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Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission
From: Division of Public Utilities
Jeff Millington, Director
Artie Powell, Manager, Energy Section
Thomas Brill, Technical Consultant
Charles Peterson, Technical Consultant
Subject: Application of Rocky Mountain Power for Approval of a Solicitation Process and for Appointment of an Independent Evaluator, Docket No. 07-035-94.
Date: January 22, 2008

Rocky Mountain Power (Company) has made an application to the Public Service Commission of Utah (Commission) for the purpose of opening a docket 1) for the approval of a solicitation process for a 2012-2017 flexible resource; 2) for appointment of Merrimack Energy as the Independent Evaluator (IE) for the solicitation process; and 3) for the approval of the acquisition of a significant energy resource.

BACKGROUND

Previously, in Docket No. 05-035-47, the Commission approved the Company's proposed solicitation for request for proposals for the 2012-2014 time period (RFP 2012). Responding to developments that arose during both the qualification and evaluation stages of the RFP 2012, the Company filed a motion to amend the RFP 2012. Given the opposition to the Company's motion and after discussions with Utah parties on potential alternatives to amending the RFP 2012, the Company withdrew its motion and issued a new all-source RFP. The Division appreciated the opportunity to discuss its concerns with the Company. The Division believes the

lessons learned during the RFP 2012 will contribute to the new all-source RFP in a positive manner.

PROCESS GOING FORWARD

Going forward, the Company anticipates a multi-step process. The Company in its application proposes opening a docket for purposes of appointing an IE. The Company requests that the Commission immediately appoint Merrimack Energy as the IE for the all-source RFP. After Commission approval of the all-source RFP, the Company will issue the all-source RFP, review, and evaluate bids. Upon completion of the final short list from the all-source RFP and completion of negotiations with bidders, the Company will seek approval of the signification energy resource. It is noted that the Company is requesting expedited review of the all-source RFP.

RECOMMENDATION

As noted above, the Division earlier participated in discussions with the Company and the Utah parties regarding the motion to amend the RFP 2012 and how to improve the RFP process. The Division supports the appointment of Merrimack Energy as the IE. In its experience, the Division believes that Merrimack Energy has demonstrated considerable knowledge of RFPs in general and has been unbiased, objective, and freely critical of the Company. The Division will make a good-faith effort in complying with any approved expedited schedule. This, of course, recognizes the constraints imposed by the work load from other dockets.

cc: Michele Beck, Committee of Consumer Services

Dave Taylor, PacifiCorp