



**DEPARTMENT OF JUSTICE**  
GENERAL COUNSEL DIVISION

April 10, 2008

Michael Grant  
Administrative Law Judge  
Public Utility Commission of Oregon  
550 Capitol St NE – Suite 215  
PO Box 2148  
Salem OR 97308-2148

Re: UM 1208 – Submissions from the Oregon Independent Evaluators

Dear Judge Grant:

Enclosed with this letter are two documents that staff is submitting in PUC Docket UM 1208 on behalf of one of the Oregon Independent Evaluators (the Accion Group).

The first document, entitled “Final Report of the Independent Monitor,” is a public document that has been redacted so it contains no confidential or highly-confidential information.

The second document is the same Final Report in a complete, unredacted format. The unredacted Final Report does contain highly-confidential Non-Public Information that should only be disclosed and distributed in accordance with your Special Protective Order (Order No. 07-471), issued on October 26, 2007. I am submitting the highly-confidential Final Report in the manner specified by the Special Protective Order (i.e. on green paper that is placed within a sealed, marked, envelope).

Finally, please note that I am serving the redacted version of the Final Report on the other UM 1208 parties via electronic mail only. Further, any party desiring to view the highly-confidential Final Report must first comply with the Special Protective Order’s requirements and then submit a request for copies of such information directly to the Public Utility Commission’s Administrative Proceedings Division.

Sincerely,

Michael T. Weirich  
Assistant Attorney General  
Regulated Utility & Business Section

MTW:nal/GENX4993  
Enclosures  
C: All parties w/o enc.



TO

**THE STATE OF OREGON  
PUBLIC UTILITY COMMISSION OF OREGON**



**FINAL REPORT OF THE INDEPENDENT MONITOR  
PACIFICORP 2012 RFP**

**March 21, 2008**

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## OREGON INDEPENDENT MONITOR FINAL REPORT PACIFICORP 2012 RFP

### Section I. Executive Summary

Accion Group and Boston Pacific are, jointly, the Independent Evaluator (IE) for the PacifiCorp 2012 Request for Proposals (RFP), having been selected by the Public Utility Commission of Oregon (Commission) in November 2006. On January 25, 2007, Boston Pacific and Accion Group executed a contract with PacifiCorp regarding the IE services and began our participation in the RFP.

Selection of the “final conditioned shortlist” in the 2012 RFP was completed on January 31, 2008. This Closing Report is provided in two parts, submitted separately by Accion Group and Boston Pacific. The Accion Group Report deals primarily with the development of the RFP documents and the RFP process. This includes adherence to the Code of Conduct and the practices used to conduct the RFP. Boston Pacific, in its Report, focuses on review of the Evaluation Model and Applications of the Model by PacifiCorp.

Consistent with the requirements of the Commission’s Guidelines, the IE was engaged to monitor the conduct of the RFP and evaluate the RFP process, the evaluation process, and the ultimate selections made by PacifiCorp. Throughout the RFP process, from the preparation of the initial draft documents through the final evaluations and negotiations with Bidders, PacifiCorp was responsible for all decisions. The IE provided observations to PacifiCorp and the Commission Staff, but did not make determinations for PacifiCorp.

In summary, we observed that:

- Bidders were advised of the RFP and invited to bid.
- The process was open and fair, permitting all Bidders access to the same information at the same time.
- Prospective Bidders were provided with draft RFP documents and the opportunity to request or recommend changes to those documents.
- The final RFP documents provided clear and complete product definitions that were not questioned by any prospective Bidder.

- The RFP documents were thorough, accurate, and complete, providing Bidders with all necessary information.
- The RFP documents provided full disclosure of the evaluation process that would be employed, and no prospective Bidder questioned the evaluation process prior to the submission of bids.
- The RFP process treated all Bidders in the same way.
- PacifiCorp applied the RFP protocols in making all reasonable efforts to prevent disclosures of RFP-related information.
- Confidential information provided by the Bidders was protected by written agreements, and we observed no violation of those agreements.
- The RFP documents were free of bias towards or against any Bidder, and no Bidders advised the IE that they believed the documents were less than comprehensive and sufficient in detail.
- Credit requirements were clearly defined.
- PacifiCorp conducted both the Bid evaluations and the Bidder Qualification Evaluation (the RFQ) in accordance with the Commission's Guidelines and the terms set forth in the RFP.
- All Bidder qualifications were evaluated using the same standards.
- All bids were evaluated using the same standards, evaluation models, and methodology.
- Negotiations with the short-listed Bidders are ongoing and have been conducted fairly.

