

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of)
PacifiCorp, by and through its Rocky) DOCKET NO. 07-035-94
Mountain Power Division, for Approval of a)
Solicitation Process for a Flexible Resource) ORDER APPROVING REQUEST TO
for the 2012-2017 Time Period, and for) RESUME THE ALL SOURCE REQUEST
Approval of a Significant Energy Resource) FOR PROPOSALS
Decision)
)

ISSUED: October 26, 2009

SHORT TITLE

PacifiCorp's Request to Resume the All Source RFP

SYNOPSIS

The Commission grants PacifiCorp's request to resume its All Source Request for Proposals for Resources.

By the Commission:

PROCEDURAL HISTORY

On February 15, 2008, PacifiCorp, by and through its Rocky Mountain Power division ("PacifiCorp" or "Company"), and pursuant to Utah Code § 54-17-201 et seq. and Utah Administrative Code ("UAC") R746-420-1 et seq., filed an application with the Public Service Commission of Utah ("Commission") for approval of the solicitation and solicitation process contained in the Company's 2008 All Source Request for Proposals ("All Source RFP") to meet

up to 2,000 megawatts of the Company's capacity and energy resource needs for calendar years 2012 to 2016. On September 25, 2008, the Commission approved the revised All Source RFP filed August 5, 2008, subject to editing changes.

On February 26, 2009, pursuant to UAC R746-100-3.A.1.a and R746-420-1(4)(c), the Company filed a motion requesting the Commission approve suspension of the All Source RFP on an expedited basis. On April 6, 2009, the Commission approved suspension of the All Source RFP subject to conditions.

On October 6, 2009, the Company filed a notice of intent to resume the All Source RFP and request for approval of an updated schedule for the solicitation process. The Company lists other changes to the All Source RFP that it would like to make to the approved RFP and argues these changes are immaterial and therefore do not warrant approval by the Commission. The Company requests Commission approval by October 22, 2009.

The Commission issued an action request to the Utah Division of Public Utilities ("Division") on October 6, 2009, requesting a response by the Division by October 19, 2009. On October 6, 2009, the Commission also requested the Utah Independent Evaluator ("IE") review the Company's request and provide any recommendations to the Commission by October 19, 2009. On October 19, 2009, the Division, IE and Office of Consumer Services ("Office") filed comments and recommendations. On October 21, 2009, the Company filed reply comments and recommendations.

PARTIES' POSITIONS

The Company states the global economic downturn in late 2008 has resulted in a reduction of customer loads, price of commodities and construction costs and in other economic

and market conditions. The Company asserts its 2008 Integrated Resource Plan (“2008 IRP”) indicates it can serve its load from current resources supplemented by market purchases until June 2014. The Company believes there are now indications the recession has slowed and economic conditions may improve. Therefore, the Company believes more favorable bids may be received now than were provided in December 2008 and the resource requirement is consistent with the 2008 IRP.

The Company proposes a new schedule for issuance of the RFP and proposes several changes which it contends are immaterial and do not warrant Commission approval. The proposed schedule includes: issuance of the RFP on November 9, 2009; bids to be due on June 11, 2010; bid evaluations to be completed by August 10, 2010; and Commission approval of the Company’s significant energy resource decision by May 17, 2011. The changes to the approved All Source RFP appear to be twofold: 1) change the time period for the solicitation from 2012 through 2016 to 2014 through 2016. The Company will solicit resources available on or after June 1, 2014 but not later than June 1, 2016; 2) limit the Company’s benchmark to a combined cycle combustion turbine natural gas-fired plant at the Company’s Lake Side site. The Company contends both of these changes are consistent with its 2008 IRP.

The Division comments only on the Company’s proposed schedule and argues it provides an unusually long solicitation process. The Division is concerned a June 1, 2014, online date is possibly unlikely even with its recommendations to shorten the proposed schedule. Specifically, the Division recommends shortening the bid response due date to 75 days from the date the solicitation is issued, setting the benchmark bid to 14 days prior to the bid response due date. The Division states this is the schedule approved previously by the Commission. With this

change, the Division recommends the Commission approve the Company's request to resume the All Source RFP.

