2012--2014 Request for Proposals
Base Load Resources

SECTION 1. INTRODUCTION

A. Purpose and Scope

The purpose of this document is to prescribe the process by which PacifiCorp ("the Company") will request and evaluate proposals from third parties to fulfill a portion of the supply-side resource need identified in the Company's 2004 Integrated Resource Plan Update and the 2004 update ("IRP"). The scope of this Request for Proposals ("RFP ~~2012~~[gad1]"), subject to the limitations described herein, is focused on a supply-side resource capable of delivering energy and capacity in or to the Company's network transmission system in the Company's Eastern Control Area ("PACE"), and that fulfills the requirements of being a network resource.

An Independent Evaluator ("IE[gad2]") hired by the Utah Public Service Commission will be involved in all aspects of receiving, evaluating and ranking bids in response to this RFP, and in ensuring fairness in the process. Potential bidders are invited and encouraged to contact the IE with any questions or concerns. Contact information for the IE is as follows:

[Insert IE name, address, phone, fax and email information]

Potential Bidders should note that the Company's affiliates will ~~be~~ not be eligible to respond to the RFP 2012. As described in more detail below, the Company has put in place prudent safeguards to assure that no bias occurs. The Company seeks proposals from all potential suppliers who can meet the conditions of RFP 2012.

The Company attempts to identify its resource needs pursuant to an Integrated Resource Planning ("IRP") process. For general information on the IRP, ~~In Chapter 5 (pages 45-49) of the 2004 IRP update the Company has identified a Preferred Portfolio as Portfolio number two. The Preferred Portfolio includes a Brownfield coal plant in Utah in 2012 and Brownfield coal plant in Wyoming 2014. In addition, the Preferred Portfolio includes 700MW of Front Office transactions on the east side of the system.~~ [gad3]~~P~~please refer to the Company's web site at www.pacificorp.com ~~to view the IRP~~. Bidders should note that although from a planning basis the IRP uses specific types of resources in the base case and in the preferred portfolio this should not be considered by Bidders to be the only resource type or technology that the Company is willing to consider. **Any Bidder who has a question with respect to any resource characteristic it is considering to bid is instructed to contact the Independent Evaluator ("IE") described below.**

The Company may opt to contract for more or less power, depending among other things, on the quality of bids received in response to RFP 2012, updates to the Company's forecasts, regional transmission availability and timing, and changes in the wholesale energy market conditions.

This introductory section describes the type, timing and amount of Base Load resources sought for 2012 through 2014 ("the Term"). Section 2 covers logistics such as where and when proposals must be submitted, Bidder fees and important policies and procedures. Section 3 provides information related to power delivery requirements, including RFP related requirements for those proposals involving interconnection of new generation facilities directly to the transmission system. Section 4 outlines the requirements to be included within each proposal. Section 5 outlines the evaluation process. Section 6 outlines the awarding and rejecting of proposals. The Appendices include all the required Attachments and Forms for each of the Eligible Resources.

The Company's projected resource need assessment for the Term is outlined below. The total resource need is a combination of supply side resources and front office transactions required for the PacifiCorp's system. The projected ~~1775MW~~ resource needs assume~~s~~ a 15% planning margin but do not reflect ~~and the~~ planned front office (market) transactions[gad4] for the east side of the Company's system~~of 700MW~~. The Company has typically assumed about 700 MW of ~~resource need previously filled with~~ front office or market purchases on the east side of its system for ~~on a~~ planning purposes. In this RFP for the 2012-2014 timeframe, the Company has excluded such front office transactions and replaced them with ~~basis will use an~~ assets solely for the purposes of developing ~~a benchmark in the~~ RFP benchmarks. Unless other resource options prove more cost effective, the Company will continue to rely upon some level of front office transactions for planning purposes.

The chart below shows the Company's total projected resource needs ~~identified in the IRP~~ by year during the ~~t~~Term~~, the range of benchmark resource options by year and the difference between the total resource need and Company Benchmark being solicited in this RFP~~.

Resource	2012	2013	2014
Total Resource Needs identified by year as a combination of Supply Side resources and Front Office purchases ~~in the 2004 IRP Update~~.	1275MW	335MW to 935MW[1]	500MW
RFP2012			
~~[gad5]~~	~~Hunter 600MW~~	~~Bridger 750MW~~	~~IGCC 250MW-600MW~~
	~~IPP 340MW~~		
~~Total~~ Resources ~~required~~ in ~~the~~ solicited ~~RFP 2012~~by year	600MW to 940MW	750MW	250MW to 600MW
Total Resources Needed in the Term			1600MW to 2290MW
Total Resources sought in the RFP ~~2012~~			1775MW

Benchmark options that will be used in evaluating bids received in response to this RFP are:

Hunter 600MW
IPP 340 MW
Bridger 750 MW

[1] If 940 MW ~~resource quantities in the amount of Hunter and IPP benchmark~~ are acquired in 2012, then the 2013 resources quantities will be ~~are~~ 335MW. If only 340 MW of resources ~~quantities only in the amount of IPP benchmark~~ are acquired in 2012, then the 2013 resource requirement will be ~~is~~ 935MW.

IGCC 250-600 MW

These benchmark options are described in greater detail in Attachment 1.

The issues of timing and requirements of resources in light of uncertain load growth, changes in technology, environmental requirements and costs (i.e. CO_2 and mercury impacts), market prices and resources availability and other factors are exacerbated by the trend toward long lead time coal based resources. To address such uncertainty the company has included ~~two~~ benchmark options that have different risk and cost profiles~~ for the benchmark for 2012. To the extent~~ Bidders are invited ~~want~~ to propose in service date deferral options, ~~and or~~ contract buyout options and other risk mitigation options [gad6]as ~~a~~ components of their bids. Bidders must ~~, they should be sure to~~ identify such options ~~them~~ clearly and ~~with specific~~ specify applicable triggers (i.e., triggers associated with specific milestones) within the Bidder's proposal. ~~Potential Bidders should note that pursuant to applicable law, this RFP process will be subject to the safeguards of review by and involvement of an independent evaluator selected by the Utah Division of Public Utilities. More information concerning the role of the Independent Evaluator ("IE") is provided below.~~

B Eligible Resources

The Company is seeking up to four base load resource(s) for the Term ~~of~~ 2012- ~~, 2013,~~ 2014. (See **Attachment 1** for an description of the engineering specifications, fuel type, technology, efficiency, location, projected life, transmission requirements and operation and dispatch characteristics of each Company Benchmark). Bids must be categorized in one of three categories: (1) Long Term resources, with ~~Unless a resource qualifies for one of the exceptions outlined below, the minimum bid that will be accepted is for~~ 100 MW of dependable capacity or greater and a minimum term of ten years; (2) Demand Side resources; or (3) Bridge resources[gad7]. Any Long Demand Side ~~base load~~ resource(s) bid must provide unit contingent or firm capacity and associated energy that are incremental to the Company's existing capacity and energy resources and are available for dispatch or scheduling within the time frame ~~by~~ June 1, 2012 to ~~, June 1, 2013 and or~~ June 1, 2014. Any bid(s) for shorter-term Bridge resources should address the Company's projected resource needs beginning in 2012.

~~For e~~Each Long Term proposal submitted by a Bidder ~~, the Bidder **must** submit its individual proposal under only one~~ must identify one of the eight Resource Alternatives or one of the two Demand Side resources ~~exceptions~~ listed below.~~ The Company will not consider a proposal unless the Bidder has selected one of the eight alternatives **or** one of the two exceptions of Eligible Resources listed in the Request for Qualifications (Appendix A and Appendix B)~~. One Bidder may submit more than one proposal, but each proposal should specify ~~can be for only one~~ which Resource Alternative is proposed~~, which must specify the year within the~~

~~Term or specify the Company's options within the Term for the Eligible Resource, designated by the Bidder~~.

The Company will not accept proposals where the Bidder retains the option to displace any resource for economic reasons and/or where the Bidder holds the unilateral option to select one or more alternate Point(s) of Delivery. In addition, the Company will not accept any proposal that provides for planned maintenance or planned derates (as defined by NERC) during the months of June through September or December through February in any year.

If a Bidder is submitting a proposal under any of the Eligible Resources that might be constructed in Utah and which require the engagement of one or more contractors (each a "Contractor") for purposes of constructing or modifying a physical facility, the Bidder shall, and shall cause the Contractor to award construction contracts and subcontracts of any tier for the Work (i) in compliance with the requirements of U.S. federal and Utah state laws and regulations and (ii) on a "Merit Shop" basis or (iii) through a project labor agreement. Each Contractor shall, subject always to the requirements of law or regulation or applicable collective bargaining agreement, and to the fullest extent commercially reasonable, perform the Work using a majority of Utah labor (for a resource located in Utah). Each Contractor shall, and shall require each of its subcontractors to, refrain from any discrimination against any employee on the basis of that employee's membership or non-membership in any labor organization. Contractor shall, and shall require its subcontractors to, comply with all applicable requirements of law or regulation regarding labor relations and employment matters. Any administrative or civil proceedings related to labor relations or employment matters related to the Work and filed against the Contractor or any subcontractor shall be promptly reported to Company. Nothing in this provision shall affect any obligation of any Contractor or its subcontractors pursuant to a collective bargaining agreement applicable to some or all of its performance of the Work or obligations pursuant to the Contract.

~~Subject to the exception outlined below for distributed generation,~~ Qualifying Facilities ("QFs"), as defined under the regulations implementing the Public Utility Regulatory Policies Act of 1978 ("PURPA"), with 100 MW or greater of capacity are eligible to participate in this RFP 2012. QFs with 100 MW or greater of capacity and a minimum term of ten years or longer that elect to pursue traditional PURPA contracts rather than participate in this RFP 2012 may ~~will~~ not be eligible for capacity payments under a ~~the~~ traditional PURPA contract. Each QF Bidder must submit the required information in **Attachment 2** in order to be evaluated under this RFP 2012. Any QF Bidder that has a question regarding these provisions is instructed to contact the IE.

~~B.~~ C. Long Term Resource Alternatives

The Company will consider Long Term resource bids that take one of the following forms: (1) Power Purchase Agreement; (2) Tolling Service Agreement; (3) Asset Purchase and Sale Agreement (PacifiCorp site); (4) Asset Purchase and Sale Agreement (Bidder Site); (5) Engineering, Procurement and Construction Contract (Currant Creek Site Only); (6) purchase of an existing facility; (7) purchase of a portion of a facility jointly owned or operated by the Company; or (8) restructuring of an existing Power Purchase Agreement or Exchange Agreement. Descriptions of each of these categories are set out below. Each bid must specify ~~be for one and only~~ one of the categories, although a Bidder may submit separate multiple bids for energy and capacity from a single resource for any of the categories. The chart outlines a summary of the eligible forms which are then discussed in more detail.