With these observations, the IE believes PacifiCorp met the requirements of the Commission RFP Guidelines. Our report identifies areas where improvement could occur.

### **Section 2a. Roles and Responsibilities of the Parties**

In Order No 91-1383, the Commission adopted policies and guidelines regarding competitive bidding for investor-owned electric companies in Oregon. Guideline 5 defines the qualifications of the Independent Evaluator and Guideline 10 addresses the roles and responsibilities of the Utility and the Independent Evaluator.

## 5. Independent Evaluator (IE):

*An IE must be used in each RFP to help ensure that all offers are treated fairly. Commission Staff, with input from the utility and interested, non-bidding parties, will recommend an IE to the Commission, which will then select or approve an IE for the RFP. The IE must be independent of the utility and likely, potential Bidders, and also be experienced and competent to perform all IE functions identified in these Guidelines. The IE will contract with and be paid by the utility. The IE should confer with Commission staff as needed, on the IE's duties under these Guidelines. The utility may request recovery of its payments to the IE in customer rates.*

## 10. Utility and IE Roles in the RFP Process:

- a. The utility will conduct the RFP process, score the bids, select the initial and final short-lists, and undertake negotiations with Bidders.*
- b. The IE will oversee the RFP process to ensure that it is conducted fairly and properly.*
- c. If the RFP does not allow affiliate bidding and does not include ownership options (i.e., the utility is not including a Benchmark Resource or considering ownership transfers), the IE will check whether the utility's scoring of the bids and selection of the short-lists are reasonable.*
- d. If the RFP allows affiliate bidding or includes ownership options, the IE will independently score the utility's Benchmark Resource (if any) and all or a sample of the bids to determine whether the selections for the initial and final short-lists are reasonable. In addition, the IE will evaluate the unique risks and advantages associated with the Benchmark Resource (if used), including the regulatory treatment of costs or benefits related to actual construction cost and plant operation differing from what was projected for the RFP.*
- e. Once the competing bids and Benchmark Resource (if used) have been scored and evaluated by the utility and the IE, the two should compare results. The utility and IE should attempt to reconcile and resolve any scoring differences. If the two are unable to agree, the IE should explain the differences in its Closing Report.*

The Company had primary responsibility for the design of the RFP and all supporting processes. This included drafting all documents, specifying the products sought designing the RFP evaluation team, and retaining and working with the IE. The Company was responsible for maintaining both confidentiality and assuring that personnel having only "blinded" access to bid information did not have access to materials that would breach that separation of responsibilities. It was also the Company's responsibility to provide Bidders and other parties with timely and accurate information.

The IE monitored all RFP activities to assure both compliance with Commission Guidelines and to ensure the fairness of the RFP process.

The Company and the IE conducted their respective responsibilities in strict conformance with the Commission's Guidelines. PacifiCorp was responsible for the conduct of and all decisions made with regard to the RFP. The IE and the Company maintained active communication with each other and with the Bidders and the Staff of the Commission. Additionally, the IE coordinated its activities with the IE appointed by the Utah Public Service Commission to assure that information was available to all participants in the RFP process in a timely and equitable manner.

Bidders and other Stakeholders also had defined roles and responsibilities in this RFP.

Bidders were required to direct all communications to the Company through the IE in order to maintain confidentiality and to blind the bids from the Evaluation Team established by the Company. They were invited to participate in the development of the RFP documents and to comment on the RFP requirements, which several did. Further, Bidders were required to submit all bids in conformity with the RFP specifications. This included submitting data that satisfied PacifiCorp's Bidder Qualification requirements and product-specific bid information set out in the RFP, and the payment of a bid fee that was disclosed in the RFP documents. For the most part Bidders conformed to their roles and responsibilities. No Bidder violated the Commissions Guidelines or breached any confidentiality and no Bidder attempted to communicate with the Company in an inappropriate manner. Many Bidders did, however, fail to respond to the RFP in a manner that complied with the exact requirements set out in the RFP for the submission of bids. These deviations occurred primarily with regard to the submission of qualification materials and the information submitted regarding the pricing of the power offered, and consequently greatly complicated the RFP process.

