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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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<p>In the Matter of the Application of PacifiCorp, by and through its Rocky Mountain Power Division, for Approval of a Solicitation Process for a Flexible Resource for the 2012-2017 Time Period, and for Approval of a Significant Energy Resource Decision</p>	<p>Docket No. 07-035-94</p> <p><b>NOTICE OF INTENT TO RESUME ALL SOURCE RFP AND REQUEST FOR APPROVAL</b></p>
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Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “Company”), hereby provides notice that it intends to resume the 2008 All Source Request for Proposals (“RFP”) suspended pursuant to the Commission’s Order Approving Suspension of Request for Proposals (“Order”) issued April 6, 2009 in this docket. To take advantage of current market conditions that the Company believes will result in more favorable proposals and because the Company is not proposing any material changes to the RFP, the Company respectfully requests that the Commission approve resumption of the RFP to proceed on the

schedule proposed in this Notice by October 22, 2009, so that notice of resumption of the RFP may be provided to bidders and the RFP may be reissued to the market as soon as possible to allow bidders an opportunity to develop their proposals and get pricing for them.

## **I. INTRODUCTION**

Rocky Mountain Power initiated this matter by filing an application for approval of a proposed RFP on December 21, 2007. Following several filings, meetings, a hearing and revisions to the proposed RFP and further filings, the Commission approved the RFP with modifications on September 25, 2008. Rocky Mountain Power issued the RFP, modified as directed by the Commission, on October 2, 2008. Bids were received by December 16, 2008, and the Company, under the oversight of the Independent Evaluator appointed by the Commission, reviewed all bids received.

Rocky Mountain Power filed the Motion to Suspend Request for Proposals (“Motion”) on February 26, 2009, requesting that the Commission approve suspension of the RFP “[g]iven the dramatic global economic downturn in late 2008 and the resulting reduction of customer loads, reduction in price of commodities, potential reduction of future construction costs and other changes in economic and market conditions.” The Motion further stated that “the Company has determined that it is not in the best interests of its customers to proceed with the [] RFP at this time. The Company believes that there is a reasonable possibility that more favorable bids may be received in the future as economic and market conditions continue to change.” Therefore, the Company proposed that the RFP be suspended while the Company monitored the market over the next six to eight months with the intention that the Company would lift the suspension, issue an amended RFP and request refreshed or new bids from bidders and refresh its benchmark proposals.

Various parties and interested persons filed comments in response to the Motion. No one opposed the Motion, but some of the comments suggested that the Commission impose various conditions on granting the Motion. In the Order, the Commission granted the Motion subject to the following conditions pertinent to this Notice:

1) The suspension is granted for a period up to six months beginning with the effective date of this order; 2) prior to providing notice to bidders that it will resume, request approval to further suspend, or request approval to cancel the All Source RFP, the Company shall notify and file the appropriate requests for approval with the Commission; [and] 3) if the Company notifies the Commission of its intention to resume the All Source RFP, it shall include in its notification to the Commission, a request for approval of the new schedule for the All Source RFP and include a request for approval of any material changes to the All Source RFP . . . .

Order at 8.

By this Notice, the Company notifies the Commission and parties of its intention to resume the RFP, explains how it has satisfied the pertinent conditions in the Order and provides a schedule for the RFP. The Company is not proposing any material change to the RFP and believes that current market conditions will result in more favorable proposals than those initially submitted in December 2008. Accordingly, pursuant to the Order, the Company requests approval of resumption of the RFP by October 22, 2009, so that notice of resumption of the RFP may be provided to bidders and the RFP may be reissued to the market as soon as possible to allow bidders an opportunity to develop their proposals and get pricing for them.

## **II. COMPLIANCE WITH CONDITIONS**

1. In compliance with Condition 1, this Notice is provided within six months of the date of the Order.

2. In compliance with Condition 2, this Notice requests the Commission's approval of resumption of the RFP. Following such approval, the Company will provide notice to bidders of the resumption of the RFP and will reissue the RFP to the market.

3. In compliance with Condition 3, the Company proposes a new schedule for the RFP in the following section of this Notice.

### **III. PROPOSED SCHEDULE**

The Company proposes a schedule for the RFP as follows:<sup>1</sup>

1. October 22, 2009 – Commission approve resumption of RFP
2. October 23, 2009 – Issue notice to bidders of resumption of RFP
3. November 9, 2009 – Reissue RFP to market
4. January 6, 2010 – Stakeholder and bidder RFP meeting
5. May 28, 2010 – Benchmark updated and submitted for evaluation
6. June 11, 2010 – Market bids submitted for evaluation
7. August 10, 2010 – Evaluation of bids completed
8. September 10, 2010 – Final shortlist acknowledgement
9. January 10, 2011 – Negotiation of bids on final shortlist
8. January 17, 2011 – File request for approval of significant energy resource decision
9. May 17, 2011 – Commission approval of significant energy resource decision

The proposed schedule is based on similar intervals to those in the RFP previously approved by the Commission except that it allows the Company and bidders a longer period to

