

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of
PacifiCorp, by and through its Rocky
Mountain Power Division, for Approval of a
Solicitation Process for an All-Source
Resource for the 2016 Time Period

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DOCKET NO. 11-035-73

APPROVAL OF
REQUEST FOR PROPOSALS

ISSUED: February 8, 2012

SHORT TITLE

PacifiCorp All Source RFP Approval

SYNOPSIS

The Commission approves PacifiCorp's All Source Request for Proposals for Resources in the 2016 time period as filed on January 6, 2012.

By the Commission:

On October 5, 2011, pursuant to Utah Code §§ 54-17-101, *et. seq.*, Energy Resource Procurement Act ("Act"), and in accordance with Utah Administrative Code R746-420 *et seq.*, PacifiCorp, through its Rocky Mountain Power division ("PacifiCorp" or "Company"), filed an application ("Application") with the Public Service Commission of Utah ("Commission") requesting approval of a solicitation process for an all source resource in the

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2016 time period. The Company filed the Application to fulfill a portion of the capacity and energy resource needs for the 2016 time period identified in the Company's 2008 and 2011 Integrated Resource Plans ("IRP").

On December 7, 2011, the Company filed reply comments and a revised "PacifiCorp Draft All Source Request for Proposals 2016 Resource" ("December Draft") resolving some of the issues raised by the parties concerning the Application. On December 9, 2011, a technical conference was held to discuss the remaining unresolved issues. On December 12, 2011, a hearing was conducted to receive evidence on the unresolved issues. At hearing, outstanding issues were raised for Commission consideration and determination as to whether the Commission should approve, suggest modification to, or reject the December Draft as required by the Act. On January 3, 2012, based on evidence presented at the hearing, the Commission issued its Suggested Modifications and Order ("January Modifications") on the December Draft.

On January 6, 2012, the Company filed clean and redline versions of its final request for proposals ("RFP") for a 2016 Resource entitled "PacifiCorp Utah Draft All Source Request for Proposals 2016 Resource" ("2016 RFP") in response to the Commission's January Modifications. In its filing, the Company states the redlined version reflects the changes needed to satisfy the Commission's January Modifications. The Company also provides a table identifying the pages in the 2016 RFP where these changes are reflected. The Company requests the Commission approve the 2016 RFP. Also, in accordance with the Commission's January

Modifications, the Company states it will set up a process to inform interested parties of due diligence issues related to the purchase of an asset.

On January 10, 2012, the Commission issued an action request to the Utah Division of Public Utilities (“Division”) requesting the Division review the Company’s 2016 RFP for compliance with the Commission’s January Modifications. On January 23, 2012, the Division filed its comments determining the Company substantially adopted all of the Commission’s suggested modifications. No other party offered comments.

DISCUSSION, FINDINGS AND CONCLUSIONS

The Division states the Company’s 2016 RFP addresses the Commission’s January Modifications and the Division recommends the Commission approve the 2016 RFP as filed. However, the Division raises two concerns regarding changes in language in the 2016 RFP. First, the Step 4 evaluation process contains the following new language on page 59 of the 2016 RFP: “including, without limitation, compliance with the renewable portfolio standards consistent with the 2011 IRP ...” The Division is concerned the additional language, combined with the Step 4 evaluation process, potentially provides an opportunity for the Company to reject a project that otherwise would be accepted under the formal analyses of Steps 1 through 3. Second, the Company modifies the title of the 2016 RFP and references a “PacifiCorp Utah Draft ...”. The Division presumes the renaming is not meant to distinguish, or separate, the RFP as a state-specific RFP for generation resources.

We understand the Division’s concerns regarding the language change on page 59 of the 2016 RFP and remind the Company the intent of the RFP solicitation process is to identify

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least cost/least risk resources and not to artificially restrict or constrain any resource. This is supported by our decision in the IRP Docket No. 07-2035-01¹ in which we state, ... “As a priority in wind resource evaluation, we concur with the Committee the Company must first identify the optimal amount of wind resource under different circumstances and to understand its value in terms of the tradeoffs of expected cost and risk reduction. Once this step has been completed, then constraints regarding state or federal RPS requirements can be evaluated to determine whether the optimal levels of wind additions generally satisfy these requirements, or if not, whether there is additional and material cost associated with meeting these requirements. This second stage is important for multi-state discussions regarding interjurisdictional cost allocation.” We interpret the phrase “consistent with the 2011 IRP” in the Company’s revised Step 4 language to mean the Company will consider the renewable portfolio standards requirements only after the full evaluation process (Steps 1-3) is completed. We find this approach is consistent with our IRP decision. Regarding the Division’s second issue, we also understand the RFP title change referencing “Utah” does not create a state-specific RFP.

Based on the Company’s request in its January 6, 2012, revised filing, and there being no further objections, we find the Company’s 2016 RFP is in compliance with the applicable statutes and rules governing the approval of a solicitation process, and we approve the Company’s 2016 RFP, subject to the clarification in language contained herein.

¹ See Docket No. 07-2035-01, “In the Matter of the PacifiCorp 2006 Integrated Resource Plan” at 23.

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APPROVAL

Wherefore, pursuant to our discussion, findings and conclusions made herein and in our January 3, 2012, Suggested Modifications and Order, we approve the 2016 RFP filed January 6, 2012, subject to our interpretation of the language changes made by the Company in that filing.

DATED at Salt Lake City, Utah, this 8th day of February, 2012.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
D#215193

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 8th day of February, 2012, a true and correct copy of the foregoing APPROVAL OF REQUEST FOR PROPOSALS, was delivered upon the following as indicated below:

By U.S. Mail:

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By Hand-Delivery:

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