

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of PacifiCorp,)
by and through its Rocky Mountain Power) DOCKET NO. 07-035-94
Division, for Approval of a Solicitation)
Process for a Flexible Resource for the 2012-) ORDER DENYING PETITION FOR
2017 Time Period, and for Approval of a) RECONSIDERATION, REVIEW OR
Significant Energy Resource Decision) REHEARING
)

ISSUED: July 3, 2008

By the Commission:

On May 23, 2008, this Commission issued its Suggested Modifications and Order (“May 2008 Order” or “Order”) addressing the application of PacifiCorp (“Company”) for approval of its All Source Request for Proposals filed April 25, 2008, (“All Source RFP”). On June 27, 2008, the Company filed a petition for reconsideration, review or rehearing of the May 2008 Order. On June 27, 2008, the Utah Association of Energy Users (“UAE”) filed a response opposing the Company’s petition. By this order, we deny the Company’s petition.

The Company seeks reconsideration, review or rehearing of the Commission’s directive to delete certain language in the All Source RFP that limits bids from new or existing coal resources. The specific language appears in the All Source RFP on page 7 and again in Section 2.D. Generally, the language states the Company will not accept or consider bids from new or existing coal resources unless such proposals are consistent with multi-state legal and regulatory requirements regarding new and existing coal resources. The Company argues this language places potential bidders on notice that the Company is seeking a system resource that complies with state laws. The Company argues the Commission’s directive to delete this

language entirely is inconsistent with system-wide resource planning and operation, which, the Company contends, the Commission has consistently found to be in the public interest of Utah customers. To address issues of ambiguity, the Company offers to revise the language, essentially including legal citations to laws in this and other states and referencing adherence to any other additional state or federal laws identified by the Company during the solicitation process.

The Company points to integrated resource planning policy, multi-state interjurisdictional cost-allocation policy and recent Utah legislation in support of its argument that deleting the language is at odds with Commission policy favoring system-wide planning. Essentially the Company argues, if planning is to be done on a system-wide basis, then compliance with the laws of all states in the system is necessary and, further, it asserts that it cannot legally acquire certain resources as system-wide resources due to laws in Washington and California.

UAE opposes the Company's view and recommends the Commission deny the Company's petition. UAE argues the Company is urging the Commission to surrender, to Washington and California, its jurisdiction over the Company's resource planning and procurement decisions because of the Commission's historical support of system-wide resource planning and operations. UAE contends system-wide planning is not an end in itself but rather a means for achieving the overriding Commission goal of lowest-cost, least-risk, reliable service for Utah customers. UAE argues integrated resource planning policy, multi-state interjurisdictional cost-allocation policy and recent Utah legislation support the goal of least-cost

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and least-risk resource planning and operation. UAE argues the Company's obligation is to use system-wide planning and operation to ensure lowest-cost resources for Utah, even in the face of requirements of other states that may impose certain constraints or higher costs.

We generally concur with UAE and affirm our suggestion to strike the language limiting consideration of coal resource bids. It is our long-standing policy for the Company to evaluate all known resources on a consistent and comparable basis, in order to provide adequate electric service at the lowest total cost to the utility and its Utah customers, and in a manner consistent with the long-run public interest. To the extent a bid can meet the need identified in the "all source" solicitation, it must be allowed to compete, in a consistent and comparable evaluation of costs, risks and uncertainties, with the other offers. We also affirm our suggestion the Company consider state regulatory constraints *after* completing the full analysis of the costs, risks and uncertainties of available alternatives. If the analysis shows some state laws would impose higher costs on other states, that issue could then be addressed.

DATED at Salt Lake City, Utah, this 3rd day of July, 2008.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

G#58031