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October 15, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
5500 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attn: Filing Center

RE: Docket UM 1429 – PacifiCorp’s Request for Acknowledgment of Final Shortlist of Bidders in the 2009R Request for Proposals

Enclosed for filing by PacifiCorp d/b/a Pacific Power (“Company”) is the original and one copy of the Company’s Request for Acknowledgement of Final Shortlist of Bidders in the 2009R Request for Proposals for new renewable resources in the above-referenced docket. A confidential and non-confidential version of the request is being provided with this filing.

The highly confidential workpapers associated with this filing are being sent concurrently with this filing to Kelcey Brown with the Staff of the Commission.

Please direct any informal inquiries to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Sincerely,

Andrea L. Kelly
Vice President, Regulation

Enclosures

cc: Service List – UM 1429

CERTIFICATE OF SERVICE

I hereby certify that on this 15th of October, 2009, I caused to be served a true and correct copy of the foregoing document in Docket No. UM-1429 on the following named person(s) below by e-mail and U.S. Mail (if paper service has not been waived) addressed to said person(s) at his or her last-known address(es) indicated below:

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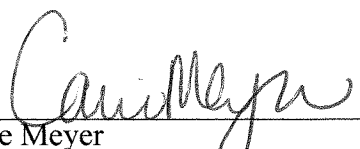
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Carrie Meyer
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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1429

In the Matter PacifiCorp's Request for
Approval of a 2009R Solicitation Process
for New Renewable Resources

**REQUEST FOR ACKNOWLEDGMENT
OF FINAL SHORTLIST OF BIDDERS
IN 2009R REQUEST FOR PROPOSALS**

PacifiCorp d/b/a Pacific Power ("PacifiCorp" or "Company") hereby requests that the Public Utility Commission of Oregon ("Commission") acknowledge the final shortlist of bidders ("Final Shortlist") in PacifiCorp's Request for Proposals for Renewable Electric Resources ("2009R RFP").

In support of this Request, PacifiCorp states as follows:

1. This Request is filed pursuant to Order No. 06-446, which allows a utility the opportunity to request the Commission to acknowledge the utility's selection of its final shortlist of RFP resources. *See* Order No. 06-446 at p. 14.

2. Communications regarding this filing should be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232
Phone: 503.813.5542
Email: oregondockets@pacificorp.com

Jordan A. White
PacifiCorp
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In addition, PacifiCorp requests that all data requests regarding this application be sent to the following:

By email (preferred): datarequest@pacificorp.com
By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal questions may be directed to Joelle Steward, Oregon Regulatory Affairs Manager at 503.813.5542.

2009R RFP Introduction and Background

3. On April 28, 2009, PacifiCorp filed an application requesting the Commission to (1) open a docket for the approval of a solicitation process for new renewable resources (2009R RFP); and (2) appoint Boston Pacific Company (“Boston Pacific”) as the independent evaluator for the 2009R RFP.

4. The Commission thereafter opened this docket and selected Boston Pacific to serve as the Oregon independent evaluator (“Oregon IE”) for the 2009R RFP. *See* Order No. 09-181.

5. As explained in PacifiCorp’s initial application, the purpose of the 2009R RFP is to prescribe the process by which PacifiCorp would request and evaluate proposals to fulfill a portion of the renewable resource generation identified in the Company’s 2007 Integrated Resource Plan (“2007 IRP”).

6. To that end, the 2009R RFP solicits system-wide (east and west) renewable resources new to the Company’s portfolio which are capable of delivery, within the prescribed period of time, in or into PacifiCorp’s network transmission system or to another Company prescribed point(s) that would enable the Company to meet its obligations. The 2009R RFP targeted acquisition of up to 500 MW of system-wide (east and west) renewable resources (with no single resource exceeding 300 MW) with commercial operation dates between 2010 and 2012.

7. At its Public Meeting on July 7, 2009, the Commission approved PacifiCorp’s proposed 2009R RFP, subject to the following conditions recommended by Staff:

