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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. 07-035-94
Division, for Approval of a Solicitation)
Process for a Flexible Resource for the 2012-) **NOTICE OF FILING**
2017 Time Period, and for Approval of a)
Significant Energy Resource Decision) **(Request for Expedited Review)**
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APPLICATION OF ROCKY MOUNTAIN POWER FOR APPROVAL OF A SOLICITATION PROCESS AND FOR APPROVAL OF A SIGNIFICANT RESOURCE DECISION

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”) under Utah Code 54-17-201 et seq. and R746-420-1 et seq. for the approval of the solicitation and solicitation process contained in the Company’s 2008 All Source Request for Proposals (“2008 RFP”). Rocky Mountain Power intends to issue the 2008 RFP to meet up to 2,000 MW of the Company’s capacity and energy resource needs (not including intermittent¹ or

¹ PacifiCorp has issued a separate RFP for renewable resources, and expects to issue additional renewable resource RFPs in the near future.

coal resources²) for calendar years 2012-2016. The 2008 RFP seeks generation capable of delivering energy and capacity in or to the Company's Network Transmission system in both its east and west control areas.

This Application is filed less than sixty days after the Company provided notice of the 2012 RFP through its initial Application in this docket on December 21, 2007. As requested in the Company's initial Application, the Company respectfully requests that the Commission waive the 60-day notice requirement in R746-420-1(3)(a) and accept the filing of the 2008 RFP.

This Application is the second step in the multi-step process that the Company anticipates undertaking with regard to the 2008 RFP. 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.

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

² Notwithstanding the foregoing, should legislative or technological developments materially eliminate carbon risk, the Company will reconsider this decision.

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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Salt Lake City, Utah 84111
E-mail: dave.taylor@pacificorp.com

Daniel E. Solander, Senior Counsel
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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

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.

2008 RFP Background and Procedural History

5. The circumstances leading up to the 2008 RFP are set forth in the Company's initial Application. Additional background is set forth in the Commission's April 4, 2007 Order in Docket No. 05-35-47 approving the Company's proposed solicitation for request for proposals for the 2012-2014 time period ("2012 RFP"). In summary, the Company has been working on a

procurement process for new long-term resources for several years. While this process has been challenging because of emerging events and changing market conditions, the Company now is positioned both to complete the 2012 RFP and issue the complementary 2008 RFP. In order to meet the Company's resource needs commencing in 2012, however, expedited timelines for issuing the 2008 RFP are required.

6. On December 21, 2007, Rocky Mountain Power filed its initial Application in this docket, seeking commencement of the docket on an expedited basis and appointment of an independent evaluator under Utah Code §54-17-203. Specifically, Rocky Mountain Power sought a waiver of the sixty-day notice requirement for filing the 2008 RFP, a requirement specifically designed to enable the Commission to promptly hire an independent evaluator. Rocky Mountain Power proposed appointment of Merrimack Energy, Inc., the independent evaluator in the 2012 RFP, as independent evaluator for the 2008 RFP. The Committee of Consumer Services and the Division of Public Utilities supported this proposal.

7. In its Report and Order of January 28, 2008 in this case, the Commission did not specifically grant the relief Rocky Mountain Power requested. However, the Commission indicated that it would move expeditiously to process this case, including retention of an independent evaluator.

8. On February 1, 2008, 15 days before the filing of this Application, the Company held a pre-issuance Bidder's conference on the 2008 RFP with both in-person and conference call participation. At the conference, the Company provided information on the solicitation process, timeline for Commission review of the draft solicitation, and opportunities for providing input, including how participants could submit questions on the 2008 RFP.

9. The Company has sent potential bidders and interested parties a notice of the

filings of the request for approval of the proposed Solicitation, along with information regarding the timeline for providing comments and other input. The address list for the notice is attached as an exhibit to the testimony of Stefan Bird supporting this Application. Information directing interested parties to all questions and answers regarding the Solicitation and Solicitation Process is posted on the Rocky Mountain Power and PacifiCorp websites.

10. Concurrently with the filing of the 2008 RFP in this docket, PacifiCorp is filing the 2008 RFP in Oregon and Washington for approval under applicable statutes, rules and guidelines. Where an inconsistency exists between one or more states' requirements, PacifiCorp may seek a waiver of the inconsistent requirement from the applicable state commission.