Other Stakeholders were also invited to participate in the development of the RFP. The Company and the IE conducted both Stakeholders and Bidders meetings to facilitate that input. Representatives of several Stakeholder organizations participated in a Stakeholders Meeting conducted on January 31, 2007. Bidder's Conferences and Technical Conferences were conducted during May 2007 and were attended by Bidders in person and telephonically. Documents were made available on a web site maintained by the Utah IE.

Bidders and Stakeholders were also invited to submit questions to the Company. Several took advantage of that opportunity which led to several clarifications of the RFP process.

### **Section 2b. Development of the RFP Documents**

Our review of the Final Draft RFP documents, filed with the Commission was addressed in our report dated April 14, 2007.

Commission Guideline 6 states:

*The utility will prepare a draft RFP and provide it to all parties and interested persons in the utility's most recent general rate case, RFP and IRP dockets. The utility must conduct Bidder and Stakeholder workshops on the draft RFP. The utility will then submit a final draft RFP to the Commission for approval, as described in Guideline 7 below. The draft RFPs must set forth any minimum Bidder requirements for credit and capability, along with bid evaluation and scoring criteria. The utility may set a minimum resource size, but Qualifying Facilities larger than 10 MW must be allowed to participate. The final draft submitted to the Commission must also include standard form contracts. However, the utility must allow Bidders to negotiate mutually agreeable final contract terms that are different from ones in the standard form contracts. The utility will consult with the IE in preparing the RFPs, and the IE will submit its assessment of the final draft RFP to the Commission when the utility files for RFP approval.*

In our report we identified several concerns about the RFP documents. However, as we stated then, and continue to believe, the RFP documents do satisfy the minimum requirements of Guideline 6. We note, however, that the RFQ process proved to be far more problematic than was originally imagined. As discussed in Section 2j of this Report, credit and security issues, and the challenges created for Bidders by the requirements imposed by PacifiCorp resulted in a somewhat restricted list of bids that were available to PacifiCorp.

While the RFP documents describing the requirements established by PacifiCorp were adequately detailed in the RFP documents, they appear to have imposed credit requirements that some Bidders were unwilling or unable to satisfy. As will be discussed later in this Report, the credit requirements were not inconsistent with credit requirements we have reviewed in other similar RFPs and were developed by PacifiCorp using reasonable methodologies designed to provide to the Company and to Ratepayers adequate protection in the event of a default on the part of a potential Bidder. At the



same time, we must note that Bidders did not register strenuous objections or reservations about the terms presented by PacifiCorp in the RFP documents prior to the RFP being issued in final form. From the outset the IE attempted to impress upon prospective Bidders and interested parties that they had a responsibility to participate in the drafting of documents. Through the Stakeholder meetings and the posting of draft documents on the web site, it should be expected that Bidders were fully aware of the draft RFP documents, and their opportunity to comment to either PacifiCorp or the IE about any concerns they may have had. Unfortunately, we did not receive Bidder comments on these matters. Indeed, the full extent of the challenge of complying with the RFQ only became apparent as Bidders were being evaluated.

We have encountered this problem in other RFPs, with Bidders waiting until being selected for negotiations before raising substantive concerns, or impossibilities. We believe Bidders have an obligation to express their reservations long before bids were submitted. The failure of Bidders to inform the IE and the Commission of their concerns before the bid date makes it difficult to identify shortcomings, or to revise the RFP requirements. Indeed, in this RFP, after it became apparent that most Bidders did not satisfy all of the RFQ requirements PacifiCorp, at the urging of the IE, altered its RFP process to provide all Bidders with additional opportunities to cure any RFQ defects that were identified. Ultimately, PacifiCorp had to conditionally qualify all Bidders and to substantially alter its RFQ process. In doing so we believe the Company acted fairly and appropriately.

### **Section 2c. RFP Product Specifications**

PacifiCorp's RFP defined its product request as:

... all Base Load supply-side resources capable of delivering energy and capacity in or to the Company's Network Transmission system in the Company's Eastern Control Area ("PACE") and that fulfills the requirements of being a Network Resource. A Base Load supply-side resource is defined as any resource with any type of fuel source that provides unit contingent or firm capacity and associated energy that are incremental to the Company's existing capacity and energy resources and are available for dispatch or scheduling by June 1, 2012, June 1, 2013 and/or June 1, 2014.