Eligible Resources	**Term**	**Location**	**Requirements**
1) Power Purchase Agreements	Fixed term specified in the bid up to the life of the asset from a single resource located in or delivering to PACE under the PPA. Must be a minimum of 10 years and 100MW	Bidders can bid on their sites or on PacifiCorp ("PPW") sites; however, PPW is not required to operate the facilities, which cannot impact PPW existing generation on the site.	If the bidder bids on one of the PPW sites the bidder must bid a minimum of 420MW ~~and~~ 85% of the facility's dependable generation with no less than 420MW nominal generating capacity a minimum of 20 years and a maximum of the life of the asset. Life of asset will be evaluated consistent with IRP Table C.27 and C.28
2) Tolling Service Agreements	Same as #1 under the PPA	Same as #1	Same as #1
3) Asset Purchase and Sale Agreements on PPW sites	Life of asset will be evaluated consistent with IRP Table C.27 and C.28.	Currant Creek or Lake Side facilities.	Must be bid to result in the development and construction of a facility that complies with the specifications in the APSA and the specification for each site set forth in the Appendices
4) Asset Purchase and Sales Agreement	Life of asset will be evaluated consistent with IRP Table C.27 and C.28.	Facility built on a Bidder's site which is a new facility. If it is an existing facility, it should be bid under #6.	Must be pursuant to the APSA Contract; PPW will own and operate the facility following commercial operation. All bidders must complete Appendix C-2.
5) EPC Contract for Currant Creek	Life of asset will be evaluated consistent with IRP Table C.27	Currant Creek site.	Must be pursuant to the EPC Contract with a Fixed price bid in accordance with Attachment 19 and the specifications for Currant Creek. Must complete the information in Appendix C-3.
6) Purchase of an existing facility	Evaluation will be completed based on the remaining depreciated life of the asset. Life of the asset will be determined by the IRP Table C.27	A single resource located in or delivering to PACE.	Due Diligence of facility that PPW deems appropriate. Must complete information in Appendix C-4. PPW would own and operate the facility.

Eligible Resources	Term	Location	Requirements
7) Purchase of a portion of a facility jointly owned by and or operated by PPW.	Same as #6	Same as #6 .	Same as #6
8)Restructuring of existing Power Purchase Agreement or Exchange Agreement	Fixed term specified in the bid up to the life of the PPA or Exchange Agreement Must be a minimum of 10 years and 100MW	A single resource located in or delivering to PACE	The restructuring of the PPW or Exchange Agreement must result in incremental capacity and energy.
~~9) Exception: Distributed Generation~~	~~Minimum of 10 years~~	~~May be a consolidation of end use customer standby generation.~~	~~Minimum of 3MW~~
~~Exception: Load curtailment~~	~~Same as above~~	~~Existing end use PPW customers with a load that can be physically curtailed and must be not less than 25MW. The load must respond within 30 minutes prior to the hour and remain curtailed for one continuous hour blocks.~~	~~Bidder must adhere to the same terms and conditions as other supply side resources in the RFP 2012. PPW will not accept proposal for the financial curtailment nor will it accept proposal that result in PPW having a residual delivery obligation via any other contract, law or regulatory rule or order.~~

1. Power Purchase Bid

Power purchase bids must be for a fixed term at a stated price from a single resource located in or into PACE, and must be in the form of the Power Purchase Agreement ("PPA") attached as Attachment 3. The source of energy and capacity for the PPA should be (a) a generation facility located on a Bidder-supplied site, (b) a generation facility located on one of the PacifiCorp sites identified in this RFP, or (c) from the Bidder's electrical system. For purposes of this RFP 2012, the PacifiCorp Sites consist of real property currently owned by the Company immediately adjacent to the Company's Currant Creek and Lake Side facilities.

In the event a Bidder proposes to locate a facility on a PacifiCorp Site, the Bidder must propose a PPA for quantity equal to no less than 85% of the facility's dependable generation capacity, with such amount being no less than 420 MW nominal generation capacity, and a minimum term equal to or greater than 20 years or a maximum consistent with the IRP Table C. 27 and C.28 life of the asset. Design evaluation criteria that the Company will use for bid screening and evaluation purposes can be located in Appendix C (Tables C.27 and C.28) of the IRP. These minimums are put in place on PacifiCorp sites because both these sites are capable of second units, and PacifiCorp must ensure the value of these assets are used in the best interest of customers.

The Bidder should assume that the Company will not own or operate any facility bid into this category. All Bidders in this category must complete the information requested in **Appendices C-1 and D.**

In the event a facility is proposed to be located on a PacifiCorp Site, the Bidder must negotiate and enter into a lease or land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement Appendix H. These negotiations will occur after the bidder is selected. **THIS RFP 2012 IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL PACIFICORP BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO PACIFICORP'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF PACIFICORP'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER PACIFICORP'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE PACIFICORP SITES.**

At the Bidder's request, the Company may agree to provide certain facility connection points at a PacifiCorp site for facilities located at a PacifiCorp Site. The estimated cost and description of these points are contained in Attachments 7 and 8; however, actual costs to the Bidder may vary.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor under a single engineer, procure, construct (EPC) contract. Any Contractor must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity must have a Credit Rating that is BBB-/Baa3 or greater from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp Credit. [gad8]

2. Tolling Service Agreement

Tolling Service Agreement bids must be for a fixed term at a stated price from a single resource located in or delivering to PACE, and must be in the form of the Tolling Service Agreement ("TSA") attached as Attachment 5. The facility from which the TSA is bid can be located on (a) a Bidder-supplied site, or (b) a PacifiCorp Site. In the event the Bidder proposes to locate a facility on a PacifiCorp Site(s), the Bidder must propose a TSA for an amount equal to no less than 85% of the facility's dependable generating capacity, with such amount being no less than 420 MW nominal generating capacity, and a minimum term equal to or greater than 20 years or a maximum consistent with the IRP Table C. 27 and C.28 life of the asset. Design evaluation criteria that the Company will use for bid screening and evaluation purposes can be located in Appendix C (Tables C.27 and C.28) of the IRP.

The TSA Bidder should assume that the Company will not own or operate any facility bid into this category. All Bidders in this category must complete the information requested in Appendices C-1 and D.

In the event a facility is proposed to be located on a PacifiCorp Site, the Bidder must negotiate and enter into a land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement substantially in the form attached as Appendix H. **THIS RFP 2012 IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO PACIFICORP'S SITES.**

At the Bidder's request, the Company may agree to provide certain facility connection points at a PacifiCorp Site for facilities located at a PacifiCorp Site. The estimated cost and description of these points are contained in **Attachments 7 and 8**; however, actual costs to the Bidder may vary.

The Bidder must specify in its bid whether the TSA will take the form of a financially settled physical TSA or physical TSA. Provided the TSA is (1) a financially settled physical tolling arrangement, the Bidder will be responsible to purchase the fuel, transportation, fuel-related O&M, and start-up charges, if any, or (2) a physical tolling arrangement, the Company will supply the fuel. In the case of physical tolling arrangements, the Bidder will be responsible for obtaining fuel transportation in quantities sufficient to operate the facility at its maximum capacity, and shall make all necessary assignment of such transportation rights to the Company for the term of the TSA.

If a TSA Bidder proposes to locate a facility on a PacifiCorp Site, and the Bidder proposes the utilization of the existing natural gas lateral to the site, then the Company will accept only a physical tolling arrangement that does not adversely impact the Company's existing fuel resource deliveries and cost at a PacifiCorp Site. PacifiCorp maintains contractual rights to 190,000 Dth/day of transportation capacity on each natural gas lateral connection to the Currant Creek and Lake Side sites. Assuming a capacity to burn natural gas at each plant of 95,000 Dth/day, PacifiCorp would release for such plant up to 95,000 Dth/day of transportation capacity on the respective laterals to each site.

Bidders are not limited to a physical tolling arrangement on a PacifiCorp Site as the Bidder may make its own arrangements for delivery of natural gas to a PacifiCorp Site.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor under a single engineer, procure, construct (EPC) contract. Any Contractor must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity must have a Credit Rating[gad9] **that is BBB-/Baa3 or from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp Credit.**

3. Asset Purchase and Sale Agreement on PacifiCorp Site

Asset Purchase and Sale Agreement ("APSA") bids for construction on a PacifiCorp Site must be in the form of the APSA attached as Attachment 6 and its Appendices which have the PacifiCorp Site specifications set forth therein. Any APSA proposal for development and construction on a PacifiCorp Site (Lake Side or Currant Creek), must be bid that results in the development and construction of a facility that complies with the specifications in the APSA. Pricing for the purchase and sale of the facility can be structured to include progress payments, or as a single lump sum payment due upon achievement of commercial operation. The Company will in no event make progress payments to a Bidder unless each such payment results in the transfer of a tangible asset or a percentage ownership of an asset at the time each payment is made. Bidders must submit bids that comply with one of these two payment structures. All Bidders in this category must complete the information requested in Appendix C-2.

The Bidder will be required to enter into an APSA Contract, and a Construction Coordination Agreement, which is attached to the APSA as Appendix S. The Bidder shall be responsible for all aspects of the development and construction of the facility, including, but not limited to, permitting, engineering, procurement, construction and all related costs up to achieving commercial operation, with the exception of those costs to be borne by the Company to support start-up, testing, commissioning, and acceptance that are explicitly defined in the Bidder's proposal. Without limiting the foregoing, the Bidder shall be responsible for obtaining all rights and resources required to construct and provide an operational generation resource consistent with the Bidder's proposal. Such rights and facilities may include without limitation water, emissions reduction credits, wells and pipelines.

The Company may, but will not be required to, make available for the successful Bidder's purchase those rights and facilities outlined in Attachment 7 for Lake Side and Attachment 8 for Currant Creek. Bidder costs related to such rights and facilities subsequent to commercial operation of the facility shall be as defined in the APSA Contract.

In the event a facility is proposed to be located on a PacifiCorp Site, the Bidder must negotiate and enter into a lease or land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement substantially in the form attached as Appendix S to the APSA. **THIS RFP 2012 IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE PACIFICORP SITES.**

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor under a single engineer, procure, construct (EPC) contract. Any Contractor must be

experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity must have a Credit Rating [gad10]that is BBB-/Baa3 or from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp Credit.

The aggregate of the "all-in" capital cost for the APSA resource shall include all payments to be made to the Bidder under the APSA and all Company costs. A complete listing of categories of Company costs can be found in Attachment 10.

4. Asset Purchase and Sales Agreement on a Bidder's Site

APSA bids for construction on a Bidder-owned site must be in the form of the APSA attached as Attachment 6. A Bidder may propose an APSA for a facility located on a Bidder-owned site. Pursuant to the APSA Contract, the Company will own and operate the facility following commercial operation. All Bidders in this category must complete the information requested in Appendix C-2.