- Consistent with the IRP, PacifiCorp can only acquire up to 600 MW from the 2008R-1 and 2009R renewable RFPs. However, PacifiCorp may show at the time it files for acknowledgment of its short-list of bids in the 2009R, that it is in the best interest of customers to acquire greater than 600 MW from the combined RFPs. [“Condition 1.”]
- PacifiCorp will provide simultaneous runs of selected bids using both the ACC and PVR(d) modeling methods. [“Condition 2.”]
- PacifiCorp will not charge a bid fee for bids that were accepted in the 2008R-1 RFP and are submitted in the 2009R RFP. PacifiCorp should encourage shortlisted bidders in the 2008R-1 RFP to place bids in the 2009R RFP. [“Condition 3.”]
- PacifiCorp will not charge a Success Fee on winning bids in the 2009R RFP. [“Condition 4.”]
- PacifiCorp commits to following each RFP through to its conclusion and commits to negotiate in good faith toward a conclusion with bidders in the 2008R-1 prior to receipt of bids in this 2009R RFP. [“Condition 5.”]
- The calculation and application of a terminal value will be reviewed by both Staff and the Oregon IE. [“Condition 6.”]
- Should PacifiCorp drop all 2008R-1 shortlisted bids in favor of a Company benchmark, PacifiCorp must demonstrate that the Company benchmark was a superior choice to those bids. [“Condition 7.”]

See Attachment A to Order No. 09-272 at pp. 9-10.

8. In addition to the conditions recommended by Staff, the Commission directed the Company to ensure that Boston Pacific continue in its role as the Oregon IE through the end of the contract negotiation stages for both the 2009R and 2008R-1 RFP processes. *See Order No. 09-272 at p. 2.* (“Condition 8.”)

9. The 2009R RFP was subsequently issued to the market on July 8, 2009. The Company Benchmark was due on September 3, 2009 and bids were due September 10, 2009.

Satisfaction of Conditions in Commission Order No. 09-272

10. The Company has satisfied each of the conditions set forth by the Commission for the 2009R RFP. First, the Company has proposed to acquire less than the 600 MW authorized under the 2008R-1 and 2009R RFPs. The Company acquired 201.5 MW in the 2008R-1 RFP by signing a power purchase agreement (“PPA”) for the Top of the World Wind Energy LLC

project in Wyoming on August 26, 2009, prior to the receipt of the Company Benchmark in the 2009R. The 2009R RFP Final Shortlist that is the subject of this [REDACTED]. Therefore, the combined total of the 2008R-1 and 2009R RFPs [REDACTED], which is below the parameter set in Condition 1.

11. Second, in compliance with Condition 2, the Company is providing Staff and the Oregon IE results from the Final Shortlist using both the ACC and the PVRR(d) analyses.

12. Third, the Company did not charge a bid fee for bids that were accepted in the 2008R-1 RFP and were submitted in the 2009R RFP. PacifiCorp encouraged shortlisted bidders in the 2008R-1 RFP to place bids in the 2009R RFP. Furthermore, the Company will not charge a success fee to the winning bids in the 2009R RFP. These provisions satisfy Conditions 3 and 4.

13. Fourth, as previously mentioned, the Company completed negotiations in good faith in the 2008R-1 RFP which resulted in the execution of the Top of the World Wind PPA, with a subsidiary of Duke Energy. This satisfies Condition 5 and renders Condition 7 moot. Consistent with Condition 8, Boston Pacific continued its role as the Oregon IE through the negotiation process for the 2008R-1 RFP. On September 18, 2009, Boston Pacific submitted its Report of the Independent Evaluator on Negotiation in the PacifiCorp 2008R-1 Request for Proposal for Renewable Electric Resources. On the first page of the report, the Oregon IE concludes the following:

[REDACTED]

[REDACTED]

[REDACTED]



14. Finally, the Company is submitting a highly confidential white paper on the calculation and the application of a terminal value to the Final Shortlist for review by Staff and the Oregon IE. This satisfies Condition 6.