The Company sought up to 1,700 MW of cost-effective base load resource(s) for delivery in 2012, 2013 and/or 2014. Unless a resource qualified for one of the exceptions outlined below, the minimum bid accepted was for 100 MW or greater of dependable capacity, and a minimum term of

five (5) years. Any base load resource bid had to provide unit contingent or firm capacity and associated energy that was incremental to the Company’s existing capacity and energy resources.

The Company solicited bids in the following forms:

1. Power Purchase Agreements
2. Tolling Service Agreement (including gas or coal)
3. Asset Purchase and Sale Agreements (PacifiCorp site and PacifiCorp’s specifications)
4. Asset Purchase and Sale Agreements (Bidder site)
5. Engineering, Procurement and Construction Contracts (Carrant Creek site only)
6. Purchase of an existing facility
7. Purchase of a portion of a facility jointly owned or operated by the Company
8. Restructuring of an existing Power Purchase Agreement or Exchange Agreement
9. IGCC resource proposals (Power Purchase Agreement, Tolling Service Agreement or Asset Purchase and Sale Agreement on Bidder’s site)
10. Geothermal and/or Biomass Power Purchase Agreements, or
11. Exceptions, which included (a) Load Curtailment or (b) Qualifying Facilities. (These Eligible Resource Alternatives were subject to lower minimum bid size requirement)

The RFP described each of the above alternatives in the following chart, which was included in the RFP.

**CHART 1**

<b>Eligible Resource Alternatives</b>	<b>Term</b>	<b>Location</b>	<b>Requirements</b>
1) Power Purchase Agreements	Fixed term specified in the bid up to the life of the asset from a single resource located in or delivering to PACE under the PPA. Must be a minimum of 5 years and 100MW.	Bidders can bid on their sites or on PacifiCorp (“PPW”) sites; however, PPW is not required to operate the facilities, and it cannot impact PPW existing generation on the site.	If the Bidder bids on one of the PPW sites the bidder must bid a minimum of 420 MW and 85% of the facility’s dependable generation with no less than 420 MW

Eligible Resource Alternatives	Term	Location	Requirements
	100MW.	generation on the site.	nominal generating capacity a minimum of 20 years and a maximum of the life of the asset. Life of asset will be evaluated consistent with IRP Tables C.27 and C.28.
2) Tolling Service Agreements (Gas or Coal)	Same as #1 under the PPA	Same as #1	Same as #1
3) Asset Purchase and Sale Agreements on PPW sites	Life of asset will be evaluated consistent with IRP Tables C.27 and C.28.	Currant Creek or Lake Side sites.	Bid to result in the development and construction of a facility that complies with the specifications in the APSA and the specification for each site set forth in the Appendices. Contractual privity between the Company and the EPC contractor.
4) Asset Purchase and Sales Agreement on Bidder's site (Gas or Coal)	Life of asset will be evaluated consistent with IRP Table C.27 and C.28.	Facility built on a Bidder's site which is a new facility. If it is an existing facility, it should be bid under #6.	Bid pursuant to the APSA; PPW will own and operate the facility following commercial operation. All Bidders must complete <b>Appendix C-2</b> . Contractual privity between the Company and the EPC contractor. The Company will require that the Bidder enter into an Operating and Maintenance Agreement with specific performance guarantees and requirements over a 10-year term for a coal resource in order to ensure cost effectiveness, availability, and reliability of the resources prior to the Company's acceptance of the resource.

