

1 **Q. Please state your name, business address and job title.**

2 A. My name is Stefan A. Bird. My business address is 825 NE Multnomah, Suite
3 600, Portland, Oregon, 97232. I am Senior Vice President, Commercial and
4 Trading, PacifiCorp Energy.

5 **Q. What are your responsibilities in your current position?**

6 A. I am responsible for all front-office and mid-office wholesale activities
7 including dispatch of PacifiCorp's owned and contracted generation resources
8 and making wholesale purchases and sales to balance PacifiCorp load and
9 resources. I am also responsible for PacifiCorp's load and revenue forecast,
10 integrated resource plan and net power costs modeling. Most relevant to this
11 docket, I am responsible for acquisition of generation resources including power
12 purchase agreements and generation resources through implementation of
13 request for proposals processes consistent with procurement rules.

14 **Q. Please describe your business and educational background.**

15 A. I joined PacifiCorp Energy and assumed my current position in January 2007.
16 Prior to that, from 2003 to 2006, I served as president of CalEnergy Generation
17 U.S., a portfolio of qualifying facility and merchant generation assets including
18 geothermal and natural gas-fired cogeneration projects across the United States.
19 From 1999 to 2003, I was vice president of acquisitions and development for
20 MidAmerican Energy Holdings Company. From 1989 to 1997, I held multiple
21 positions at Koch Industries, Inc., including energy trading, financial trading,
22 acquisitions, project engineering and maintenance planning in the United States,
23 Latin America and Europe. I hold a B.S. in mechanical engineering from

24 Kansas State University.

25 **Overview of Testimony**

26 **Q. What is the purpose of your testimony?**

27 A. My testimony supports the Application of Rocky Mountain Power for approval
28 of the proposed solicitation and solicitation process in the Company's 2008 All
29 Source Request for Proposals ("2008 RFP"). This Application was filed under
30 the Utah Energy Resource Procurement Act (Act), pursuant to Utah Code 54-
31 17-201 et seq. and R746-420-1 et seq.

32 **2008 RFP Background and Procedural History**

33 **Q. Please describe Exhibit No. RMP____(SAB-1).**

34 A. Exhibit No. RMP____(SAB-1) is the 2008 RFP, along with all appendices and
35 attachments, including the proforma contracts and forms for the solicitation
36 process.

37 **Q. Please explain the scope of the 2008 RFP.**

38 A. Rocky Mountain Power intends to issue the 2008 RFP to meet up to 2,000 MW
39 of the Company's capacity and energy resource needs for calendar years 2012-
40 2016. The 2008 RFP seeks generation capable of delivering energy and
41 capacity in or to the Company's Network Transmission system in both its east
42 and west control areas.

43 **Q. Please summarize the background of the 2008 RFP.**

44 A. The Company has been working on a procurement process for new long-term
45 resources for several years. The 2008 RFP is a direct outgrowth of the RFP
46 which preceded it, a solicitation for request for proposals for the 2012-2014

47 time period (“2012 RFP”). The 2012 RFP was approved in Docket No. 05-35-
48 47. However, during the evaluation stage, the Company sought to amend the
49 2012 RFP to permit the inclusion of a new Company benchmark resource at the
50 Company’s Carrant Creek plant site and/or the Lake Side plant site. The
51 Company filed the motion to address the fact that rapidly changing industry
52 conditions had undermined the continuing viability of the 2012 RFP’s coal-
53 based benchmark options. Most potential bidders and interested parties opposed
54 the Company’s proposed amendment based upon fairness and process concerns.
55 In response, the Company agreed to: (1) continue the 2012 RFP without
56 amendment; and (2) issue a new system-wide all-source incremental request for
57 proposal. The 2008 RFP is the Company’s new system-wide all source RFP.

58 **Q. Will the Company provide bidders with questions and answers regarding**
59 **the Solicitation and Solicitation Process?**

60 A. Yes, the questions and answer regarding the Solicitation and the Solicitation
61 process are posted on the company’s website at
62 <http://www.pacificorp.com/Article/Article62879.html>. Once the Independent
63 Evaluator is under contract; the information will be posted on the Independent
64 Evaluator’s web site.

65 **Q. Has the Company held a pre-issuance Bidder conference in Utah, either in-**
66 **person or by teleconference with all interested participation?**

67 A. Yes, the pre-issuance Bidders conference was held on February 1, 2008;
68 the presentation is provided as Exhibit No. RMP____(SAB-2).

69 **Q. At the conference, did the Company describe the timeline for Commission**
70 **review of the draft Solicitation and opportunities for providing input,**
71 **including sending comments and/or questions to the Independent**
72 **Evaluator?**

73 A. Yes. The Company advised Bidders and Stakeholders that it planned to file the
74 Draft 2008 Request for Proposal on February 15, 2008 with the Utah
75 Commission. The Company also indicated that that it would seek to expedite
76 the RFP review process to a 60-day period, instead of the normal 90-day period.

77 **Q. Has the Company provided a list of potentially interested parties to whom**
78 **it sent the solicitation?**

79 A. Yes. Exhibit RMP___(SAB-3) is a list of all parties in the Western System
80 Power Pool, a list of engineering procurement constructors, and engineering
81 contractors to whom the Company sent the solicitation.