Pricing for the purchase and sale of the facility can be structured to include progress payments or as a single lump sum payment due upon achievement of commercial operation. The Company will in no event make progress payments to a Bidder unless each such payment results in the transfer of a tangible asset or percentage ownership of an asset at the time each payment is made according to a schedule set forth in the associated bid and acceptable to the Company.

This bid category is only for facilities that have not reached commercial operation as of the bid response date. In the event the facility being proposed is existing and commercially operable as of the bid response date, then the Bidder should submit a bid pursuant to Resource Alternative #6. The Bidder shall be responsible for all aspects of the development and construction of the facility, including, but not limited to, permitting, engineering, procurement, construction and all related costs up to commercial operation with the exception of those costs to be borne by the Company to support start-up, testing, commissioning, and acceptance that shall be explicitly defined in the Bidder's proposal.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor under a single engineer, procure, construct (EPC) contract. Any Contractor must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity must have a Credit Rating[gad11] that is BBB-/Baa3 or from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp Credit.

The Company will own and operate the facility following commercial operation. Any existing power supply obligations (if any) associated with the facility shall not be assigned to the Company unless the Company, in its sole discretion, accepts.

The aggregate of the "all-in" capital cost for the APSA resource shall include all payments to be made to the Bidder under the APSA and all Company costs. A complete listing of categories of Company costs can be found in Attachment 9 and Attachment 10.

5. Engineering, Procurement, and Construction Contract ("EPC Contract") for the Currant Creek Site (no proposals for an EPC contract at the Lake Side site will be accepted)

An EPC proposal can be bid at the Currant Creek PacifiCorp Site only. The EPC Contract must be in the form of a fixed price bid, and may be structured to include progress payments or a single lump sum payment due upon achievement of commercial operation. The Company will, in no event, make progress payments to the Bidder unless each such payment results in the simultaneous transfer of a tangible asset or a percentage ownership of an asset at the time each such payment is made. Bidders must bid one of these two payment structures and in accordance with the EPC Contract in Attachment 19 and the specifications for Currant Creek contained therein. All Bidders in this category must complete the information requested in Appendix C-3.

The Company will be responsible for the development and permitting of the proposed facility at the Currant Creek site. The Company's assumptions for all aspects of development on the Currant Creek site are outlined in Attachment 8. The successful Bidder shall be responsible for all development and permitting and any other costs not identified in Attachment 8.

The aggregate of the "all-in" capital cost for the EPC resource and Owner's Cost in Attachment 10 shall include all payments to be made to the Bidder and all Company costs. A complete listing of categories of Company costs can be found in Attachment 10.

Bidders should note that any proposal submitted in this category shall result in the Bidder directly performing the EPC services, as opposed to utilizing a sub-EPC contractor. A Bidder in this category must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity must have a Credit Rating[gad12] **that is /Baa3 or greater from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp Credit.**

6. Purchase of an Existing Facility

In the event sale of an existing facility is proposed by a Bidder, and if the facility is interconnected to PACE and commercially operable as of the bid response date, the Company will consider purchasing, owning and operating the facility. Any such purchase would be contingent on disclosure to the Company by the Bidder of all information regarding the facility that may be material to the Company's decision to make the purchase, including without limitation all potential or existing claims or liabilities, on the Company's completion of and satisfaction with the results of such due diligence inquiries that the Company may deem appropriate in its sole discretion, and on the transfer of good and marketable title to the Company by the Bidder, free and clear of any and all liens and encumbrances. Such inquiries may include, but will not be limited to, site inspections, interviews, audit of all applicable books, contracts, forecasts, and records, and/or an assessment of past, future, or potential environmental liabilities. In addition, any existing network or point-to-point transmission rights associated with the facility's output must be released and reassigned to the Company, at the Company's option.

Such due diligence will be performed by qualified generation experts, who may be third-party legal and environmental experts and consultants satisfactory to the Company in its sole discretion, in addition to Company personnel. The Company reserves the right to no longer consider the resource, if in its sole discretion; it determines that there are aspects of the resource not in the best interest of the Company and its customers. The Company will require the following information outlined in **Appendix C-4** to be provided by the Bidder in order to determine if the asset will be evaluated and the priorities of the evaluation.

Existing power supply obligations associated with the facility, if any, shall not be assigned to the Company unless the Company, in its sole discretion, accepts such assignment.

The Company's aggregate "all-in" capital cost for the EPC resource shall include all payments to be made to the Bidder.

7. Agreement Purchase of a Portion of a Facility Jointly Owned and/or Operated by PacifiCorp

A Bidder may propose that the Company purchase all or an additional portion of a facility in which the Company already has an existing ownership interest or one that the Company currently operates. Any such purchase by the Company would be contingent upon disclosure to the Company by the Bidder of all information regarding the facility and the Bidder's interest that may be material to the Company's decision to make the purchase, including without limitation, potential or existing claims or liabilities, on the Company's completion of and satisfaction with the results of such due diligence inquiries that the Company may deem appropriate in its sole discretion, and on the transfer of good and marketable title to the Company by the Bidder of the Bidder's interest, free and clear of any and all liens, claims and encumbrances. The Company's due diligence inquiries may include, but will not be limited to, an audit of all applicable books and records, and/or an assessment of past, future, or potential environmental liabilities. In addition, any existing network or point-to-point firm transmission rights associated with the facility's output owned or controlled by the Bidder must be released and reassigned to the Company, at the Company's option.

Such due diligence will be performed by qualified generation experts, which may be third-party legal and environmental experts and consultants, in addition to Company personnel. The Company reserves the right to no longer consider the resource, if in its sole discretion it determines that there are aspects of the resource that are not in the best interests of the Company and/or its customers. The Company will require the following information outlined in **Appendix C-4** to be provided by the Bidder, in order to determine if the asset will be evaluated and the priorities of the evaluation.

The Company would own and operate the prospective facility following closing on the sale. Existing power supply obligations associated with the facility, if any, shall not be assigned to the Company unless the Company, in its sole discretion, accepts such assignment.

8. Restructure of an Existing Power Purchase Agreement or an Exchange Agreement and/or Buyback of an Existing Sales Agreement.

The Company will accept proposals under this category of bids for one or more of (a) restructuring of an existing PPA between the Company and the Bidder; (b) an Exchange Agreement between the Company and the Bidder; and (c) the termination or buyback of an existing agreement for the sale of energy and capacity by the Company to the Bidder in the PACE.

If the bid calls for the restructuring of an existing PPA between the Company and the Bidder, such restructuring must result in making available to the Company incremental dependable energy and capacity in an amount of not less than 100 MW within PACE during the summer season (June through September) for delivery as provided in this RFP ~~2012~~ starting between June 1, 2012 and ~~, June 1 2013 or~~ June 1, 201~~3~~4 for a minimum term of ten years. The Bidder would assign any and all existing network or point-to-point firm transmission rights associated with the incremental energy and capacity to the Company at the Company's request at no additional cost should the Company select this bid.

If the bid calls for an exchange agreement, such agreement would provide for the delivery by the Bidder to the Company of dependable energy and capacity in an amount of not less than 100 MW for delivery of a minimum of a ten-year term as described in this RFP, in exchange for power to be supplied by the Company to the Bidder at another location, other than PACE and/or during another time period.

~~**9. Eligible Resources Exceptions**~~

~~As noted above, all resources must be for 100 MW of dependable capacity and for a minimum period of 10 years, except to the extent that the resources qualify for one of the two exceptions set forth below:~~

D. Demand Side Resources

1) Distributed Generation	Minimum of 10 years	May be a consolidation of end use customer standby generation.	Minimum of 3MW
2) Load curtailment	Same as above	Existing end use PPW customers with a load that can be physically curtailed and must be not less than 25MW. The load must respond within 30 minutes prior to the hour and remain curtailed for one continuous hour blocks.	Bidder must generally adhere to terms and conditions applicable to other supply side resources in the RFP. PPW will not accept proposal for the financial curtailment nor will it accept proposal that result in PPW having a residual delivery obligation via any other contract, law or regulatory rule or order.

~~a)~~ 1. Distributed Generation

Bids constituting “Distributed Generation” may be smaller than 100 MW; however, they must still meet the ten-year term flexibility resource requirement and Point(s) of Delivery. For the purpose of this RFP 2012, “Distributed Generation” means Combined Heat and Power (CHP) generation facilities with a nominal continuous generation capacity of 3 MW or more.

A bid that proposes to consolidate end-use customer standby generation such that the combined dependable capacity of the generation qualifies as a flexible resource when dispatched, and is equal to or greater than 3 MW, will be deemed to satisfy this definition.

Nothing in this RFP 2012 is intended to prevent the ability of owners of facilities that qualify for QF status under PURPA and that are less than 100 MW in size from seeking contracts outside this RFP 2012 as provided under PURPA and the rules and regulations of the Utah PSC. Contracts entered into outside this RFP 2012 process may not qualify for capacity payments, however.

~~b)~~2. Load Curtailment

While this RFP 2012 is not intended to implement the Demand Side management (DSM) initiatives contained in its IRP, the Company does consider certain types of load management measures to be appropriate for consideration under this RFP 2012. The Company has found that bilateral agreements with large end-use customers for the physical curtailment of load have proven to be effective in reducing the need for incremental energy and capacity at critical times. As a result, the Company invites end-use customers to bid physical load curtailment under this RFP 2012. Any such bid must meet the following requirements: (a) the Bidder must be an existing end-use customer of the Company; (b) the load to be curtailed must be not less than 25 MW; (c) the curtailment must be a physical curtailment of the load; (d) the load to be curtailed must respond to the curtailment order 30 minutes prior to the hour within and remain curtailed for continuous one-hour blocks; (e) the Company must not have any residual delivery obligation upon exercising its curtailment rights hereunder under any other contract, law, regulation or order, and Bidder must waive any and all rights to assert any such contrary rights; and (f) the Bidder must provide the Company with reasonable contractual surety and ~~adequate~~ credit assurances, as approved by the Commission, that such load curtailment will take place at times and in amounts required by this RFP 2012. The Company will not accept proposals for the financial curtailment of load nor will it accept physical load curtailment proposals that result in the Company having a residual delivery obligation via any other contract, law, or regulatory rule or order.

E. Bridge Resources[gad13]

SECTION 2. LOGISTICS

A. Schedule of RFP 2012 Actions: RFP 2012 Is Being Issued as of October, 2006

The anticipated schedule will be:

Event	Anticipated Date[gad14]
RFP 2012 issued	October 2006
RFP bid conference	Issued + 15 days
RFQ form	Issued + 30 days
Responses due	Issued + 75 days
Evaluation complete	Issued + 120 days
Bidder negotiation	Issued + 270 days
PacifiCorp decision	Issued + 280 days
Utah Public Service Commission approval proceeding -180 days	Issued + 460 days
Avoided cost filing [2]	Issued + 500 days

Bidders should note that the above schedule is an anticipated schedule only and is subject to change. The Company accepts no liability to the extent the actual schedule is different from the anticipated schedule.