Eligible Resource Alternatives	Term	Location	Requirements
5) EPC Contract for Currant Creek	Life of asset will be evaluated consistent with IRP Table C.27.	Currant Creek site.	Bid pursuant to the EPC Contract with a fixed price bid in accordance with <b>Attachment 18</b> and the specifications for Currant Creek. Must complete the information in <b>Appendix C-3</b> .
6) Purchase of an existing facility	Evaluation will be completed based on the remaining depreciated life of the asset. Life of the asset will be determined by the IRP Table C.27.	A single resource located in or delivering to PACE and integrated as a Network Resource.	Due diligence of facility that PPW deems appropriate (see <b>Attachment 19</b> ). Must complete information in Appendix C-4. PPW would own and operate the facility.
7) Purchase of a portion of a facility jointly owned by and/or operated by PPW.	Same as #6	Same as #6	Same as #6
8) Restructuring of Existing Power Purchase Agreement or Exchange Agreement and/or Buyback of an Existing Sales Agreement	Fixed term specified in the bid up to the life of the PPA or Exchange Agreement must be a minimum of 5 years and 100MW.	Same as #6	Restructuring of the PPA or Exchange Agreement and/or buyback of an existing sales agreement must result in incremental capacity and energy.
9) IGCC Options  Power Purchase Agreements, Tolling Agreements and/or Asset Purchase and Sales Agreement on Bidder's site for an IGCC	Life of asset will be evaluated consistent with IRP Table C.27 or Bidder's expected design life	Facility built on a Bidder's site which is a new facility	Bid in the form of the APSA, PPW will own the facility bid. The Company will require that the Bidder enter into an Operating and Maintenance Agreement with specific performance guarantees and requirements over a 12-year term for an IGCC resource in order to ensure cost effectiveness, availability, and reliability of the resources prior to the Company's acceptance of the resource. All Bidders must complete Appendix C-5. To the

Eligible Resource Alternatives	Term	Location	Requirements
			extent that Bidders bid Power Purchase Agreements or Tolling Agreements, the specific performance guarantees and requirements will be addressed within those documents.
10) Geothermal and/or Biomass Power Purchase Agreements	Fixed term specified in the IRP up to the life of the asset from a single resource located in or delivering to PACE under the PPA. Must be a minimum of 5 years and 20 MW.	Bidders can bid on their own sites.	Life of asset will be evaluated consistent with IRP Tables C.27 and C.28.
<b>Exceptions</b>			
11a) Load Curtailment	Fixed term must be a minimum of 5 years and 25MW.	Existing end use PPW customers with a load that can be physically curtailed and must be not less than 25MW. The load must respond within 30 minutes prior to the hour and remain curtailed for one continuous hour blocks.	PPW will not accept proposals for financial curtailment nor will it accept proposals that result in PPW having a residual delivery obligation for the curtailment of load via any other contract, law or regulation or order.
11b) Qualifying Facility	Fixed term must be a minimum of 5 years and 10MW.	Same as #6	QFs are as defined under the regulations implementing PURPA. Each QF Bidder must submit the required information in <b>Attachment 2</b> in order to be evaluated under this RFP.

As noted in our Report of April 14, 2007

*We take as a given that various stakeholders have questioned the appropriateness of the products being solicited, and the Commission has found that the RFP is not aligned with the Company's most recently acknowledged IRP in terms of the level and nature of need. ... However, on a more basic level, the products sought by PacifiCorp are adequately described in the sense that Bidders will understand that PacifiCorp is seeking unit contingent or firm base load resources.*

We do however continue to believe that the range of products described was not adequately inclusive.

During the course of the RFP, no changes were made to the product specifications outlined above. As was initially anticipated, the specifications did not have the effect of deterring parties from submitting proposals consistent with the RFP but may have sub-optimized the effectiveness of the RFP conducted. While the Company did receive bids for substantially more capacity than the 1,700 MWs of base load capacity that was solicited for in the RFP, and did receive bids in many of the forms requested, it is still unclear whether the Company will contract for any or all of that identified need. Based in part on its concern that this RFP may not yield adequate resources to satisfy its load needs, the Company, on Feb. 15, 2008, submitted RFP documents for approval by the Commission to acquire up to 2,000 MWs of capacity from all non coal-fueled, dispatchable sources including seasonal capacity, during the time frame essentially equivalent to the term of this RFP.

Based on the Commission's findings we continue to believe PacifiCorp should have solicited for peaking products and for seasonal products in addition to the product menu it had established. We believe this is confirmed by PacifiCorp's recent announcement that it was instigating a new RFP for deliveries during the same 2012-2014 time frame that seeks power from all sources including seasonal resources.

#### **Section 2d. PacifiCorp RFP Team Structure**

The PacifiCorp RFP team structure was established as an extension of the Code of Conduct requirements. PacifiCorp established a separate Evaluation Team a RFQ Team and Benchmark Team before the receipt of any bids in this RFP. Each team member of each team was instructed, in writing, on the separation of functions and the Code of Conduct compliance requirements. In-person training was also conducted by the Company. PacifiCorp also prohibited the IRP working group from sharing transmission system information with either the Evaluation Team or the Benchmark Team. The Evaluation Team was further divided into working groups with discrete functions, including the creation of a "blinded" working groups tasked with the origination, structuring and pricing, transmission management, and environmental evaluation. The concept of "blinding" was that members of those teams would not know the identity of any Bidder. Bidder names on all bid receipts were removed and as a result bids were identified solely by bid numbers.

