

December 18, 2007

***VIA ELECTRONIC FILING  
AND FIRST CLASS MAIL***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97301-2551

Attention: Vikie Bailey-Goggins  
Administrator, Regulatory Operations

Re: Docket No. LC 42 – PacifiCorp's 2007 Integrated Resource Plan

In the December 14, 2007 Staff Report on acknowledgment of PacifiCorp's 2007 Integrated Resource Plan (IRP), Staff recommends four exceptions to the Action Plan as well as several other agreed-upon modifications. Specifically, Staff recommends that the Commission not provide acknowledgement of Action Items 7, 8, 9 and 11, which relate to procuring baseload/intermediate resources. Staff correctly explains that PacifiCorp has reconsidered revisions to these Action Items that explicitly exclude coal plants from consideration. PacifiCorp did not object to Staff's other proposed revisions to these Action Items, which removed specific references to the size and type of facilities and required refinements based on updating demand-side management, renewable resource analyses and load forecasts.

Since Staff distributed the modifications to PacifiCorp's IRP Action Plan, PacifiCorp has developed an approach that would allow a bidder with a coal option to participate in the RFP. That approach would require a bidder to agree to hold PacifiCorp and customers harmless from the difference between the CO<sub>2</sub> risk associated with a combined cycle gas resource and the CO<sub>2</sub> risk associated with a coal resource. We believe this approach will better maintain the integrity of the current competitive bidding process and compliance with current procurement rules and legislation and is reasonable to include in both the IRP and RFP processes. PacifiCorp acknowledges that this approach does not supersede state emission requirements that restrict the use of new coal units, such as the California and Washington laws.

Instead of exempting the four Action Items from acknowledgement of the IRP, PacifiCorp proposes that the Commission adopt the following revised Action Items, in addition to the agreed-upon modifications recommended by Staff.

**Action Items 7 and 8:**

Procure resources in the east by the summer of 2012. Refine the size and type (base load vs. peaking) of resources needed after updating DSM and renewable resource analyses, accounting for changes in resources, and refining load forecasts. Coal resources will be required to indicate how they will indemnify the customers and shareholders for the CO<sub>2</sub> risk and cost greater than

what the company would otherwise be exposed to with a gas resource, and must be consistent with state law and greenhouse gas emission control requirements.

**Action Item 9:**

Procure resources in the east by the summer of 2014. Refine the size and type (base load vs. peaking) of resources needed after updating DSM and renewable resource analyses, accounting for changes in resources, and refining load forecasts. Coal resources will be required to indicate how they will indemnify the customers and shareholders for the CO2 risk and cost greater than what the company would otherwise be exposed to with a gas resource, and must be consistent with state law and greenhouse gas emission control requirements.

**Action Item 11:**

Procure resources in the west by the summer of 2011 or 2012 to address contract expirations and load growth and integrate renewable resources. Refine the size and type (base load vs. peaking) after updating DSM and renewable resource analyses, accounting for changes in resources, and refining load forecasts. Coal resources will be required to indicate how they will indemnify the customers and shareholders for the CO2 risk and cost greater than what the company would otherwise be exposed to with a gas resource, and must be consistent with state law and greenhouse gas emission control requirements.

Sincerely,

A handwritten signature in black ink that reads "Andrea L. Kelly" followed by a stylized set of initials "ADP".

Andrea L. Kelly  
Vice President, Regulation

Enclosure

cc: Service List for Docket No. LC 42

## CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing **Letter regarding revised Action Items** in OPUC Docket No. LC 42 by electronic mail and first class mail to those parties who have not waived paper service on the attached service list.  
DATED this 18<sup>th</sup> day of December, 2007.

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