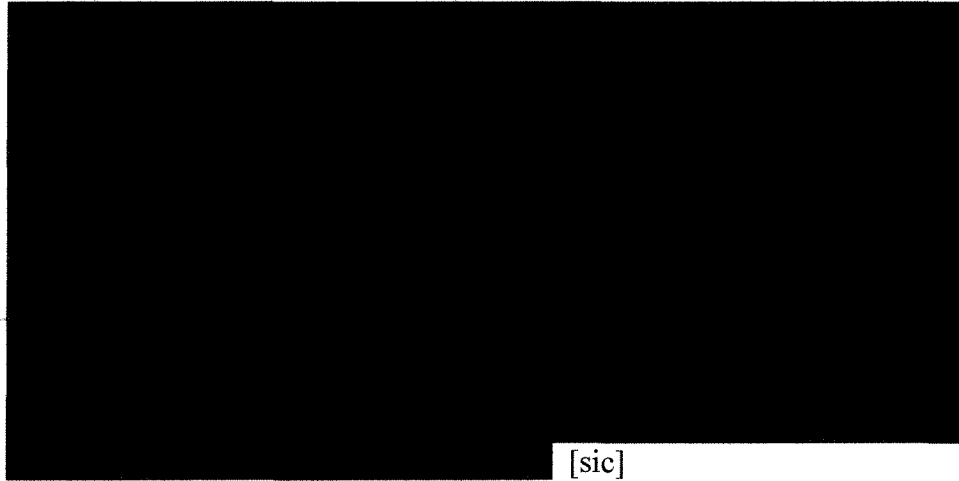
Final Shortlist Selection Process

15. PacifiCorp received responsive proposals comprised of 41 wind proposals, 17 solar proposals and 1 biogas proposal.

16. PacifiCorp submitted a Company Benchmark, a 111 MW wind resource located in Wyoming known as the Dunlap I Wind Energy Project (the “Benchmark”). PacifiCorp submitted the Benchmark to the Evaluation Team and the Independent Evaluator on September 2, 2009.

17. The Evaluation Team completed the price and non-price score and the avoided cost of compliance analysis and submitted the models and the analysis to the Oregon IE and Staff on September 10, 2009, prior to the receipt of the bids from the market. The Oregon IE locked down the Benchmark prior to the opening of the bids from the market on September 10, 2009. The Oregon IE provided a memo on the Benchmark to Staff and the Company on September 11, 2009 (“the Memo”), attached hereto as Confidential Attachment 1.

18. The Oregon IE provided the following conclusion on page 11 of the Memo:



19. PacifiCorp's analysis of the proposals focused on determining which resources would provide the best value to customers on a system-wide planning basis to meet customer requirements at the least-cost, on a risk adjusted basis and in the public interest. To achieve these objectives, PacifiCorp evaluated the proposals in a two-step process. First, the Company selected three Initial Shortlists: (a) west wind; (b) east wind; and (3) all other renewable resources. The purpose of first selecting three separate Initial Shortlists was to capture location resource diversity and the different sources of renewable resources.

20. The three Initial Shortlists were comprised of the highest scoring proposals in each of the three respective segments, based on price and non-price factors. The price factor was derived by using the PacifiCorp Structuring and Pricing RFP Base Model ("RFP Base Model"), which determines the top-performing proposals on the basis of the net present value revenue requirement ("Net PVRR") per kilowatt month. The Net PVRR component views the value of the energy and capacity as a positive and the offsetting costs of the proposal as a negative. The more positive the Net PVRR, the more valuable a given resource is to PacifiCorp's customers.

21. The non-price factors evaluated the negative or positive based on the following criteria: (a) conformity with 2009R RFP bid requirements; (b) conformity with the *pro forma* power purchase agreements (“PPA”) or build-own-transfer (“BOT”) documents and/or Asset Acquisition and Sale Agreement (“AASA”) attached as exhibits to the 2009R RFP; (c) feasibility of the proposal; (d) site control or permitting of the proposal; and (e) operational viability of the proposal.

22. Based on the application of these factors, PacifiCorp selected the Initial Shortlists.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The IE concurred with PacifiCorp’s selection of the Initial Shortlists.

23. After PacifiCorp selected the three Initial Shortlists, it moved to step two of the evaluation process -- selection of the Final Shortlist. To select the Final Shortlist, the Company applied its next highest alternative cost for compliance (“ACC”) analysis methodology for renewable resources to each of the three Initial Shortlists. This resource-specific analysis allows the Company to compare a resource against the potential next highest alternative cost for renewable resource compliance. In essence, the result of the ACC analysis shows how the resource compares to the undifferentiated power market. The ACC analysis also incorporates a resource’s risk-adjusted system benefit, using PacifiCorp’s integrated resource planning stochastic production cost model. A negative ACC indicates that the resource is valued below

the undifferentiated market; whereas a positive ACC indicates that the resource is valued above the undifferentiated market.

24. Upon completion of the ACC analysis and the PVRR(d) analysis, and after consultation with the Oregon IE, PacifiCorp selected two proposals on two separate sites as the Final Shortlist. The Final Shortlist proposals included: [REDACTED]

[REDACTED]

25. The IE concurred with the selection of the Final Shortlist [REDACTED]

[REDACTED]

Competitive Bidding Guidelines (RFP Order)

26. On August 10, 2006, the Commission issued competitive bidding requirements for new supply-side resource acquisitions applicable to Oregon's investor-owned utilities. *See* Order No. 06-446 ("RFP Order").