We are unaware of any instance when the Evaluation Team or the Benchmark Team received transmission information from the IRP work group. Also, we are unaware of any instance when the RFQ or Evaluation Team had contact with any Bidder, except through written communications conveyed by the IE, or in discussions monitored by the IE. We believe PacifiCorp made every effort to avoid direct contact with any Bidder, except through the IE, and we were impressed with the Company's diligence in this regard. We cannot identify any instance of willful violation of the separation of the teams, and we believe the personnel responsible for managing the RFP for PacifiCorp acted in good faith throughout the process in trying to implement the separation of the teams. However, we believe the structure created by PacifiCorp provided for physical separation of personnel, but did not, and as a practical matter could not, prevent the disclosure of Bidder identity to members of different teams.

The structure designed by PacifiCorp was comprehensive and detailed, providing sufficient guidance to participants on the different teams. We observed no significant or material violation of the separation of the teams. Even with the best of intentions and effort by PacifiCorp personnel, the team structure could not however fulfill the attempt to "blind" the identity of Bidders from those doing the evaluation. From the outset we found the blinding process inefficient. The removal of Bidder names was cumbersome when we received bids. With a varying degree of success Bidders attempted to remove their identification and substitute their Bidder number. When we opened the bids submitted, the IE had to remove materials that expressly identified the Bidder, even though we recognized that there remained information from which the identity of the Bidder was obvious, primarily, information relating to the location of the generating facility. The necessary credit assurance data, which was not blinded, was provided to the RFQ Team, and we have identified no instance where RFQ data was provided to the Bid Evaluation Team in an unblinded manner. In future RFPs we believe that "blinding" bids should not be required. It imposes on the Company, Bidders and the IE responsibilities that are of little practical value so long as the entire evaluation process is validated prior to the receipt of bids and that bids are evaluated in strict conformance with those validated evaluation processes.

### **Section 2e. Code of Conduct**

The PacifiCorp Code of Conduct was provided as Attachment 20 to the RFP. The scope of the Code of Conduct, the compliance requirements presented to PacifiCorp personnel, and the instructions to personnel regarding the Code of Conduct were comprehensive and complete. In an exercise of caution, PacifiCorp also instructed all personnel to abide by the FERC Standards of Conduct. We did not observe and are unaware of any intentional violation or disregard for the Code of Conduct by PacifiCorp personnel. Equally important, we are unaware of any instance when a Bidder in a material fashion ignored the Code of Conduct.<sup>1</sup> Similarly, we believe that PacifiCorp personnel demonstrated respect for the Code of Conduct and collectively made a good faith effort to comply with both the letter and spirit of the Code of Conduct.

As stated above, we believe an attempt to blind bids as a way to segregate information from different teams throughout the process, proved unrealistic. At the same time, we did not observe any instance where this created a bias toward any bid or Bidder. We believe PacifiCorp personnel were diligent in honoring the Code of Conduct and promptly raised any concerns with the IE throughout the RFP process.

#### **Section 2f. Communication with the IE**

PacifiCorp maintained an open dialogue with both the Oregon and Utah IEs during the RFP. Personnel were available for discussions and the Company provided requested information in a generally timely fashion. We did, however, find that PacifiCorp was prone to scheduling meetings and telephone conferences, often with Bidders, without adequate notice to the IEs. On occasion these events were noticed with little lead-time or without first determining the availability of the IE. We would suggest that, in subsequent RFPs, in order to maintain and facilitate the effectiveness of the IE, PacifiCorp be more diligent in advising the IE of planned events that require the IE's attendance.

