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*Attorneys for Rocky Mountain Power*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of the Application of PacifiCorp,	)	
by and through its Rocky Mountain Power	)	DOCKET NO. 07-035-_____
Division, for Approval of a Solicitation	)	
Process for a Flexible Resource for the 2012-	)	
2017 Time Period, and for Approval of a	)	<b>APPLICATION</b>
Significant Energy Resource Decision	)	
	)	<b>(Request for Expedited Review)</b>
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**APPLICATION OF ROCKY MOUNTAIN POWER  
FOR APPROVAL OF A SOLICITATION PROCESS AND  
FOR APPOINTMENT OF AN INDEPENDENT EVALUATOR**

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PacifiCorp, by and through its Rocky Mountain Power division (“Rocky Mountain Power” or the “Company”), hereby makes application to the Public Service Commission of Utah (“Commission”) for purposes of opening a docket for the approval of a solicitation process for a flexible resource for the 2012-2017 time period, for appointment of Merrimack Energy as the independent evaluator for the solicitation process, and for approval of the acquisition of a

significant energy resource. This application is step one in a multi-step process that the Company anticipates undertaking in order to acquire a significant energy resource for the 2012-2107 time period. In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp. PacifiCorp is an Oregon corporation that provides electric service to retail customers through its Rocky Mountain Power division in the states of Utah, Wyoming, and Idaho, and through its Pacific Power division in the states of Oregon, California, and Washington (referred to herein as the “Company” or “Rocky Mountain Power”).

2. Rocky Mountain Power is a public utility in the state of Utah and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Utah. The Company serves approximately 760,000 customers and has approximately 2,400 employees in Utah. Rocky Mountain Power's principal place of business in Utah is 201 South Main Street, Suite 2300, Salt Lake City, Utah 84111.

3. This application is filed pursuant to Utah Code Ann. §54-17-101 et seq. and Commission Rules R746-420 et seq., which mandate, among other things, that the Company file a proposed solicitation process with the Commission for approval when acquiring or constructing a significant energy resource.

4. Communications regarding this filing should be addressed to:

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In addition, Rocky Mountain Power requests that all data requests regarding this application should be sent in Microsoft Word or plain text format to the following:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By fax: (503) 813-6060

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

Informal questions may be directed to Dave Taylor, Utah Regulatory Affairs Manager at (801) 220-2923.

### **Brief Statement of Background**

5. In Docket No. 05-35-47, the Commission approved the Company's proposed solicitation for request for proposals for the 2012-2014 time period ("2012 RFP"). During the evaluation stage of the 2012 RFP, the Company filed a motion requesting Commission authorization to amend the 2012 RFP with respect to the following: (1) to modify the proposal response date, thus permitting new and existing bidders an opportunity to submit new bids or refresh their existing bids; (2) to eliminate the request for qualifications procedure and to modify

the qualification requirements; and (3) to permit the inclusion of a Company benchmark resource at the Company's Currant Creek plant site and/or the Lake Side plant site.

6. The Company filed the motion to address and mitigate the Company's concerns regarding the rapidly changing industry conditions impacting the selection of generation options nationwide and the virtual absence of a viable Company own/operate option in the 2012 RFP without an amendment. In response to the Company's motion, all interested parties who filed comments or objections to the motion listed a variety of concerns. The overriding concern seemed to be the potential for delay associated with an in-service date of 2012 for a new resource and the importance of maintaining integrity of the request for proposal process, including the perception that bidders may have as a result of the Company being permitted to amend the 2012 RFP and include additional Company owned/operated resource options.

7. In light of the overwhelming opposition to the Company's motion, the Company arranged meetings with the interested parties who filed objections to the Motion (the Utah Division of Public Utilities, the Utah Committee of Consumer Services, and the Utah Association of Energy Users) (collectively referred to as the "Utah Interested Parties") to further discuss the reasons why the Company filed the motion and to discuss potential alternatives to amending the 2012 RFP.

8. As a result of the Company's meeting with the Utah Interested Parties, the Company decided to withdraw its motion and, as was indicated in its notice of withdrawal of the motion to amend, issue a new system-wide all-source<sup>1</sup> incremental request for proposal ("All Source RFP"). This approach was generally supported by the Utah Interested Parties. However, in order to accomplish these objectives, the All Source RFP will need to be expedited by the

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<sup>1</sup> With the exception of renewable energy resources, which will be the subject of a separately issued request for proposal by the Company at a later date.