82 **2008 RFP Compliance with Utah Code 54-17-201 et seq. and R746-420-1 et seq.**

83 **Q. Does the 2008 RFP provide a description of the Solicitation Process?**

84 A. Yes. Section 1 (Introduction) of the 2008 RFP, provides a description of the
85 solicitation process.

86 **Q. Please provide an overview of the Solicitation Process in the 2008 RFP.**

87 A. Under the 2008 RFP, bidders can propose any of seven (7) different Resource
88 Alternative structures and two (2) exceptions in three (3) separate Bid
89 Categories of resource requirements. The Bid Categories are separated into
90 Base Load, Intermediate Load and Summer Peak resources as set forth below:

Bid Category	Capacity Factor	Heat Rates (HHV)¹
1) Base Load	60%	6,900-8,870
2) Intermediate Load	20-60%	8,870-11,500
3) Summer Peak – Q3 purchases		July-September HE0700 through HE 2300 ²

91 All energy and capacity resources must provide unit contingent or firm resource
92 capacity and associated energy incremental to the Company’s existing capacity
93 and energy resources and available for dispatch or scheduling by June 1, 2012;
94 June 1, 2013; June 1, 2014; June 1, 2015; and/or June 1, 2016 (the “Eligible
95 Online Dates”). The Company may opt to contract for more or less power,
96 depending among other things, bids received in response to the ongoing 2012
97 RFP, quality of bids received in response to this RFP, updates to the Company’s
98 forecasts, regional transmission availability and timing, procurement of shorter
99 term resources or intermittent resources, and changes in the wholesale energy
100 market conditions.

101 **Q. Does the 2008 RFP provide descriptions of the criteria and the**
102 **methodology, including any weighting and ranking factors, to be used to**
103 **evaluate bids?**

104 A. Yes, Section 5 (Resource Information) and Section 6 (Bid Evaluation Process)
105 of the 2008 RFP, respectively provide descriptions of the criteria, and the
106 methodology including the ranking and evaluation of the bids.

¹ Higher Heating Values

² Excluding NERC holidays.

107 Q. **Did the Company design the 2008 RFP to comply with the requirements of**
108 **the Act?**

109 A. Yes. The Company's solicitation process in the 2008 RFP was designed to
110 meet the requirements of R746-420-3(1) and (7) and provide a process that is
111 fair, reasonable and in the public interest. Similarly, the Company's screening
112 criteria track the requirements of R746-420-3(2). The Company's 2008 RFP
113 incorporates all of the RFP design refinements that were produced by the
114 extensive review of the 2012 RFP, including the modifications proposed by the
115 Commission in its December 21, 2006 preliminary order on the 2012 RFP.

116 Q. **Does the 2008 RFP include a benchmark option?**

117 A. No, the 2008 RFP will not have a traditional benchmark option as defined by
118 Utah Code 54-17-102(2). Instead, PacifiCorp has proposed that its generation
119 group will submit "self-build options(s)" as proposals just like any other third-
120 party bidder rather than developing benchmark resources as contemplated by
121 the Guidelines. PacifiCorp is proposing to treat all proposals submitted in this
122 2008 RFP the same. All proposals will be blinded. All proposals will be
123 evaluated using the same assumptions, modeling and scoring. In the event
124 proposals are subject to refreshing, the pricing and terms of all proposals will be
125 allowed to be updated if desired. The independent evaluator will have access to
126 review the reasonableness of all scores.

127 While this approach means that R746-420-3(8) (the rule governing
128 benchmark options in RFPs), is not directly applicable, the 2008 RFP's
129 solicitation process is designed to accomplish the key provisions of R746-420-

130 3(8) requiring evaluation of all proposals on a fair and comparable basis. The
131 2008 RFP also incorporates the requirements of R746-420-3(8) which provides
132 for separation between Company personnel working on Company proposals and
133 those working on evaluation of the proposals. This separation is accomplished
134 primarily through adoption of the internal company code of conduct (see
135 Attachment 20 of the 2008 RFP).

136 **Q. Does the 2008 RFP contemplate oversight by Independent Evaluators?**

137 A. Yes. In order to provide for a transparent and fair process, the 2008 RFP will be
138 conducted under the oversight of Independent Evaluators. In response to the
139 Application of the Company, I understand that the Commission's process to
140 retain an Independent Evaluator is underway. Additionally, the Oregon Public
141 Utility Commission has directed the Company to negotiate a contract with
142 Oregon's independent evaluators for the 2012 RFP to serve as independent
143 evaluators for the 2008 RFP. *See In re PacifiCorp*, Oregon PUC Order No. 08-
144 019, UM 1360 (2008). On behalf of both the Utah and Oregon Commissions,
145 independent evaluators will be involved in overseeing the RFP process to ensure
146 it is conducted fairly and properly.

147 **Q. Does the Commission's Order on February 6, 2008 in Docket No. 07-2035-**
148 **01 declining to acknowledge the Company's 2007 IRP impact the 2008**
149 **RFP?**

150 A. No. This Order does not directly impact the 2008 RFP because, as the Order
151 states, the "resource solicitation and acquisition decision approval processes are
152 separate from the IRP acknowledgment process." *Id.* at 6. In any event, the

153 Order does not imply doubt about PacifiCorp's need for the resources sought in
154 the 2008 RFP. Rather the Order suggests the potential need for additional RFPs
155 to meet any resource needs not covered by the 2012 and 2008 RFPs.

156 **Q. Do you believe that the 2008 RFP is in the public interest, taking into**
157 **consideration the factors listed at Utah Code 54-17-201(2)(c)?**

158 A. Yes. For all of the reasons stated above and in the Application filed in this
159 Docket, I believe that the 2008 RFP is in the public interest and should be
160 approved.

161 **Q. Does this conclude your testimony?**

162 A. Yes.