The majority of communications were conducted telephonically or via email with occasional face-to-face meetings as necessary. The Company also used the web site established by the Utah IE as a means of communicating with both the IE and Bidders. We would note that the Company did not use the RFP website to its best advantage. Questions and responses were frequently emailed

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<sup>1</sup> During the negotiation phase of the RFP there were two email communiqués from bidders to PacifiCorp personnel addressing matters discussed during IE monitored discussions. PacifiCorp personnel did not respond, and instead forwarded these to the IE with a request that the bidder be reminded of the need to communicate through the IE.



between the Company and the IE. This required a party to manually forward that information to all parties who should have access to it, and for the IE to manually post the communication on the web site if it involved data to be made available to Bidders. This however should not be viewed as an inadequacy in the conduct of this RFP. We observed no instance where information to be evaluated was not made available to the IE or any instance where the IE was not made aware of critical RFP developments. We have found in other RFPs we have monitored, using a secure website as the primary means of communication and transmittal of data better enables the Company and the IE to maintain a comprehensive record of all RFP activities. We believe that developing a web site that can act as a primary repository for all critical communications will also improve communications in future RFPs.

### **Section 2g. Communication with Bidders**

Prior to the issuance of this RFP PacifiCorp conducted a number of technical workshops designed to assist the Company in developing the RFP. These occurred prior to the appointment of the Oregon IE. Subsequent to our appointment, the Company conducted both Stakeholders and Bidders Conferences as required by the Commission's Guidelines. These sessions were open and the Company presented both appropriate information describing the RFP and an opportunity for interested parties to comment on or suggest changes to the RFP. The Company also solicited questions and comments from both Bidders and other interested parties throughout the duration of the RFP process. Those questions and comments were submitted to the IE and subsequently posted on the RFP web site. The Company answered all questions posed and considered all comments submitted.

Pursuant to the Commission Guidelines PacifiCorp conducted all communications with Bidders through the IE. Primarily these communications took place via email until such time as the RFQ was submitted. At that time PacifiCorp personnel assigned to the RFQ team were permitted to conduct monitored telephone conferences with Bidders in order to clarify information or to request additional information. Each communication was monitored by the IE. The personnel on the RFQ Evaluation Team did not participate in bid evaluations and had access to "un-blinded" RFQ information. While discussions with Bidders regarding their qualifications were often tense, PacifiCorp conducted those discussions in a businesslike fashion. They were prepared for each discussion and provided Bidders with an opportunity to cure any deficiencies PacifiCorp had

identified. At no time did PacifiCorp contact a Bidder without an IE being involved. As a result of these communications it became clear that many of the Bidders could not strictly comply with the credit requirements of the RFP. As will be discussed later in this Report, PacifiCorp at the urging of the IEs, amended its RFP requirements to provide more flexibility to Bidders with regard to the timing of the provision of credit assurances. This change was a direct result of Bidders' ability to communicate their concerns regarding the difficulty of the requirements imposed by PacifiCorp. To its credit, the Company responded to the Bidders' needs.

Once bids were submitted but prior to selection of the preliminary shortlist communications between the Company and Bidders were conducted through the IE via email. This was necessary in order to maintain the "blinding" of bids. These communications were primarily between Bidders and the RFP Evaluation Team. This process was somewhat cumbersome in that it required a party to submit a request or question to the IE, who in turn had to forward it to the counter party and further, make sure that it was distributed to all relevant parties. As discussed above, this process could be automated through the use of a secure website.

Once a preliminary shortlist was designated monitored discussions between the Company and Bidders were conducted. The discussions focused on clarifying the pricing of bids, operational concerns and on remaining RFQ issues.

As of this Report date, the Company is in the process of final evaluation of bids and is negotiating with those Bidders identified as on the final conditional "shortlist". It is unclear at this point as to whether the Company will, in fact, contract for any of the capacity offered. The IE continues to monitor all communications going on between the Company and the "short listed" Bidders.

## **Section 2h. Public Participation**

As required by the Guidelines, PacifiCorp conducted Stakeholder meetings to explain the RFP process, the documents, and provide an opportunity for interested parties, including Bidders, to ask questions and discuss the RFP with PacifiCorp personnel, since such conversations could not be conducted on a bilateral basis. PacifiCorp made these Stakeholder meetings accessible by telephone, so individuals did not have to incur expense in order to participate. The materials provided during the Stakeholder meetings were posted on the web site for review.

We have found in many RFPs that these public sessions are helpful, but frequently of limited success in getting participants to raise substantive questions or significant observations. The PacifiCorp Stakeholder meetings were no exception. Prospective Bidders and many Stakeholder groups attended the meetings and there was discussion. However, as we have found to be typical, matters that were the focus of extensive discussion during the negotiation phase were not raised during the Stakeholder meetings. While PacifiCorp clearly and explicitly presented the requirements to be met, several issues that proved to be troublesome to Bidders were not raised during these public sessions.