B. Prebid Conference

- Time: tbd
- Date: tbd
- Location: tbd

Interested parties and Bidders may submit questions prior to the RFP bid conference, so that such questions may be addressed in a more timely fashion. All information, including the pre-bid conference materials, questions and answers will be posted by PacifiCorp on the PacifiCorp website at www.pacificorp.com prior to the issuance of the final approved RFP 2012. After the final approval of the RFP 2012 the IE will be responsible to maintain and post all material on a website established by the IE.

C. Request for Qualification (RFQ) Bid forms (Appendix A and B)

Bidders who intend to be considered as part of this RFP 2012 process **must** return the "RFQ Form" **(Appendix A and B)** to the IE at the address indicated in Section D, below, no later than close of business on the date indicated in Section 2[gad15]. The IE will provide each Bidder who has met the qualifications under the RFQ (which will include creditworthiness, demonstrated capability,

[2] Updated avoided costs filing by state will be made to the extent required by law or regulatory order.

experience, performance references and qualifications to deliver the indicated Eligible Resource option selected on the form) with a bid number. The Bidder will be required to submit its proposal(s) utilizing only the bid number, and with no other identifying information. **Each Bidder is expected to adequately blind its proposals such that the bid number is the only identifying aspect of the bid.**

D. Submission of Bids

Each Bidder who obtains a bid number from the IE as part of the RFQ process must submit its ~~to the Public Service Commission's office to the attention of:~~
~~Independent Evaluator~~

~~Merrimack Consulting PacifiCorp RFP 2012~~

~~a~~ signed original and 10 hard copies of each bid and any required forms, and

two electronic copies of the bid and any required forms (on two separate compact discs) that are in PDF format.

The IE will review all submissions, to ensure that only bid numbers are in the proposals and electronic submissions, prior to forwarding them to the RFP 2012 team. All bids must be submitted utilizing only the assigned bid number(s) and such must be transmitted by express, certified or registered mail or hand delivered to:

> PacifiCorp RFP 2012
> Independent Evaluator
> Merrimack Consulting PacifiCorp RFP 2012
> Address: 160 E 300 S, 4th Floor
> Salt Lake City, Utah 84114
> Phone: (801) 530-6716

Bids will be accepted until 5 p.m. Pacific Prevailing Time on January X, 2007. Any bids received after this time may, at the IE's ~~Company's~~ discretion, ~~will~~ be returned ~~by the IE, unopened~~ to the Bidder.

All bids will be reviewed by the IE to determine that they are adequately blinded and then will be provided to the RFP 2012 Evaluation team for further analysis. The IE will provide an original copy (with a cross-reference table to Bidders) to the Company's credit, risk and legal departments who will have access to the unblinded Bids, but ~~and~~ will not be allowed to discuss information relating to any ~~specific~~ blinded information in the bids with any ~~the~~ Blinded individuals in the Evaluation Team or with the Benchmark Team. To the extent the IE determines that any proposal is not adequately blinded, the IE will determine if the IE can effectuate effective blinding itself or, as determined by the IE, may request that the Bidder undertake the appropriate blinding. If the Bidder is nonresponsive to the IE's requests, ~~then~~ the bid may ~~will~~ be rejected by the IE and returned to the Bidder.

E. RFP 2012 Team

A Bid Team will be established by the Company prior to the final Approval of the RFP 2012. The Bid Team shall consist of an Evaluation Team and a Benchmark Team which will be made up of various work groups within the Company. The composition of the Bid Evaluation Team and the Benchmark Team and their primary roles and responsibilities of each Team are shown below. Additional Protocols between the Teams are outlined in Attachment 4:

Work Group	**Roles**
Independent Evaluator (IE)	The IE has been hired by the Utah Public Service Commission to ensure a fair and reasonable process is used in the RFP 2012. The IE will provide oversight of the RFP 2012 process and will validate, audit and review all aspects of all proposals, providing an oversight to the process and validation on the models, inputs, assumption(s), risk assessment, and generation specifications for the PacifiCorp Sites and the Benchmark resources. See Attachment 4 for Roles, Function and Communications of IE.
Evaluation Team : Origination (Blinded prior to Shortlist)	Overall coordinator of the process. Bid process management for all proposals and coordination with the IE and all of the work groups. Evaluation of the non price components of the analysis.
Evaluation Team: Structuring and Pricing (S&P), and Integrated Resource Planning (Blinded prior to Shortlist)	Economic analysis and modeling including the validation on the inputs to the risk assessment of the bid.
Evaluation Team: Commercial and Trading Regulated Transmission Manager (Blinded prior to Shortlist)	Assist S&P and Origination with transmission requests and evaluations in determining the appropriate costs and/or agreements.
Evaluation Team: Environmental (Blinded prior to Shortlist)	Air, water and discharge, emission credits, site permits and facilities.
Evaluation Team: Credit (Unblinded)	Credit screening, evaluation and monitoring throughout the process.
Evaluation Team: Legal and Risk (Unblinded)	Legal will confirming compliance of bids to requirements of RFP and its Forms, Attachments and Appendices; conduct of legal process; conducting due diligence inquiries; supervising any documentation entered into as part of the RFP process. Risk will validate the internal modeling of the proposals and the company benchmark.
Benchmark Team: Generation and/or Third-Party Engineering Consultant (as needed) Blinded personnel will not have any discussion with the Evaluation Team or the Bidders without IE present.	Development of the Benchmark Resources. Specifying, evaluating and confirming conformity with design specifications; conducting, as needed, technological and operational due diligence, generation expertise, environmental due diligence on all resources.

F. Bidder Evaluation Fees[gad16]

To help defray the cost of the IE, each Bidder shall submit with ~~each of~~ its Long Term bid proposals a nonrefundable “Bid Fee” of $10,000. Bidders submitting a Demand Side bid ~~in Resource Alternative category #9~~ (CHP and load curtailment) shall submit ~~have~~ a ~~per-bid~~ fee of $1,000. A Bidder submitting a Bridge resource bid shall submit a fee of $500.

~~A Bidder submitting more than one bid will be required to submit a bid fee for each bid~~.

Bidders may submit multiple bid alternatives and multiple proposals in response to this RFP 2012. A Bidder submitting more than one discrete and separate bid may be required to submit additional bid fees. The IE ~~and the Company~~ shall determine in its ~~their~~ sole discretion whether a Bidder’s submission will require ~~constitutes~~ one or more bid fees and will notify a bidder if additional bid fees will be required. Failure to pay an additional bid fee required by the IE may result in that bid being rejected. ~~proposals, for purposes of assessing the foregoing fee~~.

Alternative ~~B~~bid proposals for the same general site and the same general generation technology and size will typically be considered a single bid proposal~~; provided, that all such proposals are submitted under only one Resource Alternative. If a bid is submitted under more than one Resource Alternative then the bid will be considered as two separate proposals, and two separate bid fees will be required.~~ A single proposal that offers more than one ~~two~~ in-~~-~~service date option ~~years~~ will only be required to pay for one bid evaluation fee.

G. Effectiveness of Bids

Each bid proposal must remain open for acceptance by the Company from the date of submittal through February 2008, unless earlier released in writing by the Company. To the extent that any pricing is subject to any adjustment such as a market index~~ices~~[gad17] (inflation, steel prices etc), the must identify which components ~~of their capacity prices is~~ are subject to adjustment~~these movements,~~ and the specific ~~what~~ triggers that will effectuate adjustments, as well as ~~these changes and~~ when pricing will become fixed.

H. Procedural Items

1. Request for Qualification (RFQ) Bid Form

Each Bidder must complete and submit to the IE the RFQ Bidders Form which consists of Appendix A and B for each Resource Alternative it intends to submit in its proposal to participate in the RFP 2012 by the date called out in Section 2. The Company will require each Bidder to meet the specific credit requirements and capability requirements outlined below.

Bidders Qualification, Capability and Credit in the RFQ Bid Form (Appendix A and B)

Each Long Term resource b~~B~~idder must be able to demonstrate reasonable ~~its~~ Credit Capability[gad18] ~~its~~ capability, experience and qualification to complete ~~under~~ each Eligible Resource bid. This should include but not be limited to its ability to perform its obligations that would arise upon execution and delivery of the documents associated with the Company's acceptance of the Bidder's bid, and references to support its capability in each of the selected Eligible Resources options which it will be submitting in this RFP.

Appendix A and B will be attached to the RFQ Bid Form and must be completed to receive a bid number by the IE for each Eligible Resource. In Appendix A, the bidder must typically ~~provide~~ demonstrate that the bidder's project development team has successfully completed the development and commissioning of at least one major generation project ~~with characteristics similar~~[gad19] ~~to the proposed project. The proposal must pose an acceptable level of development and technology, as determined by PacifiCorp's bid evaluation team.~~ In Appendix B the Bidder must be investment grade, ~~or~~ have the ability to post reasonable credit assurances to qualify as an investment grade entity or otherwise provide reasonable assurances of creditworthiness, as determined by the Company in consultation with the IE. Each bidder must provide the requested financial and credit information and indicate if it is not investment grade what its ability will be to post any necessary credit assurances or otherwise provide satisfy creditworthiness~~to be equivalent to an investment grade entity~~. All Bidders must demonstrate how they can meet Security requirements in the appropriate Pro forma Agreement for the Eligible Resource they are proposing and how they intend to qualify. ~~If appropriate, the~~ A Bidder who is determined by the Company, in consultation with the IE, not to be creditworthy will be notified that it is ~~will~~ not ~~be~~ eligible to submit a proposal.

Eligible Bidders will then be permitted to submit proposal(s) into the RFP 2012 process. In the event that the Bidder's credit status changes at any time after submission of a bid into the RFP 2012 process, PacifiCorp Credit reserves the right to request updated information pursuant to the Credit Appendix B, to reevaluate the Bidder and to request further reasonable credit assurances. In the event that the Bidder does not provide evidence of its ability to provide such further credit assurances, the Company reserves the right to reject the Bidder's proposal after consultation with the IE and return the bid fee.

The Bidder will generally be required to demonstrate its ability to post credit assurances in the amounts outlined in the Credit Matrix in Appendix B. A Bidder must be able to demonstrate its ability to post any necessary credit assurances in the form of a comfort letter from a proposed guarantor or from a financial institution that would be issuing a Letter of Credit or an alternative form of security reasonably acceptable by the Company, in consultation with the IE. The amount of any credit assurances to be provided will typically be determined based upon (a) the Credit Rating in the Credit Matrix of either the Bidder or the entity providing credit assurances on behalf of the Bidder, (b) the size of the project, and c) the type of Eligible Resource bid.

