

Jeffrey K. Larsen
Vice President,
Regulation

201 S. Main Street, Suite 2300
Salt Lake City, UT 84111
(801) 220-4907
(801) 220-3116

**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

May 21, 2007

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

Re: Docket No. 05-035-47: In the Matter of the Application of PacifiCorp for Approval of a
2009 Request for Proposals for Flexible Resource

Dear Ms. Orchard:

This letter confirms PacifiCorp's (the "Company") recent conversations with representatives of the Division of Public Utilities and the Public Service Commission of Utah staff and clarifies issues raised by them pertaining to PacifiCorp 2012 Request for Proposals ("RFP"). These clarifications, along with reminders to adhere generally to the requirements of the RFP, were communicated to bidders during an all-potential-bidder conference call, with the Independent Evaluator and members of Commission staff present, on May 15, 2007.

The Company received responses to the Request for Qualifications ("RFQ") on May 7, 2007 from the Bidders. The potential bidders' responses to the RFQ were highly deficient and lead the Company and the Independent Evaluators to consider whether or not the RFQ was sufficiently clear. As a result, the Company and the Independent Evaluators agreed that the Company should reopen the RFQ process, initiated the bidders' conference and extended the due date for the RFQ submissions. In addition to extending the RFQ deadline, the independent evaluators and the Company wanted to ensure that there were no potential bidders that did not participate in the RFQ due to the potential confusion or lack of clarity to the RFQ. As a result the Company re-opened the Request for Proposal to ensure maximum participation from the market.

In order to ensure that all RFQ submissions are complete, and to minimize possible confusion regarding RFQ requirements, PacifiCorp, in consultation with the Independent Evaluators, determined that certain clarifications needed to be provided to bidders, and that the due dates for the RFQ and RFP needed to be extended. The clarifications were as follows:

¹
See attached presentation.

1. *Limited RFQ reopening:* Previously, RFQs were due no later than May 7, 2007. The RFQ process will now be re-opened on a time-limited basis, and RFQs, whether amended or new, will be accepted according to the RFP requirements through May 25, 2007.

2. *Revision of RFP due date:* The due date for RFP submissions (previously June 19,2007) has been extended, and proposals are now due no later than June 29,2007. This extension will not create a slippage in the ultimate schedule and is not expected to delay the RFP decisions.

3. *Clarification of Credit Requirements:* Bidders were reminded of the credit requirements for the RFQ, including the requirement to tender a credit support commitment letter as opposed to a comfort letter.

4. *Clarification of Eligible Resource Alternatives:* Joint ownership structures, in which a bidder would jointly own the assets of a newly-developed resource together with PacifiCorp, are permitted under both Asset Purchase and Sale Eligible Resource Alternatives (Alternatives 3 and 4). PacifiCorp would reserve the right to waive the current obligation of the bidder to deliver a 10-year Operation and Maintenance commitment for this type of Resource Alternative.

5. *Clarification of Communications Protocol for Jointly Developed Project bids:* Following RFQ acceptance and issuance of a bid number, jointly developed project bidders may communicate with PacifiCorp Generation employees not otherwise involved in the RFP, so long as such communications occur in the presence of the Independent Evaluator.

No other clarifications to the RFP content, schedules or procedures were made. PacifiCorp remains committed to conducting the 2012 Request for Proposals in an open and transparent manner consistent with the Commission's requirements, and appreciates the presence of the Commission staff as these clarifications were delivered to all participating potential bidders.

Please do not hesitate to contact Dean Brockbank, at (801) 220-4568, or Stacey Kusters, Director of Origination at (503) 813-5351, with any questions.

Sincerely,

Jeffrey K. Larsen
Vice President

cc: Via PDF
Artie Powell, Division of Public Utilities
Thomas Brill, Division of Public Utilities
Wayne Oliver, Utah Independent Evaluator
Harold Judd, Oregon Independent Evaluator
Alan Kessler, Oregon Independent