The Office recommends a focused and deliberate review of the changed benchmark options. The Office notes the Company asserts the Lake Side benchmark is consistent with the 2008 IRP, but offers no further information as may be required per UAC R746-430-1 (1). The Office argues the change in benchmarks is material and the Commission should make a determination of this issue based upon the evidence. The Office believes such a determination is consistent with a reasonable schedule for resuming the All Source RFP and the timely acquisition of the needed resource. In keeping with this goal, the Office recommends the Commission consider whether the overall schedule provides sufficient time within which to evaluate the bids, select a short list, and negotiate for the selected resource by January 2011. Additionally, the Office recommends the Commission consider whether the Act requires the Commission to issue findings and conclusions that the resumed RFP complies with the Act.

The IE argues the Company's proposed schedule is too lengthy. The proposed time-frame is not only inconsistent with previous RFPs but it is also a much longer time-frame from issuance of the RFP to submission of bids as compared with industry practice. The IE proposes mid to late February 2010, or approximately three months from re-issuance of the All Source RFP, as a reasonable time-frame for bid submission. A bid submission date of three to three and one half months after re-issuance of the All Source RFP would also allow new bidders adequate time to submit proposals. The IE cautions the three-year time-frame from Commission approval, May 2011, to initial commercial operation date, June 2014, may be tight based on the time required to acquire permits, secure equipment and construct the project. Therefore, the IE

recommends it is preferable and in the best interest of the bidders and customers to allow additional time for other activities, if necessary, rather than extend time for proposal re-submission.

The IE also suggests: 1) the solicitation process include a Notice of Intent to Bid as previously required; 2) the Company suggest to bidders that they review the 2008 IRP in order to understand the changes to the Company's time-frame for resource requirements and the Company's new generation plan; 3) include another workshop for bidders on the Company's transmission plans and associated issues of transmission access and cost; 4) include a technical conference to address the Commission's order for the Company to meet with the IE, Division, and other interested parties, and, prior to bid evaluation, to report its conclusions to the Commission on two issues: a) a method for comparison of alternative portfolios and b) the criteria for the selection of resources in the top performing portfolios for inclusion in the final short list.

In response to the Division's and IE's schedule recommendations, the Company proposes a revised proposed schedule. The proposed revised schedule includes: issuance of the RFP on December 2, 2009; notice of intent to bid due December 17, 2009; benchmark submits proposals on February 15, 2010; bids to be due on March 1, 2010; bid evaluations to be completed by September 10, 2010; and Commission approval of the Company's significant energy resource decision by May 17, 2011. The Company's proposed revised schedule includes a technical conference on modeling and another meeting to address transmission issues. The Company has no objection to the IE's other recommendations and proposes to accommodate them in a revised proposed schedule prior to issuance of the RFP to the market in the event there

are any required clarifications within the RFP.

DISCUSSION, FINDINGS AND CONCLUSIONS

Given the comments of the parties, we find the Company's revised schedule detailed in its October 21, 2009, reply comments, addresses the concerns of the Division and IE. However, the October 28, 2009, proposed date for the modeling technical conference gives us inadequate time for notice. Therefore we modify the Company's revised schedule and change the date of the technical conference from October 28, 2009, to November 2, 2009. Accordingly, the November 3, 2009, date for stakeholders to file comments and conclusions regarding the modeling is also changed to November 16, 2009. We hereby approve the revised schedule with these changes and approve the Company's request to solicit resources consistent with its 2008 IRP. With respect to the concerns raised by the Office, any disputes between the Office or any other party and the Company regarding the number of benchmarks included in the solicitation can be addressed in our consideration of the Company's request for approval of any significant energy resource decision that may arise from the resumed RFP.

ORDER

Wherefore, pursuant to our discussion, findings and conclusions made herein, we order:

1. The Company shall issue its All Source RFP consistent with the schedule provided in its October 21, 2009, reply comments filed in this docket with the modifications noted herein.

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DATED at Salt Lake City, Utah, this 26th day of October, 2009.

// Ted Boyer, Chairman

// Ric Campbell, Commissioner

// Ron Allen, Commissioner

Attest:

// Julie Orchard
Commission Secretary

G# 64118