Compliance with Utah Code 54-17-201 et seq. and R746-420-1 et seq.

10. The testimony of Stefan Bird supporting this Application contains a general description of the Solicitation Process the Company proposes to use in the 2008 RFP, along with a description of the criteria and methodology used to evaluate bids. In addition, these facts are detailed in the proposed Solicitation, a complete copy of which (along with appendices, attachments, forms and draft proforma contracts) is attached as an exhibit to Mr. Bird's testimony.

11. In general, the Company's Solicitation and Solicitation Process in the 2008 RFP was designed to meet the requirements of R746-420-3(1) and (7) and provide a process that is fair, reasonable and in the public interest. Similarly, the Company's screening criteria track the requirements of R746-420-3(2). The Company's 2008 RFP incorporates the RFP design refinements that were produced by the extensive review of the 2012 RFP, including the modifications proposed by the Commission in its December 2006 order on the 2012 RFP.

12. R746-420-3(8) addresses the solicitation process for any RFP involving a

Benchmark Option. The 2008 RFP will not have a traditional benchmark option as defined by Utah Code 54-17-102(2). Instead, PacifiCorp has proposed that its generation group will submit “self-build options(s)” as proposals just like any other third-party bidder rather than developing benchmark resources as contemplated by the Guidelines. PacifiCorp is proposing to treat all proposals submitted in this 2008 RFP the same. All proposals will be blinded. All proposals will be evaluated using the same assumptions, modeling and scoring. In the event proposals are subject to refreshing, the pricing and terms of all proposals will be allowed to be updated if desired. The independent evaluator will have access to review the reasonableness of all proposal scores.

While this approach means that R746-420-3(8) is not directly applicable, the 2008 RFP’s solicitation process is designed to accomplish the key provisions of R746-420-3(8) requiring evaluation of all proposals on a fair and comparable basis. The 2008 RFP also incorporates the requirements of R746-420-3(8) for separation between Company personnel working on Company proposals and those working on evaluation of the proposals.

13. In order to provide for a transparent and fair process, the 2008 RFP will be conducted under the oversight of Independent Evaluators. In response to the Company’s earlier Application, the Commission’s process to retain an Independent Evaluator is underway. Additionally, the Oregon Public Utility Commission has directed the Company to negotiate a contract with Oregon’s independent evaluators for the 2012 RFP to serve as independent evaluators for the 2008 RFP. *See In re PacifiCorp*, Oregon PUC Order No. 08-019, UM 1360 (2008). On behalf of both the Utah and Oregon Commissions, independent evaluators will be involved in overseeing the RFP process to ensure it is conducted fairly and properly.

14. The Company’s 2008 RFP seeks to fill resource needs identified in the

Company's 2007 IRP. In an Order issued on February 6, 2008 in Docket No. 07-2035-01, the Commission declined to acknowledge the IRP. This Order does not directly impact the 2008 RFP because, as the Order states, the "resource solicitation and acquisition decision approval processes are separate from the IRP acknowledgment process." *Id.* at 6. In any event, the Order does not imply doubt about PacifiCorp's need for the resources sought in the 2008 RFP. Rather the Order suggests the potential need for additional RFPs to meet any resource needs not addressed by the 2008 RFP.

14. Based upon the foregoing and for the reasons stated in the supporting testimony of Stefan Bird, the Company believes that the Solicitation and Solicitation Process is fair, reasonable and in the public interest.

15. The Company requests that the Commission expedite review of the proposed solicitation by rendering a decision within 60 days, instead of the 90 days permitted by §54-17-210(2)(f). Because Rocky Mountain Power has already sought approval and appointment of an Independent Evaluator from the Commission, the Company believes that the issues presented with respect to approving the proposed solicitation should be limited, thus enabling the Commission to issue a decision on an expedited basis. Rocky Mountain Power understands that the Commission rejected the explicit timetable proposed by the Company previously in this Docket; however approval of the proposed solicitation within 60 days is necessary in order to issue the 2008 RFP in April and satisfy the Company's load serving obligation by securing necessary resources by June 2012.

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

1. Granting expedited review of the 2008 RFP pursuant to R746-420-3(1)(b)(v); and

2. Approving the 2008 RFP pursuant to Utah Code 54-17-201(2).

DATED this 15th day of February 2008.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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