27. Guideline 13 of the RFP Order allows a utility to seek Commission acknowledgment of the Final Shortlist. *See* RFP Order at p. 14. In making such a request, Guideline 13 directs utilities to discuss the consistency of the Final Shortlist with its acknowledged IRP Action Plan and to explain whether the Final Shortlist is consistent with the near-term resource acquisitions identified in its acknowledged IRP. *Id.*

PacifiCorp's Acknowledged IRP Action Plan is Consistent with Final Shortlist

28. On May 30, 2007, PacifiCorp filed its 2007 Integrated Resource Plan ("2007 IRP") with the Commission in Docket LC 42. The Commission later acknowledged the 2007 IRP with exceptions and requirements for the next planning cycle. *See* Order No. 08-232.

29. PacifiCorp filed a 2007 IRP Update with the Commission on June 11, 2008.

30. Action Item 1 of the 2007 IRP identifies 2,000 MW of renewable resources to be acquired by 2013, including 1,400 MW of renewable resources outlined in PacifiCorp's Renewable Energy Action Plan. Under this plan, the Company seeks to acquire 1,400 MW of new renewable resources by 2010, with an additional 600 MW in place by 2013. Although the Company used wind for modeling purposes in the integrated resource planning process, renewable generation can include other fuel sources such as biomass and solar.

31. The 2007 IRP Update does not revise Action Item 1, other than to indicate that "PacifiCorp has initiated two RFPs in 2008 to support this acquisition plan."

32. As earlier indicated, the 2007 IRP was acknowledged by the Commission in Order No. 08-232. Although certain of the Action Items contained in the 2007 IRP were accepted, Action Item 1 was acknowledged by the Commission.

33. PacifiCorp filed the 2008 IRP the Commission on May 28, 2009, which is currently pending acknowledgement in Docket LC 47. Action Item 1 of the 2008 IRP is also consistent with PacifiCorp's selection of the Final Shortlist and is amended only by calling for the procurement of up to 500 MW of cost effective renewable resources starting in the 2012 to 2018 time frame. PacifiCorp anticipates procuring such renewable resources by utilizing RFPs similar to the 2008R, 2008R-1 and 2009R RFPs.

34. PacifiCorp's Final Shortlist is fully consistent with Action Item 1 of the acknowledged 2007 IRP, the 2007 IRP Update and the 2008 IRP.

IE Supports Final Shortlist

35. On October 13, 2009, PacifiCorp held a telephone conference with the Oregon IE to discuss PacifiCorp's selection of the Final Shortlist. The Oregon IE agreed with the Company's selection of the Final Shortlist and recommended back-up bids in writing on October 14, 2009.

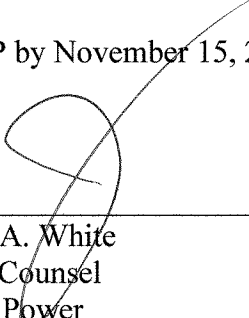
Next Steps/Request for Commission Decision by November 15, 2009

36. The Company intends to refine its analysis of the Final Shortlist bids to address localized issues to include third-party expert review of each bid's specific wind profile and proposed technology, assess bid-specific transmission impacts, and negotiate with Final Shortlist bidders for the lowest price and acceptable terms before selecting a potential resource from the Final Shortlist.

37. PacifiCorp respectfully requests the Commission to issue a decision on the Company's request for acknowledgment no later than November 15, 2009, in order for bidders to take advantage of a sales tax exemption on equipment used to generate electricity from renewable resources currently in place under Wyoming law. Pursuant to W.S. § 39-15-105(a)(viii)(N)(I) [Wyoming Energy Sales Tax Exemption Sunset], renewable project developers must either own land for a renewable project or enter into a written contract with a landowner for a project prior to January 1, 2010 to be eligible for the tax exemption. For bidders that do not currently own project land, a Commission decision regarding acknowledgment is extremely important with respect to a determination of whether to contract for project land. As such, the Company believes that a Commission decision by November 15, 2009, will provide bidders with sufficient time (approximately 45 days) to make a decision with regard to the viability of their project and then take the necessary steps to execute a contract for the purchase of land by the January 1, 2010, Wyoming sales tax exemption sunset date. Without the benefit of the existing sales tax exemption, bidders will be required to include such equipment sales tax within their respective bid prices. The Company believes that providing bidders with the benefit of the exemption will ultimately serve as a benefit to customers and thus, has requested the expedited treatment consistent with satisfying this objective.

For the reasons stated above, PacifiCorp respectfully requests that the Commission acknowledge its Final Shortlist of bidders to the 2009R RFP by November 15, 2009.

DATED: October 15, 2009



Jordan A. White
Senior Counsel
Pacific Power
PacifiCorp

**CONFIDENTIAL ATTACHMENTS 1 AND 2 ARE BEING
PROVIDED TO PARTIES WHO HAVE SIGNED A
PROTECTIVE ORDER NO. 09-371 IN THIS DOCKET**