The Credit Rating will be the lower of: (x) the most recently published senior, unsecured long-term debt rating (or corporate rating if a debt rating is not available) from Standard & Poor's ("S&P") or (y) the most recently published senior, unsecured debt rating (or corporate rating if a debt rating is not available) from Moody's Investor Services. If option (x) or (y) is not available, the Credit Rating will be determined by PacifiCorp Credit through an internal process review and utilizing a proprietary credit scoring model developed in conjunction with S&P. All Bidders will receive a Credit Rating which will determine the amount of any credit assurances to be posted.

Please note that should a Bidder be an existing counterparty with PacifiCorp, PacifiCorp Credit reserves the right to protect itself from counterparty credit concentration risk and require credit assurance in addition to that outlined in the Credit Matrix.

In the event that the Bidder posts a Letter of Credit as collateral it must be issued by a bank acceptable to the Company in the Company's reasonable discretion, in consultation with the IE, and be in form and substance consistent with the form of the Letter of Credit set out in **Attachment 11.**

2. Submission of Proposals by Bidders

All bid proposals must be received by the IE no later than the date specified in Section 2. All bid proposals must be in the format set forth in the RFP 2012 Proposal Form for the specific Eligible Resource as indicated in, Section 3 which outlines the requirements for each Eligible Resource. The RFP 2012 Proposal Form identifies all the required Attachments and Forms for each Resource Alternative selection the Bidder intents to submit. Any bid proposal that does not contain all of the required information by the due date called out in Section 2, may ~~will~~ be subject to rejection as nonresponsive by the Company, in consultation with the IE. It is each Bidder's responsibility to submit additional information related to its bid proposal if such information will materially improve the value of its bid proposal or the Company's understanding thereof.

Each bid proposal must be signed by an officer of the bidding company via an Officer Certification **found in Appendix E.**

a) Each bid must include a statement by the Bidder that the Terms and Conditions of the Attachment, selected as part of the Resource Alternatives submitted by Bidder, are acceptable to the Bidder or identify any significant ~~and all~~ exceptions to the Proforma contracts[gad20] when submitting proposal.

b) Proposals must clearly specify all pricing terms. Any and all index prices and or price escalations must be full explained. Proposals with pricing that is subject to change prior to February 2008 must explain what triggers any ~~the~~ changes, what the changes are tied to and any information the Company may ~~will~~ require to evaluated the pricing risks associated with the proposal. All pricing must be in terms of nominal dollars. Prices and dollar figures quoted will be assumed to be in nominal terms for the year in which they occur unless clearly stated otherwise. The Form Pricing Input Sheet contains the applicable pricing inputs which will be required to be completed by the Bidder for the bid to be evaluated. This Form Pricing Input Sheet includes inputs such as start/end date, point of interconnection, resource type, variable and fixed O&M, start-up costs, capacity payment or capital expenditures, PPA or TSA escalation rates, heat rates and capacity levels adjusted for both expected temperature, degradation per the manufacturer's recommended maintenance schedule, start-up charges, and a variety of other inputs, including specific published indices if applicable.

Bidders must ~~will~~ also complete SFAS No. 13 Form (**Appendix F**), ~~which will require the Bidder~~ to supply ~~complete the~~ inputs relating to ~~to support the Bidder's assertion regarding~~ Capital Lease versus Operating Lease.

c) All Long Term bid proposals must be for a capacity greater than 100 MW EXCEPT FOR: (a) Distributed Generation which must be 3 MW or greater of installed capacity; and (b) end-use customers of the Company with physical load curtailment proposals for a minimum of 25 MW each.

d) Bid proposal prices must include all costs that the Bidder expects the Company to pay associated with any of the eligible resources, including but not limited to station service, test energy, fuel for testing, gas lateral construction, electrical interconnection, and all costs (including fuel) incurred as necessary to accomplish synchronization.

3. Minimum Eligibility Requirements for Bidders

Bidders may be disqualified by the Company, in consultation with the IE, for failure to comply with the RFP 2012 if any ~~of the~~ material requirements are not met. ~~To the extent proposals do not comply with these requirements they will be deemed ineligible and will not be considered for further evaluation.~~ PacifiCorp will return disqualified ~~those~~ proposals, ~~in its sole discretion deems ineligible together~~ along with the bid evaluation fee. Reasons for possible rejection of a bidder or its bid may include:

a) Receipt of Proposal and or Request for Qualifications after the response deadline.

b) Failure to meet the requirements and provide all the information requested in Section 3 of the RFP 2012.

c) Failure to permit disclosure of information contained in the proposal to PacifiCorp agents, contractors or regulators.

d) Any attempt to influence PacifiCorp or the IE in the evaluation of the proposals, outside the solicitation process.

e) ~~Any f~~Failure to disclose the real parties of interest in the proposal submitted.

f) ~~The Bidder is in current litigation or has threatened litigation against PacifiCorp.~~

g) Failure to ~~Proposal must~~ include all applicable content requirements described in Section 3 for each Eligible Resource.

h) Failure to ~~Proposal must~~ include a check for the appropriate Bid Evaluation fee.

i) Failure to ~~Proposal must~~ clearly specify all pricing terms

k) Failure to ~~Proposals must~~ offer unit contingent or system firm capacity and energy, or to ~~and~~ include appropriate contract term lengths and commercial operation dates.

l) ~~Proposal must not present any u~~Unacceptable level of development and technology risk, as determined by PacifiCorp in consultation with the IE.

m) Failure to ~~Proposal must~~ demonstrate that the bidder project development team has sufficient experience ~~successfully~~ to completed~~d~~ the developmental and commissioning of ~~at least one~~ the generation project~~ with characteristics similar to the proposed project~~.

n) Failure to ~~Bidder must~~ demonstrate, to PacifiCorp's reasonable satisfaction, in consultation with the IE, that a bidder ~~they~~ can meet the security requirements for each Eligible Resource ~~they are~~ proposed~~ing~~ consistent with the requirements in the appropriate Proforma Contracts for that resource.

4. Company's Reservation of Rights and Disclaimer

The Company reserves the right, without qualification and in its sole discretion, to reject any or all bids, and to terminate this RFP 2012 in whole or in part at any time. Without limiting the foregoing, the Company reserves the right to reject as nonresponsive any or all bid proposals received for failure to meet any requirement of this RFP 2012 outlined in Section 3 of the RFP 2012. The Company also reserves the right to request that the IE contact any Bidder for additional information. The Company further reserves the right without qualification and in its sole discretion to decline to enter into any agreement with any Bidder for any reason, including but not limited to change in regulation or regulatory requirements that impact the Company and/or any collusive bidding or other anticompetitive behavior or conduct.

Bidders who submit bid proposals do so without recourse against the Company, its parent company, its affiliates and its subsidiaries, or against any director, officer, employee, agent or representative of any of them, for any modification or withdrawal of this RFP 2012, rejection of any bid proposal, failure to enter into an agreement, or any other related reason. The Bid Fees submitted by any Bidder, once the bid is accepted, will not be refunded (unless otherwise determined in the ~~sole~~ discretion of the Company, in consultation with the IE) in the event of any modification or withdrawal of this RFP 2012, rejection of any bid proposal, or failure to execute an agreement.

5. Accounting

All contracts proposed to be entered into as a result of this RFP 2012 will be assessed by the Company for appropriate accounting and/or tax treatment. Bidders shall be required to supply the Company with any and all information that the Company reasonably requires in order to make such assessments.

Specifically, given the term lengths that PPA, TSA, and/or exchange proposals may cover in response to RFP 2012, accounting and tax rules may require either: (i) a contract be accounted for by PacifiCorp as a Capital Lease or Operating Lease[3] pursuant to SFAS No. 13, or (ii) the seller or assets owned by the seller, as a result of an applicable contract, be consolidated as a Variable Interest

[3] "Capital Lease" and "Operating Lease" - shall have the meaning as set forth in the Statement of Financial Accounting Standards ("SFAS") No. 13 as issued and amended from time to time by the Financial Accounting Standards Board.

Entity[4] (VIE) onto PacifiCorp's balance sheet. To the extent a Bidder proposal results in an applicable contract, the following shall apply with respect to VIE treatment:

- The Company is unwilling to be subject to accounting or tax treatment that results from VIE treatment. As a result, all Bidders are required to certify, with supporting information sufficient to enable the Company to independently verify such certification, that none of their proposals will subject the Company to such VIE treatment. Bids that result in VIE treatment will be rejected.
- Further, any applicable contract that the Company executes will require that: (i) the Seller covenant that the Company will not be subject to VIE treatment at any point during the term of the agreement, and (ii) in the event that the contract causes the Company to be subject to VIE treatment at any point during the term of the agreement, unless cured, such treatment will constitute a seller event of default.

Each Bidder must also declare, in each of its proposals, whether or not each such proposal will subject the Company to Capital Lease treatment or Operating Lease treatment pursuant to SFAS No. 13. In any case for which the Bidder declares that the proposal will subject the Company to lease treatment pursuant to SFAS No. 13, after application of Emerging Issues Task Force ("EITF") 01-08 ("Determining Whether an Arrangement Contains a Lease"), the Bidder is required to certify such declaration (Capital Lease or Operating Lease), with supporting information sufficient to enable the Company to independently verify the Bidder's opinion of how the Company will be required to account for the proposal.

Each Bidder must also agree to make available at any point in the bid evaluation process, any and all financial data associated with the Bidder, the Facility and/or the PPA, TSA or other contract that PacifiCorp requires to independently verify the Bidder's accounting declarations or certifications required above. Such information may include, but may not be limited to, data supporting the economic life (both initial and remaining), the fair market value, executory costs, nonexecutory costs, and investment tax credits or other costs (including debt specific to the asset being proposed) associated with the Bidder's proposal. Financial data contained in the Bidder's financial statements (e.g., income statements, balance sheets, etc.) may also be required to provide additional information.

A SFAS No. 13 Form (Appendix F) must be completed to the extent the Bidder submits a proposal which results in either direct or inferred debt.

Cost Associated with Direct or Inferred Debt

PacifiCorp will take into account ~~a~~ costs associated with direct ~~or inferred~~ debt as part of its economic analysis in the initial screening.

[4] "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in Financial Accounting Standards Board ("FASB") Interpretation No. 46 (Revised December 2003) as issued and amended from time to time by the FASB.

Direct debt results when a contract is deemed to be a Capital Lease pursuant to EITF 01-08 and SFAS No. 13 and the lower of the present value of the nonexecutory minimum lease payments or 100% of the fair market value of the asset must be added to PacifiCorp's balance sheet.

