and therefore will maintain the resources as 2014 resource benchmarks.

In its review of the Company's March 26, 2007, revised version, The Division identifies one final change. The mailing address listed for the Division for submission of bids requires a correction. The address appears at least twice in the RFP (on pages 4 and 25) and should be changed in any other relevant occurrence as well. The correct address is:

Utah Independent Evaluator
Merrimack Energy Group, Inc.
c/o Utah Division of Public Utilities
Heber M. Wells Bldg. 4th Floor
160 East 300 South
Box 146751
Salt Lake City, Utah 84114-6751

Our own final review reveals a few additional edits. First, on page 37, there are two references to the Appendix F, "SFAS No. 13 Form" as a required document. This appendix is now "Intentionally Left Blank" in the RFP volume entitled "Request for Proposals, Base Load Resources" due to changes made in the November Draft and therefore the reference to it on page 37 must also be removed. The reference to Appendix F in the table of contents located in the volume entitled, "Appendices, Attachments and Forms" must also be corrected to read "Intentionally Left Blank." Similarly, any reference to Attachment 12 of the Appendix, "Standards and Poor's Inferred Debt Methodology Article" has been removed from the RFP and therefore Attachment 12 should read "Intentionally Left Blank" both in the Attachment 12 section of the volume of appendices and in its table of contents and the table of contents for the volume entitled "Request for Proposals, Base Load Resources."

With these final changes and the correction to the Division's mailing address, we conclude the March 26, 2007, 2012 RFP for Base Load Resources meets the public interest criteria required by statute as discussed in our December Modifications, and approve it.

APPROVAL

Wherefore, pursuant to our discussion, findings and conclusions made herein and in our December 21, 2006, Suggestions and Modifications in this docket, we approve the March 26, 2007, version of PacifiCorp's 2012 Request for Proposals for Base Load Resources, subject to the following changes:

1. Correct the Division's mailing address as contained herein;
2. Strike the references to Appendix F on page 37 and replace references to "Appendix F: SFAS No. 13 Form" with "Appendix F: Intentionally Left Blank;"
3. Replace references to "Attachment 12: Standards and Poor's Inferred Debt Methodology Article," with "Attachment 12: Intentionally Left Blank."

DATED at Salt Lake City, Utah, this 4th day of April, 2007.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#52954