



Please Reply To:

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***VIA OVERNIGHT DELIVERY***

March 21, 2007

Julie P. Orchard, Commission Secretary  
Public Service Commission of Utah  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84114

**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:

Rocky Mountain Power hereby submits for filing an original and five copies of PacifiCorp's final draft Request for Proposals (including relevant appendices, attachments and forms) ("RFP") in clean and redlined format. An electronic version of this filing is also enclosed.

The final draft RFP submitted with this cover letter incorporates all of the comments that the Division of Public Utilities ("Division"), the Committee of Consumer Services ("Committee") and the Utah Independent Evaluator, Merrimack Energy (the "IE"), respectively, filed on March 15, 2007, in commenting on the Company's February 28, 2007 draft of the RFP. The Division, Committee and IE each believe that with certain modifications and clarifications outlined in their respective comments, the RFP is consistent with the Commission's recommendations set forth in the Commission's Suggested Modifications, issued in the above-referenced docket on December 21, 2006. Further, the IE recommends that if its suggested changes are incorporated in the draft RFP, the RFP is ready for issuance.

The Company believes that all of the suggested changes and clarifications have been made in the attached final draft of the RFP. For the Commission's convenience, the Company will respond below to each of the comments from the Division, Committee and IE, with a brief description of how the comment was addressed in this final draft RFP, where necessary.

**Committee**

The Committee stated that overall, PacifiCorp had adequately addressed the Commission's suggestions. See Committee's Comments at p. 1. However, in the third full paragraph of its comments, the Committee noted that PacifiCorp had delayed the 2013

benchmark from 2013 to 2014. The Company made this change due to practical concerns that the earliest the referenced benchmark resources could be completed is in 2014.

On page two of its comments, the Committee made three suggestions: (1) that in Section 5(A), the wording “and by fuel type” be removed from the end of the referenced sentence, and the phrase “by fuel type” be added after the phrase “top performing proposals”; (2) in the third paragraph of Section 5(A), the last word should be “IEs” rather than “IE”; and (3) the Committee encouraged the Company to review the RFP to ensure that the plural and singular of references to the “IE” be correct. The Company has made each of these suggested changes.

### **Division**

The Division addressed each of the Commission’s suggested modifications. The Company responded in this latest draft of the RFP as follows:

1. In addition to Section 1(A), the Company has added additional references of 1,700 MW in Section 1(B) and Section 4(C) (1).
2. The Division states that the Company has adequately addressed this suggested modification.
3. The Division states that the Company has adequately addressed this suggested modification.
4. The suggested modification was incorporated in Section 2(G).
5. The Division states that the Company has adequately addressed this suggested modification.
6. The Company understands that the Division’s concern expressed in this comment has been resolved.
7. The Division states that the Company has adequately addressed this suggested modification.

Finally, in addition to evaluating consistency with the Commission’s suggested modifications, the Division suggested that the Company label all tables and figures for ease of reading and reference and complete a final edit for formatting and grammar issues. The Company has incorporated the suggestion into the RFP and labeled all tables and figures and completed a final edit of the document.

### **Independent Evaluator**

The IE numbered its comments 1 through 12. The Company addressed each corresponding comment as follows:

1. See clarification in Section 1(A).
2. Reference to the table has been removed.
3. The referenced lead-in sentence for both the PPA and the TSA now contain the same language regarding indexing options.

4. See Section 2(A), Chart 2—changed to 75 days.
5. See Section 2(D) (1)—changed to 10 hard copies of each bid.
6. See Chart 2 in Section 2(A)—schedule has been changed.
7. See Section 2(G), where the IE’s language was substantially accepted, with some minor modifications.
8. See Section 4(B) (1)—suggested changes were made.
9. See Section 5(B) (1) (b)—suggested language was incorporated both in text and in Chart 5, as applicable.
10. Form 1, Pricing Input Sheet is located in the Appendices, Attachments and Forms under the title Forms. Due to the size and format of Form 1, currently there is only a picture of Form 1. The interactive version of Form 1 will be available on the RFP Internet web site once the RFP is issued, which will be more useful to bidders than the hardcopy.
11. Section 6(B) states that “[t]he Company will allow Bidders to negotiate final contract terms that are different from the Proforma Agreements including, but not limited to, CO<sub>2</sub> risk to the extent the Bidder enters into a CO<sub>2</sub> indemnity or equivalent.” As stated in footnote 11, the Company expects to negotiate any applicable provisions in the PPAs or TSAs with Bidders to address this issue. The Company believes that the ability to negotiate bilaterally with bidders adequately addresses the IE’s comment.
12. No changes needed.

The attached redline copy of the RFP shows the specific changes made in this version of the RFP as compared to the version filed on February 28, 2007. With these modifications to the final draft RFP and accompanying appendices, attachments and forms, the Company has accepted all of the suggestions and incorporated all of the comments from the Division, the IE and the Committee.

In accordance with Utah Code § 54-17-201(2), Rocky Mountain Power respectfully requests that the Commission issue an order approving the final draft RFP and the proposed solicitation process as expeditiously as possible.

Informal inquiries may be addressed to me at the above number or to Stacey Kusters at (503) 813-5351.

Sincerely,

Dean Brockbank  
Sr. Counsel

cc: Service List  
Enclosures