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**MEMORANDUM**

To: Utah Public Service Commission

From: Division of Public Utilities  
Philip Powlick, Director  
Artie Powell, Manager, Energy Section  
Thomas Brill, Technical Consultant  
Charles Peterson, Technical Consultant

Subject: Application of PacifiCorp 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, Docket No. 07-035-94.

Date: March 8, 2010

**ISSUE**

On December 2, 2009, the Utah Public Service Commission (Commission) issued a request for comments on the proposed change by PacifiCorp (Company) in its 2008 All Source Request for Proposals (RFP) approved schedule. In response to the Commission's request, the Division of Public Utilities (Division) filed a memorandum with the Commission on December 14, 2009 that discussed a number of concerns with the PacifiCorp RFP process.

**BACKGROUND**

In the memorandum, the Division made several recommendations for PacifiCorp that were intended to keep the Commission and other regulatory parties better informed about the RFP process and its progress. On March 2, 2010, the Company filed a letter to the Commission in response to the Division's December 2, 2009 comments. On March 3, 2010, the Division met with the Company regarding the Company's letter to the Commission.

On six of the nine Division recommendations, the Company had no objection. Of the three remaining Division recommendations, the Division is substantially satisfied with the follow-up offered by the Company in its March 3 discussion. The March 3 discussion focused on recommendations 1, 7, and 9. For recommendation 1, concerning Company reporting requirements, the Division agreed to rely on the Utah Independent Evaluator reporting. Furthermore, the Company agreed to always keep the Division informed of developments such as the release of the RFP. The Division is satisfied with the Company's response to item 1. For recommendation 7, concerning the Company's "bridging strategy," the Company indicated that it anticipates filing an update to the 2008 IRP this month that will contain details of its load and resource balance and its "bridging strategy." The Division will follow up if necessary on its concerns over the Company's "bridging strategy" as part of its review of the IRP Update. For recommendation 9, concerning an RFP seeking up to 2,000 MW, the Division acknowledges that the Company is technically in compliance with the original intent of the RFP as approved by the Commission. In the original RFP, the Company solicited up to 2,000 MW. With the purchase of the Chehalis power plant, at approximately 500 MW, the 1,500 MW solicitation in the re-released RFP appears to be consistent with the Commission's intent.

## **RECOMMENDATION**

The Division recommends that the Commission issue an Order directing the Company to implement the Division's recommendations identified in the December 14, 2009 memorandum, subject to the qualifications contained in the Company's March 2, 2010 response letter to the Commission.

Cc: Dave Taylor, Rocky Mountain Power  
Michele Beck, Office of Consumer Services