Company. Accordingly, the Company will be requesting that the Utah Interested Parties support the request within the constraints of work load from other dockets.

9. In this regard, the Company anticipates a multi-step process. First, with this application, the Company is opening a docket for purposes of having an independent evaluator appointed by the Commission pursuant to §54-17-203. Second, upon appointment of an independent evaluator, the Company will begin working with the independent evaluator to develop a proposed solicitation for the All Source RFP, which the Company will then file with the Commission for approval. Third, upon Commission approval of the solicitation, the Company will issue the All Source RFP to the market and review and evaluate the bids as part of the All Source RFP. Fourth, upon completion of the selection of a final short list from the All Source RFP and completion of negotiations with bidders, the Company will file an additional application requesting approval of the significant energy resource pursuant to §54-17-302.

#### **Request for Approval of Solicitation Process**

10. The All Source RFP will not be duplicative of the 2012 RFP, but separate and distinct. The All Source RFP will seek incremental resources starting in June 2012 through 2017. The All Source RFP will include all types of resources and fuel types, excluding renewables, which will be issued under a separate request for proposal. Prior to filing the proposed solicitation with the Commission, the Company will conduct a pre-issuance bidders' conference pursuant to R746-420-1.

11. Upon Commission approval appointing an independent evaluator in this docket, and using the Commission approved solicitation for the 2012 RFP as a starting point, the Company intends to meet and confer with the independent evaluator to incorporate agreed upon lessons learned from the 2012 RFP into the proposed solicitation process for the All Source RFP.

12. Following its meeting with the independent evaluator regarding the Company's All Source RFP, the Company will file its proposed solicitation for the All Source RFP with the Commission for approval, as well as any necessary supporting summaries, assumptions, and testimony to be compliance with the Energy Resource Procurement Act ("Act") and applicable Commission Rules. Once the Company files the proposed solicitation with the Commission, all interested parties will have an opportunity to review and comment on the All Source RFP prior to the Commission rendering a decision on this application for approval of solicitation process. The Company anticipates filing this new All Source RFP no later than January 31, 2008. As such, the Company is requesting expedited review of the All Source RFP.

#### **Request for Expedited Review**

13. Given the circumstances that arose during the 2012 RFP and the issues raised by the Company in its motion to amend the 2012 RFP, Rocky Mountain Power believes there may be a need for incremental resources during the 2012 time period and beyond, and it is necessary that the Company receive expedited review of the All Source RFP pursuant to R746-420-3 in order to meet any incremental needs that are not met following the conclusion of the 2012 RFP.

14. Rocky Mountain Power believes that the All Source RFP can support incremental resources for 2012 if the entire request for proposal process is expedited. The Company requests the Commission expedite its schedule for the All Source RFP in two areas. First, by appointing Merrimack Energy as the independent evaluator instead of using the full 60 days permitted in R746-420-1 to appoint an independent evaluator; and second, by reducing the timelines for the solicitation and resource approval processes by a total of six months.

15. Pursuant to R746-100-15, the Company requests that the Commission deviate from the 60 day notice requirement under R746-420-1 with respect to hiring an independent

evaluator. Instead, Rocky Mountain Power requests that the Commission immediately appoint Merrimack Energy as the independent evaluator for the All Source RFP and authorize the Company to immediately begin working with Merrimack Energy on the solicitation process for the All Source RFP.

16. With respect to expediting the review and approval processes for the solicitation and resource approval, the Company anticipates expediting its own evaluation process by three months and respectfully requests the Commission expedite its schedule for issuing decisions by three months, for a total of six months. Rocky Mountain Power anticipates that it can expedite the evaluation stage of the All Source RFP by 30 days and expedite the negotiation phase of the process by 60 days, for a total of 90 days or three months.

17. With respect to the Company's request that the Commission expedite its schedule for issuing decisions, Rocky Mountain Power respectfully requests that the Commission expedite review of the proposed solicitation by rendering a decision within 60 days, instead of the 90 days permitted by §54-17-201(2)(f). Since one of the intended purposes of this application is to seek appointment of the independent evaluator, specifically Merrimack Energy, in order to take advantage of any agreed upon lessons learned from the 2012 RFP, Rocky Mountain Power believes that the issues presented before the Commission with respect to approving the proposed solicitation should be limited, thus enabling the Commission to issue a decision on an expedited basis.