- ~~**Inferred debt** [gad21]results when credit rating agencies infer an amount of debt associated with power supply contract and, as a result, take the added debt into account when reviewing PacifiCorp's credit standing.~~

~~In both instances, PacifiCorp would need to inject equity to maintain the same debt/equity ratio as before the power supply contract. Since equity has a cost, this cost will be taken into account when evaluating the bids to determine the short list.~~

For the purposes of RFP 2012, PacifiCorp will determine the amount of any direct debt that will result from a ~~associated with~~ each bid that would result in an applicable contract, derive the associated equity infusion, then include in its analysis the cost associated with the equity amount multiplied by the pre-tax difference between Return on Equity ("ROE") and PacifiCorp's Weighted Average Cost of Capital ("WACC"). Pre-tax ROE will be assumed to be equal to 16.92% and pre-tax WACC will be assumed to be 11.48%. ~~The amount of debt will be the higher of the direct or inferred debt. This will be updated prior to the issuance of the final RFP 2012.~~

Direct debt will be determined for each year as of the beginning of the contract as the amount PacifiCorp must place on its balance sheet as a result of a Capital Lease. If the bid does not result in a Capital Lease then the amount of direct debt will be zero.

~~Inferred debt will be determined by utilizing the methodology used by Standard & Poor's in the article attached as Attachment 12. At the beginning of the contract, the net present value of the remaining fixed payments will be calculated using a 10% discount rate and then multiplied by a "risk factor." The risk factor will be 50%.~~

6. Confidentiality

The Company will ~~attempt to~~ maintain the confidentiality of all bids submitted, except to the extent disclosure is required ~~allowed~~ by law or regulatory requirements~~order, as long as such confidentiality does not adversely impact a regulatory proceeding~~.

It is the Bidder's responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark their entire proposal as confidential, but must mark specific information on individual pages to be confidential in order to receive confidential treatment for that information.

All information supplied to the Company or generated internally by the Company shall remain the property of the Company. Bidder shall maintain the confidentiality of such information and shall not be available to any entity before, during or after this RFP 2012 process unless required by law or regulatory order. The Bidder expressly acknowledges that the Company may retain information submitted by the Bidder in connection with this RFP 2012.

Only those Company employees who are directly involved in this RFP 2012 process or with the need to know for business reasons will be afforded the opportunity to view submitted bids or Bidder information.

Bidders should be aware that information supplied by Bidders may be requested and supplied during docketed regulatory proceedings, subject to appropriate confidentiality provisions applicable to that particular proceeding. This means that parties to docketed proceedings may request to view confidential information. If such a request were to occur, the Company will attempt to prevent such confidential Bidder information from being supplied to intervening parties who are Bidders or who may be providing services to a Bidder, but the Company shall not be held liable for any information that it is ordered to be released or that is inadvertently released.

Lastly, the Company intends to utilize its internal, proprietary, forward price projections in its evaluation process. The resulting projections and evaluations will not be shared with ~~entities external to the Company, including with~~ Bidders but will be shared with the IE and otherwise as~~,~~ ~~unless~~ required by law or regulatory order.

7. Regulatory Process

Utah Code § 54-17-101, *et seq*. requires PacifiCorp to use a solicitation process to construct or acquire a significant energy resource, defined as 100 MW or more with a dependable life of ten years or more. This law requires the participation of an independent evaluator, appointed by the Utah Public Service Commission, to actively monitor the solicitation process for fairness and compliance with state law. Prior to execution of any binding contract for the acquisition of any of the eight alternative~~s~~ long term eligible resources listed above, the Company will go through an up-front prudence review consistent with the law in the ~~s~~State of Utah.

That law may be viewed at:
http://www.le.state.ut.us/~2005/htmdoc/sbillhtm/SB0026S01.htm

8. Subsequent Regulatory Action

The Company does not intend to include a contractual clause whereby the Company is allowed to adjust contract prices in the event a regulatory agency exercises jurisdiction over the Company, and does not fully recognize the contract prices in determining the Company's revenue requirement. As of the issuance date of this solicitation, PacifiCorp is unaware of any such actual or proposed law or regulatory order.

SECTION 3. RFP 2012 PROPOSAL CONTENT

The following outlines the content and format requirements for all proposals ~~by~~ for long term Eligible Resource in response to the ~~when responding to~~ RFP ~~2012~~. Proposals that do not include the information requested in this form may ~~will~~ be deemed ineligible for further evaluation ~~unless the information is not relevant~~.

The Bidder is required to provide information in the following format to meet the criteria of this RFP. All sections must be completed and in compliance with the RFP in order for the bid to be accepted. Bidders must provide the appropriate bid fee for the number of Eligible Resources that are being bid~~provided~~.

Each Bidder must provide the following information 1) All RFP Appendices, Form(s) and Attachments in Section 3.A for each Eligible Resource with the exception of 3.J and 3.K and 2) the applicable Appendices, Form(s) and Attachment identified under each of the Eligible Resources identified in Section 3.B through 3.K.

A) All Bidders will be required to submit the following[gad22] (with the exception of 3.J and 3K):

- RFQ Bid Form Appendix A and Appendix B
- Appendix D - Natural Gas & Fuel Supply Form
- Appendix E - Officer Certification Form
- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis
- Form 1 - Pricing and Input Sheet
- Form 2 - Permitting and Construction Milestones

B) Power Purchase Bid (1):

- Attachment 3 - Power Purchase Contract
- Appendix C-1 - PPA and TSA Information Request
- Appendix D - Natural Gas & Fuel Supply Form
- Appendix G - Bidder Site Control Form
- Appendix H - Construction Coordination Agreement (if applicable)
- Attachment 16 - Site Purchase Agreement for Lake Side (if applicable)
- Attachment 17 - Site Purchase Agreement for Currant Creek (if applicable)
- Appendix F - SFAS No. 13 Form

C) Tolling Service Agreements Bids (2):

- Attachment 5 – Tolling Service Agreement Contract
- Appendix C-1 - PPA and TSA Information Request
- Appendix D - Natural Gas & Fuel Supply Form
- Appendix G - Bidder Site Control Form
- Appendix H - Construction Coordination Agreement (if applicable)
- Attachment 16 - Site Purchase Agreement for Lake Side (if applicable)
- Attachment 17 - Site Purchase Agreement for Currant Creek (if applicable)
- Appendix F - SFAS No. 13 Form

D) APSA Bids at PacifiCorp Sites (3):

- Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices – Lake Side
- Attachment 6- Asset Purchase and Sales Agreement (APSA) with Attachment 18 Currant Creek, Engineering, Procurement and Constructing Contract (EPC)
- Site Purchase Agreement – Attachment 16 or Attachment 17.
- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis
- Appendix C-2 - APSA Information Request
- Form 1 - Pricing Input Sheet
- Form 2 - Permitting and Construction Milestones

E) APSA Bids at Bidder Sites (4):

- Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices
- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis
- Appendix C-2 - APSA Information Request
- Appendix D - Natural Gas & Fuel Supply Form
- Appendix G - Bidder Site Control Form
- Form 2 - Permitting and Construction Milestones

F) EPC Bids at Currant Creek Site Only (5):

- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis
- Attachment 18 - Currant Creek Engineering, Procurement and Construction Contract (EPC)
- Appendix C-3 - EPC Information Request
- Form 2 - Permitting and Construction Milestones

G) Sale of Existing Facilities Bids (6):

- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis (if required)

- Attachment 19 – Due Diligence items for the Acquisition of an Existing Facility
- Appendix C-4 – Existing Asset Purchase Information Request

H) Sale of Portion of Jointly Owned or Operated Bids (7):

- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis (if required)
- Attachment 19 - Due Diligence Items for the Acquisition of an Existing Facility
- Appendix C-4 - Existing Asset Purchase Information Request
- Appendix F - SFAS No. 13 Form

I) Restructuring Bids of an Existing Power Purchase Agreement or an Exchange Agreement and/or Buyback of an Existing Sales Agreement (8):

- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis (if required)
- Any other form deemed to be required based on the restructuring.
- Appendix F - SFAS No. 13 Form

J) Distributed Generation (9.a):

- Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis (if required)
- Appendix F - SFAS No. 13 Form

K) Load Curtailment (9.b)

SECTION 4. RESOURCE INFORMATION

A. Price and Nonprice Information[gad23]

The Company's IRP incorporated numerous price and nonprice resource cost(s) and assumptions which resulted in the IRP Action Plan. Bidders should refer directly to the IRP for the Company's estimated cost and availability of new resource alternatives. Bidders are reminded that the IRP is a planning document and certain resource assumptions were used as a proxy for planning purposes. As such, the Company shall rely on the outcome from this RFP to ascertain the most prudent resource decision. Bidders should note that the IRP is a useful document for information purposes but ~~and~~ **Bidders should not infer in any way that the IRP should prescriptively guide their specific proposal.** The Company intends to use then-current assumptions in its evaluation of bids. These assumptions may be different than the assumptions contained in the IRP.

With respect to air quality standards, it is PacifiCorp's intent to incorporate cost assumptions into all bids and benchmarks that are consistent with the "then current assumptions." The base case assumptions can be located in the 2004 IRP in Appendix C. This represents the best information currently available at this point in time to the Company via the IRP public input process and other information sources. The base case will be updated through the RFP process only if any new assumptions become available to the Company.

This RFP will incorporate assumptions regarding the future cost, if any, associated with future tax assessment(s) or other impositions based on the quantity of carbon dioxide (CO_2) emissions produced from the combustion of fuel by a facility selected and contracted through this RFP. If a Bidder proposes an arrangement wherein a specific facility is not identified (such as may be the case with a PPA), the resulting contract shall explicitly state that the buyer (PacifiCorp) shall not be liable for any CO_2-related expenses, and the Bidder will be required to enter into a CO_2 Indemnity Agreement. For bids with a specified facility, the potential CO_2-related expenses will be included in the Company's evaluation. The CO_2-related expenses will be consistent with the reference case assumptions utilized in the 2004 IRP or the then current assumptions if applicable. Unless a ~~The~~ bid specifically provides that the bidder will ~~evaluation process will incorporate the assumption that the Bidder does not~~ contractually absorb all ~~the~~ liability associated with potential future CO_2 expenses, along with adequate security to support such liability. All bids will be evaluated on the assumption that the Company will assume the liability for future CO_2 expenses. [gad24]

In other words, ~~As such, even if the bid does not provide for the passing through of such costs, Bidders are directed to submit bids that specify the results of the assumption~~ the assumption for bid evaluation purposes is that Bidders will pass through to the Company all ~~any~~ potential costs associated with meeting future air quality requirements relating to specified facilities.