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<sup>1</sup> All dates are deadlines for the action or event. If actions or events are completed earlier than the proposed date, the deadlines for subsequent actions or events may be moved up or additional time will be available for completion of subsequent actions or events.

submit the benchmark proposal and bids, respectively. This longer period to submit the benchmark and bids is proposed because the submission of non-firm indicative bids in the 2012 Request for Proposals Base Load Resources resulted in a protracted process to negotiate firm bids. *See* Docket No. 08-035-95. This protracted process will be substantially reduced by allowing the Company and bidders additional time to submit firm bids consistent with the RFP. In addition, the Company's 2008 Integrated Resource Plan ("IRP"), which will provide useful information for bidders, is currently under review and will not likely be acknowledged until January or February 2010. Bids will be reviewed based on the most recent load and resource information and projections available when they are submitted.

#### **IV. NONMATERIAL CHANGES TO 2008 RFP**

The 2008 RFP requested proposals for up to 2,000 megawatts of energy resources to meet the Company's projected resource needs for 2012 to 2016. Projected on line dates for the resources were June 1, 2012; June 1, 2013; June 1, 2014; June 1, 2015; or June 1, 2016. The RFP included the following Company benchmarks: (1) a combined cycle, 535 MW to 700 MW,<sup>2</sup> natural gas fired generating plant to be a second block at the Company's Currant Creek site approximately one mile west of Mona, Utah; (2) a combined cycle, 550 MW to 580 MW, natural gas fired generating plant to be a second block at the Company's Lake Side site in Vineyard, Utah; and (3) the addition of three to seven simple cycle advanced gas turbines at one or more locations in the Company's system<sup>3</sup> with an expected capacity at each location ranging from 250 MW to 290 MW. The RFP allowed bidders to make proposals for plants on the

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<sup>2</sup> All of the capacity numbers for the benchmarks are nominal net ratings at average ambient conditions.

<sup>3</sup> Locations being considered at the time the RFP was issued included sites at the Company's major substations in the Wasatch Front, adjacent to the second block proposed for the Company's benchmark at Currant Creek, and near the Company's Wyoming-based wind projects.

Company's existing plant sites at Currant Creek and Lake Side. The RFP allowed bidders to submit proposals for all types of resources, including a power purchase agreement, a tolling service agreement, an asset purchase and sale agreement on a Company site, an asset purchase and sale agreements on a bidder site, purchase of an existing facility, purchase of a portion of a facility jointly owned and operated by the Company, restructure of an existing power purchase agreement or an exchange agreement or buyback of an existing sales agreement, and resource alternative exceptions.

The Company is making the following nonmaterial changes to the 2008 RFP:

1. The time period for which resource needs is sought is updated to 2014 to 2016.

The Company is looking for resources to be available on or after June 1, 2014 but not later than June 1, 2016. This is consistent with the Company's 2008 IRP, currently being reviewed by the Commission.

2. The Company's benchmark will be limited to a combined cycle natural gas fired plant at Lake Side. This is consistent with the 2008 IRP and also reflects the fact that the Company has acquired rights for the active development permits at the Lake Side site in connection with its termination of the Master Development, Engineering, Procurement and Construction Agreement for the proposed Lake Side 2 plant. *See* Docket No. 08-035-95.

## **V. CURRENT MARKET CONDITIONS**

The Company has continued to monitor conditions in the markets since it filed the Motion. As anticipated by the Company when it filed the Motion, the dramatic global economic downturn in late 2008 has resulted in a reduction of customer loads, price of commodities and construction costs and in other changes in economic and market conditions. The Company's 2008 IRP indicates that it can serve its load from current resources supplemented by market purchases until June of 2014. There are now indications that the recession has slowed down and

economic conditions may start to improve. On this basis, the Company believes that there is a reasonable possibility that more favorable bids may be received now than were provided in December 2008 and that the resource requirement is consistent with the 2008 IRP. Accordingly, the Company believes it is in the interest of its customers to resume the RFP at this time. On the other hand, the Company believes it would be contrary to the interests of its customers to go through a process to reexamine the RFP and to reapprove it at this time. Such a process is unnecessary because the RFP was thoroughly and completely reviewed and approved by the Commission during 2008 and the Company is not proposing any material change to the RFP.

## **VI. CONCLUSION**

Based on the foregoing, Rocky Mountain Power provides notice that it intends to resume the RFP and respectfully requests approval of the resumption by October 22, 2009. The Company does not propose any material change to the RFP, but simply updates it to cover the currently applicable time frame and to limit the benchmark resource consistent with the Company's 2008 IRP and its acquisition of development permit assets at Lake Side.

DATED: October 6, 2009.

Respectfully submitted,

ROCKY MOUNTAIN POWER

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Rocky Mountain Power

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## CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing **NOTICE OF INTENT TO RESUME ALL SOURCE RFP AND REQUEST FOR APPROVAL** to be served upon the following by electronic mail to the addresses shown below on October 6, 2009:

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