18. Rocky Mountain Power also requests that the Commission expedite its review of the application for approval of the significant energy resource decision that will ultimately be filed by the Company at a later date. Similar to the request for expedited approval of the proposed solicitation, the Company anticipates making every effort to submit a proposal to the

Commission on the resource decision that has limited issues so as to facilitate the Commission’s ability to render a decision within 120 days, instead of the 180 days permitted in §54-17-302(5). The Company will resubmit this aspect of the request for expedited review at the time it files its application for approval of the significant energy resource decision in this docket.

19. The table below illustrates the differences between an expedited and non-expedited schedule.

<b>Event</b>	<b>Base Case Estimated Timeline</b>	<b>Expedited Timeline*</b>
All Source RFP drafted and filed	February 2008	January 2008*
All Source RFP approval process completed	May 2008	April 2008*
All Source RFP issued	May 2008	April 2008
All Source RFP responses due	August 2008	July 2008*
Evaluation completed	December 2008	August 2008*
Bidder negotiations completed	April 2009	December 2008*
Finalize resource decision(s)	May 2009	December 2008*
File request for approval of resources with Utah Commission	June 2009	January 2009*
Utah Commission approval proceeding completed (180 days base case, 120 days expedite)	December 2009	May 2009*
Construction time allowed to meet June 2012 is 30 months in base case, or in expedited timeline 36 months*	June 2012	June 2012 *

20. The additional six months that will be gained by expediting the review and approval processes for both the solicitation process and energy resource approval process will be carried forward and passed on to the winning bidder(s), thus allowing bidders 36 months once the selection is made to construct the resource(s) instead of 30 months, which would be the allowed construction time period without expediting the approval processes.

21. The Company submits that notwithstanding an expedited review of the All Source RFP, the process will still satisfy the criteria established in the Act and Commission Rules. In

addition, Rocky Mountain Power intends to make every effort to work with the parties in this docket so that the proposed solicitation process and the proposed resource that are presented to the Commission for approval are limited in the scope of the issues presented to the Commission, thus making the Company's request for expedited review reasonable and appropriate.

22. For instance, with respect to the request to expedite review of the proposed solicitation process, the Company anticipates using the approved 2012 RFP solicitation process as a starting point for the All Source RFP, and the Company also anticipates meeting with the independent evaluator and incorporating any agreed upon lessons learned from the 2012 RFP into the All Source RFP. The intent is to submit a proposed solicitation process to the Commission that is supported by all the parties to the docket. The Company believes that by narrowing the issues that are before the Commission for decision, it will enable the Commission to shorten the time needed for rendering a decision, without negatively impacting the Company's ability to satisfy the criteria established in the Act and Commission Rules.

#### **Request for Appointment of Independent Evaluator**

23. The Company requests that the Commission issue an order appointing Merrimack Energy as the independent evaluator for the All Source RFP.

24. Merrimack Energy was the independent evaluator appointed by the Commission to monitor and review the 2012 RFP. The Company submits that appointment of Merrimack Energy as the independent evaluator to monitor the solicitation process for the All Source RFP will permit the parties to take advantage of the experience and efficiencies that have been established from the 2012 RFP, and enable the independent evaluator to work with the Company in developing the Company's All Source RFP by using the approved solicitation process for the 2012 RFP as a starting point, and then incorporating agreed upon lessons learned from the 2012

RFP into the All Source RFP. Appointment of Merrimack Energy will also facilitate the Company's request for expedited review in this proceeding because of the elimination of any delay associated with soliciting potential independent evaluators and selecting an independent evaluator, which will also benefit customers through reduced costs associated with this process.

WHEREFORE, Rocky Mountain Power respectfully requests an order of the Commission as follows:

1. Appointing Merrimack Energy as the independent evaluator in this docket for purposes of the All Source RFP.
2. Granting expedited review of the All Source RFP pursuant to R746-420-3.
3. Authorizing Rocky Mountain Power to immediately begin working with Merrimack Energy on the proposed solicitation for the All Source RFP.

DATED this \_\_\_\_ day of December 2007.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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## CERTIFICATE OF SERVICE

I hereby certify that on this \_\_\_\_ day of December 2007, I caused to be e-mailed a true and correct copy of the foregoing Application of Rocky Mountain Power for Approval of a Solicitation Process and for Appointment of an Independent Evaluator to the following:

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