B. Price Information

Fixed & Variable cost for Capacity and Energy

1. **Fixed Costs**

The fixed resource costs will include, but are not limited to, the following components:

The Bidder-specified capacity cost payment ($/kw-mo) or equivalent capital cost purchase price (including Owner's cost) plus ongoing capital estimates for the term of the resource. The Bidder-specified fixed O&M payment ($/kw-mo).

The Bidder-specified property tax and insurance payment, if not included in capacity cost or fixed O&M payment ($/kw-mo).

The cost associated with direct ~~or inferred~~ debt.

Fuel pipeline costs which include the estimated costs for adequate firm natural gas capacity. Interconnection, integration and any other costs (e.g., applicable transmission wheeling expense) necessary to deliver the energy to load. Proposed fixed cost adjustment factor for availability.

2. Variable Costs

The variable generation costs will include, but are not limited to, the following components:

The variable energy commodity price, which, depending on structure, will likely be variable, tied to a natural gas price (including variable gas transportation costs) and a contractual or manufacturer recommended heat rate and capacity at the time of delivery (adjusted for temperature). In certain structures, the variable energy commodity price will be fixed, or potentially fixed with an annual escalation.

Variable O&M ($/MWh).

Potential CO2 costs ($/ton) ($/MWh based on a $/ton CO2 basis).

Transmission losses in those cases where the Company will incur third-party transmission losses (if applicable).

Start costs (if applicable) per plant and per machine (if applicable). Bidders must define if this start cost is from initiation of start to minimum sustainable load or to full load. Start costs and variable O&M must be clearly separated. Cost presentation format provided by the Bidder should be in $/MWh terms, assuming both eight- and sixteen- hour run periods, for up to 365 starts per year at 100% availability.[5]

C. Nonprice Information

1. Point(s) of Delivery

RFP 2012 is requesting resources that are capable for delivery into or in the Company's network transmission system[6] in PACE. All proposals will be contingent on the Company Merchant function's ability to designate the proposed resource (new, existing, imported, etc.) as a Network Resource under the network service contract between PacifiCorp Transmission and PacifiCorp Merchant.

[5] The number of starts assumed per year should be adjusted down for expected mechanical availability. For example, if a resource has an expected mechanical availability of 90%, the number of assumed starts per year should equal 365 x 90% = 328.

[6] Any costs required to upgrade PacifiCorp's electrical infrastructure (integration costs) will be considered in the overall economics of the resource. See Attachment 13 for cost assumptions for Integration costs. If the Bidder is proposing another site that is not stated in Attachment 13, PacifiCorp will use the best available information at the time of evaluation to determine the integration costs for the analysis.

Specifically, the point(s) of delivery of primary interest to PacifiCorp are:

- Within the Eastern Control Area—the point of interconnection between the resources, or electrical system to which the resource is connected, and PacifiCorp's Utah network transmission system
- Mona[7] 345 kV
- Nevada/Utah border on the Gonder-Pavant 230 kV line
- Nevada/ Utah border on the Sigurd-Harry Allen 345 kV know as "NUB" or Red Butte 345 kV
- Arizona/Utah border on the Glen Canyon-Sigurd 345 kV line
- Crystal 500 kV[8]
- Located in Nevada—PacifiCorp is willing to purchase capacity and associated energy that is sourced from Nevada; provided, the selling entity is able to purchase firm transmission from the resource to either Gonder or NUB.
- Four Corners 345 kV

The Company is also generally not interested in resources located in Wyoming, unless the resource(s) electrically resides south of the Naughton-Monument 230 kV line and the cost to upgrade the needed transmission is included in the economic evaluation[9]. Lastly, the Company is not interested in resources delivered to Borah, Brady or Kinport unless such resource is interconnected to the Company's Southeast Idaho electrical system near the Goshen area. The cost to upgrade and provide adequate transfer capability or to accommodate those times when economic resources exceed loads within the Southeast Idaho area should be taken into account within the Bidder's economic evaluation.

2. Proposals Requiring Third-Party Point-to-Point Transmission Service

For proposals that will require third-party transmission service to provide delivery of capacity and associated energy to the bid-specified Point of Delivery on PacifiCorp's system, Bidders are responsible for any interconnection, electric losses, transmission and ancillary service arrangements required to deliver the proposed capacity and associated energy to the bid specified Point(s) of Delivery. Such proposals must identify all third-party interconnection, electric losses, transmission and ancillary service products, provide a complete description of those service agreements, and provide documentation that such service(s) will be available to Bidder during the full term of offer(s)

[7] PacifiCorp's transmission function has broken Mona into three distinct delivery points. These three points are "MDWP" (IPP-Mona from LADWP control area), "MDGT" (Bonanza-Mona within the PACE control area), and "MPAC" (all other lines into Mona with the PACE control areas). In order for PacifiCorp to properly incorporate deliveries at Mona as a network generation resource, the respondent should indicate which point at Mona the deliveries will be made from. PacifiCorp requested a system impact study (SIS) from PacifiCorp Transmission, which will be available in September and will update the timing and costs to integrate resources at Mona, Nevada Utah Border, Gonder, Glen Canyon 230kV and Currant Creek.

[8] Crystal substation is currently not a valid network point of delivery on PacifiCorp's system. PacifiCorp is studying the expansion of facilities to Crystal 500 kV. Bidders are warned that the ability to accept proposals delivered to Crystal is highly contingent on the expansion of such facilities.

[9] The Company's Benchmark, Bridger is located south of Naughton- Monument 230kV.

proposed. Bidders who propose unit contingent arrangements or system portfolio bids and rely on third-party transmission should be aware that the use of nonfirm transmission in any segments of the schedule from the source to the Point(s) of Delivery will result in the Company's evaluating the need to carry 100% reserves against the import schedule. The third-party transmission service is NOT a transmission service agreement with the Company Merchant function; rather it is with the Company's Transmission function, which must maintain strict functional and informational separation.

3. Interpretation with Interconnection Agreement

Each Bidder responding to RFP 2012 must conduct its operations in compliance with FERC Order No. 2004, Standards of Conduct for Transmission Providers, requiring the separation of its transmission and merchant functions. This RFP requires that all Bidders responding must enter into a separate Interconnection Agreement or Transmission Service Agreement (TSA), in accordance with the PacifiCorp's Open Access Transmission Tariff, with PacifiCorp Transmission if such agreements are necessary.

4. PacifiCorp Transmission Interconnection Service

Bidders requiring interconnection service from PacifiCorp Transmission must specify in their proposal if they have requested transmission service or not, and if so, what type of service (Energy Resource Interconnection Service (ER) or Network Resources Interconnection Service (NR)). Bidders must advise PacifiCorp Transmission that they are requesting the service as part of this RFP.

All Proposals that will require a new electrical interconnection to the PacifiCorp Transmission system or an upgrade to an existing electrical interconnection to the PacifiCorp Transmission system must include (a) a statement of the cost of interconnection, together with a diagram of the interconnection facilities. The Bidder will be responsible for, and is required to include in its bid, all costs to interconnect to the Company's Transmission system. The Bidder will be responsible for applying to the Company Transmission for a Large Generator Interconnection Agreement ("LGIA"), except in connection with the EPC Contract, in which case PacifiCorp Generation will apply for the LGIA. However, the interconnection costs will be included in the bid evaluation. PacifiCorp's Transmission function has the option of funding the interconnection upgrades or requiring the Bidder to fund such upgrades and then receive revenue credits. Any such refunds shall be assigned to PacifiCorp's Merchant function by the Bidder.

5. PacifiCorp Transmission Integration Service

PacifiCorp has preliminarily identified the potential costs to integrate resources in Attachment 13.

These costs will be used in the evaluation analysis. In the event that a Bidder proposes a facility, PPA or TSA that is not at one of the locations identified in Attachment 13, PacifiCorp will utilize the best information reasonably available at the time of evaluation to estimate the cost to integrate the resource. Both the cost to integrate and interconnection upgrades will be utilized in the economic evaluation to determine the least-cost resource. **Bidders are reminded that they shall bear 100%**

of the costs to interconnect to PacifiCorp's Transmission system. Bidders are encouraged to contact PacifiCorp's Transmission function (at www.pacificorp.com) for information related to system interconnection.

6. Use of PacifiCorp's Sites

In the event a facility is proposed to be located on a PacifiCorp Site, the Bidder must negotiate and enter into a land purchase agreement acceptable to the Company (Attachment 16 and/or 17), together with a Construction Coordination Agreement substantially in the form attached as Appendix S to Attachment 7 or Appendix H. **THIS RFP 2012 IS NOT AN OFFER TO SELL PACIFICORP'S SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE- OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE LEASE- OF PROPERTY, AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE COMPANY SITES.**

SECTION 5. BID EVALUATION PROCESS[gad25] OF THE PROPOSALS

The Bidders must submit their proposals on or before January X, 2007. The RFP 2012 Evaluation Team and the IE will adhere to the following bid evaluation process.

The Company will not make any of the evaluation models - the RFP Base Model, the Capacity Expansion Model, the Planning and Risk Model - available to Bidders. However, all models will be tested and validated by the IE.

A. Step 1—Screening "First Price Sealed Bid Format" – Initial Short List

The Company intends to utilize a "first price sealed bid format" in order to determine both the initial and final short list of proposals in each of the Resource Alternatives. The initial short list will be run through a production cost model to establish a preferred portfolio used to establish a final short list. After the final short list is determined post-bid negotiations will take place. Under this format, contract payments are based on the price contained in each winning bid proposal. The "first price sealed bid format" means that the Company will utilize the initial prices and/or pricing structure submitted by the Bidders in order to determine the initial short-listed entities and the final short-listed entities. The Company may ~~will~~ not ~~ask for, or~~ accept~~,~~ updated pricing or other information from Bidders during this evaluation period to the extent it determines, in consultation with the IE, that doing so may unreasonably delay the process.[gad26] It is the Company's intent to negotiate both and nonprice issues during the post-bid negotiations. Selection for the initial short list, final short list and/or post-bid negotiation does not constitute a "winning bid proposal." For the purpose of the RFP 2012, only execution of the definitive agreement by both the Company and the Bidder that is specific to the Bidder's proposal, as the same may be amended pursuant to any post-bid negotiations, will constitute a "winning bid proposal."

Bidders should also be aware that operational separation exists, pursuant to FERC order, between the merchant and transmission functions of PacifiCorp. As a result, it is PacifiCorp's requirement that the Bidder is responsible for the negotiation, execution and cost of interconnection and integration with the interconnection control area. The Bidder will be responsible for all incremental transmission expenses associated with delivery to the PacifiCorp network transmission system (inclusive of any third-party system upgrade needed to deliver such energy to PACE). Any anticipated transmission cost which is not included in Attachment 13 or otherwise that is not disclosed in the Bidder's response will be added by PacifiCorp using information reasonable and readily available during the economic evaluation phase.

B. Price and Nonprice Evaluation to Determine the Initial Short List

The Company intends to evaluate each bid received in a consistent manner by breaking the resource and price characteristics of the structure into individual components. Each component will be evaluated separately and recombined to determine the bundled price and nonprice score. The price factor will be weighted up to 70% in the determination of which proposals will be chosen for post-bid negotiation, while ~~the~~ nonprice factors will be weighted up to 30%. No proposal will receive a total weighting in excess of 100%. The Price and NonPrice evaluation will be added together and used to determine the initial shortlist. The initial short list will be made up of the highest scoring proposals in each Resource Alternative.

1. Price Factor Evaluation (Up to 70%)

The Company will utilize the RFP Base Model to screen the proposals and to evaluate and determine the initial short list. The RFP Base Model is contained in a Microsoft Excel workbook that includes a number of proprietary Visual Basic macros, custom add-ins, and computational code written in C++.

RFP Base Model Inputs:

- Market Quote Date: The model will pull corresponding forward price, volatilities, and correlation projections for electricity and gas commodities. Treasury and LIBOR discount curves are also included. The same Market Quote Date will be used for all bids during each evaluation phase.
- Term: Start and End date
- Transmission Cost assumptions
- Emission Inputs, Lease Accounting Inputs, Rate Base Inputs: if applicable
- Point of Delivery (POD) and Point of Receipt (POR)
- Dispatch Pattern
- Limitation of Duct Firing or Power Augmentation Capability (hours per day, hours per year, etc.)
- Firm/Unit Contingent
- Resource Type
- Product Source

- Temperature-adjusted undegraded (new and clean) Capacity Curve for Simple Cycle, Combined Cycle, Duct Firing, and Power Augmentation if applicable. Temperature – adjusted undegraded (new and clean) Heat rate Curve for Simple Cycle, Combined Cycle, Duct Firing, and Power Augmentation, if applicable.
- Capacity (MW) Degradation Schedule: Simple Cycle, Combined Cycle, Duct Firing, and Power Augmentation, if applicable (Expected and/or Guaranteed), Heat Rate Degradation Schedule: Simple Cycle, Combined Cycle, Duct Firing, and Power Augmentation, if applicable (Expected and/or Guaranteed), Turbine Type: Combined Cycle or Simple Cycle
- Variable O&M Payment ($/MWh)
    - VOM costs ($MWH)
    - Start-Up Costs ($/MWh)
- Fixed O&M Payment ($/KW-mo)
- Gas Capacity (MMBtu/day)
- Gas Demand Charge ($/MMBtu-mo)
- Gas Transportation/Delivery Adder ($/MMBtu)
- Fixed Energy Payment ($/MWh, if applicable)
- Capacity Charge ($/KW-mo)
- Resource/POD Availability by Month
- Forward Price Curve Multiplier by Month
- Corporate Financial Inputs – Inflation Curve, WACC, etc.

Comparison Metric

The benchmark comparison metric will be the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The net PVRR component views the value of the energy and capacity as a positive, and the offsetting costs as negative. The larger the net PVRR, the more valuable a given resource is to the Company's customers. The net PVRR/kW-mo metric is the annuity value which, when applied to the nominal kilowatts on a monthly basis and present-valued, will result in the same net PVRR as a straight NPV calculation.[10]

Bid Cost relative to adjusted price curves	Price Factor Weighting
Less than or equal to 80% of adjusted price projections	70%
Greater than 80% of adjusted price projections but less than 120% of adjusted price curves	Linearly interpolated
Equal to or greater than 120% of the adjusted price projection	0%

2. Nonprice Factors (up to 30%)

The primary purpose of the nonprice analysis is to help gauge the relative development, construction and contractual risk associated with each proposal and have parties bid to a consistent set of Terms

[10] The term "straight NPV calculation" refers to the act of present-valuing the net of the nominal capacity and energy value, and costs, to derive a net present value of the net margin between value and costs.

and Conditions within the Proforma Contracts. A matrix will be established for each nonprice factor and used to compare the bids with one another.

Nonprice factors will be weighted up to 30% in the determination of which proposals will be chosen for the initial short list.

The nonprice factor weighting for operation issues shall consist of the following:

Nonprice	Nonprice Weighting Factor
Development, Construction and Operational experience	up to 10%
Willingness to accept substantive aspects of ~~Compliance with~~ the Pro Forma Agreements attached to the RFP~~that are submitted with the Proposal~~	up to 10%[gad27]
Site Control and Permitting	up to 10%

Development, Construction and Operational Experience

Bidders will be evaluated on the number of projects they have developed, constructed and operated. One percent point will be awarded for each project the bidder has developed, constructed and/or operated. A partial percent will be awarded if the bidder has demonstrated experience with some but not all of the experience metrics. Scores for development, construction and/or operational experience will not exceed 10%

~~Compliance with the~~ Pro Forma Agreements Nonprice Weighting Factor[gad28]

Each section within the Proforma Agreements will be given a percentage based on the financial or risk impact of change. All sections may not have a percentage applied however; the total will equal 100%. The individual percentages per sections will be based on the financial and or risk impact to rate payers if the Bidder requires substantive ~~were to~~ changes to the section. If the Bidder changes these sections where a material risk or cost is shifted from the Bidder to the Company then they will not receive that percentage. However, if the Bidder changes the section and no financial or risk impact to the rate payer occurs then the percentage will be awarded to the Bidder. This process and percentage application per section within the Proformas will be validated by the IE.

Site Control and Permits

Bidders must be able to 1) document site control and necessary permits or 2) demonstrate how site control and permits will be obtained. Demonstration on how site control and permits will be obtained will require a defined plan and/or process with specific milestones and how hurdles will be overcome. To the extent the Bidder has site control or can demonstrate how they will obtain site control, the bidder will receive 5%. To the extent that the bidder has all the required permits or can demonstrate how they will obtain them, the bidder will obtain 2.5%[gad29].

The initial short list will be established using the combined price and nonprice results. The initial short list will include the top bids in each Resource Alternative, up to the approximate megawatt needs for each year during the Term.

C. Step 2—Final Short List—Capacity Expansion Model/Planning And Risk Model - Production Cost Run

The final short list will be derived utilizing the Capacity Expansion Model (CEM) and the Planning and Risk Model (PaR). Both of these models are production cost models.

From the initial short list which is made up of the top bids for each Resource Alternative, the CEM will construct portfolios by optimizing for lowest cost. The portfolios generated by the CEM will then be run in the PaR model. The PaR model will provide the results of the constructed portfolios on both a deterministic and stochastic basis. The PaR model results of portfolios generated by CEM will then be compared to the PaR model results of the Company's Benchmark portfolios.

The Company Benchmarks will consist of at least three separate Benchmark Portfolios using a combination of the Benchmark Resources identified in Section One. Benchmark Portfolio one will consist of Hunter 4, Bridger 5 and the IGCC project. Benchmark Portfolio two will consist of IPP 3, Bridger 5 and the IGCC[11] project. Benchmark Portfolio three will consist of IPP 3, Hunter 4, Bridger 5 and the IGCC project. In addition, evaluated portfolios may any include combinations of benchmark options, front office transactions and bids.[gad30]

Operational Costs

For each portfolio, the operational information for each added proposal will be entered into the production cost simulation (CEM and PaR) in addition the Company will include any changes to the system topology to reflect transmission upgrades required by the added proposals. The operational information used in the production cost simulations includes:

1. Maximum capacity of each unit
2. Minimum capacity of each unit
3. Dependable per-unit capacity
4. Peaking capacity, for use under specified conditions
5. Actual pre-specified commitment and/or unit dispatch
6. Daily charge for operating a unit for at least one hour in the day
7. Variable O&M cost of each unit
8. The heat rate curve for a unit
9. Pre-scheduled maintenance, number of units and duration
10. Maintenance rate, for distributed maintenance per unit
11. Mean, maximum, and minimum time to repair, for outages scheduled by Convergent Monte Carlo
12. Minimum up- and downtimes of a unit

[11] Portfolio two and three will be evaluated using 250MW to 600MW however; the company reserves the right to evaluate~~d~~ the portfolios with and without IGCC to determine the costs and risks associated with the portfolios.~~.~~

13. Per-hour operating cost, exclusive of fuel and variable O&M costs
14. Pumped storage pumping capacity and pumping minimum
15. Unit ramp and run-up rates
16. Unit start-up O&M and fuel costs and corresponding hours
17. Emission rates/costs

The production-cost model simulations (CEM and PaR) will provide information on net system costs for fuel, variable plant O&M, unit start-up, market contracts and spot market purchases and sales.

Fixed Costs

As mentioned above, the revenue requirement costs associated with additional investments required by the bid—investment in new resources and/or transmission—will be added to the variable operating costs. The information required for new resources required to calculate the Fixed Costs include:

1. Capital Costs—generation and transmission
2. Fixed O&M
3. Incremental Transmission Asset Life
4. Incremental Resource Asset Life

SECTION 6. AWARDING OF CONTRACTS

A. Invitation

RFP 2012 is merely an invitation to make proposals to the Company. No proposal in and of itself is a binding contract. The Company, in consultation with the IE and contingent upon necessary regulatory approvals, may elect to do ~~may, in its sole and absolute discretion, perform~~ any one or more of the following:

Determine which proposals are eligible for consideration as proposals in response to this RFP 2012.

Issue additional subsequent solicitations for information and conduct investigations with respect to the qualifications of each respondent.

Disqualify proposals contemplating resources that do not meet this RFP 2012's definition of Base Load resources.

Supplement, amend, or otherwise modify this RFP 2012, or cancel this RFP 2012 with or without the substitution of another RFP.

Negotiate and respond to Bidders to amend any proposals.

Select and enter into agreements with the respondents who, in the Company's sole judgment, are most responsive to the RFP 2012 and whose proposals best satisfy the interest of the Company and its customers, and not necessarily on the basis of any single factor alone.

Issue additional subsequent solicitations for proposals.

Reject any or all proposals in whole or in part.
Vary any timetable.

Conduct any briefing session or further RFP 2012 process on any terms and conditions.

Withdraw any invitation to submit a response.

B. Post-Bid Negotiation

The Company will further negotiate both price and nonprice factors during post-bid negotiations. The Company will continually update its economic and risk evaluation until a definitive agreement acceptable to the Company in its sole and absolute discretion is executed by both parties. **The Company shall have no obligation to enter into any agreement with any Bidder to this RFP 2012 and the Company may terminate or modify this RFP 2012 at any time without liability or obligation to any Bidder.**

C. Confidentiality Agreement

All parties will be required to sign Confidentiality Agreements if they are short-listed **(Attachment 14)** prior to entering into negotiations with the Company.

D. Nonreliance Letter

All parties will be required to sign a nonreliance letter if they are short-listed **(Attachment 15)** prior to entering into negotiations with PacifiCorp.