We will not speculate as to why this was the case, and have not questioned Bidders on this point. However, we believe that in future RFPs it may be helpful for PacifiCorp or the IE to advise Bidders that their participation in the design of the RFP scope and terms is important, and that raising concerns or material alternative design suggestions for the first time during negotiations will not be successful. Also, we believe PacifiCorp could easily improve the web site so that Bidders could anonymously provide comments and suggestions for improving the RFP documents; an approach successfully employed in other RFPs.

## **Section 2i. Compliance with Commission Guidelines**

As stated throughout this report, we observed no instance where PacifiCorp personnel intentionally violated the Commission RFP Guidelines. The deviations that we have noted did not effect the integrity of the RFP process, or bias any bid or Bidder. We believe the bid information was held in confidence and distribution was limited to the IE and those within PacifiCorp with a need to access the information. When significant issues were identified regarding a bid, PacifiCorp participated in open and frank discussions with the IE and the Commission Staff before informing the Bidder of the company's position and final disposition. PacifiCorp listened to the positions and observations of the IE, and made every effort to fully understand the reasoning behind the IE's views in those instances when the IE disagreed with PacifiCorp's position on an issue, regardless of the ultimate resolution or the significance of an issue. In every instance the IE and Commission Staff members were treated respectfully and kept informed of PacifiCorp's decisions before actions were taken. While we did not agree with every decision made by PacifiCorp, those disagreements did not result in the IE identifying a violation of the Commission's RFP Guidelines.

## **Section 2j. The RFQ Process**

The RFP prepared by PacifiCorp required Bidders to pre-qualify prior to submitting actual binding bids. In order to be considered as part of the RFP process, interested Bidders were required to submit specific information to PacifiCorp by May 7, 2007. The required information was detailed in forms attached to the published RFP. Actual bids were to be submitted on June 19, 2007. As a result of some potential confusion regarding credit requirements, a technical conference was held post RFQ submission and a limited re-opening of the RFQ submission was scheduled allowing Bidders to re-submit their RFQ bids by May 25, 2007. The re-opening also permitted additional Bidders to make submissions. While actual bids were to be “blinded”, (the identity of the Bidder undisclosed to PacifiCorp personnel conducting the bid evaluations) the RFQ was not blinded. PacifiCorp assigned a separate RFQ Team comprised of legal, credit and IRP personnel who worked with the IEs to assess Bidder qualifications. Upon preliminary qualification, the IEs provided each Bidder with a bid number to be used as the sole identification for any actual bid submitted.

### **2ji. RFQ Credit and Risk Management Terms and Conditions**

The RFQ submittal consisted of Appendices A and B; both to be completed in their entirety. Bidders were required to demonstrate their creditworthiness or the credit support they would provide, their capability, experience and qualification to deliver, along with detailed information regarding the nature of the power supply they intended to bid. Bidders were required to provide information regarding

- a. Corporate structure and primary and secondary businesses
- b. Location of offices
- c. A list of the officers of the company and biographies of key officers
- d. Documentation of the Bidders’ previous experience developing/operating the proposed Eligible Resource Alternative
- e. References for each project or power supply venture the Bidder has entered into as identified in item 4 above

- f. A description of any current or previous contract dispute(s) involving similar projects in which the Bidder is or was involved during the last five (5) years
- g. A list of the members of the project team for the projects identified in item 4 above
- h. An organizational chart for the project that lists the project participants and consultants and identifies the management structure and responsibilities

With regard to credit, Bidders were required to provide the following information:

- a. Exact legal name and address of Bidder:
- b. Debt Ratings from S&P and/or Moody's (please provide senior unsecured long-term debt rating (or corporate rating if a debt rating is unavailable)
- c. Copies of audited financial statements (including balance sheet, income statement, and cash flow statement) for the three most recent fiscal years
- d. A description of pending legal disputes
- e. A disclosure as to whether Bidder is or has, within the past five (5) years, been the debtor in any bankruptcy proceeding
- f. If Bidder would be relying upon another entity to provide credit assurances on its behalf
- g. A demonstration of its ability (and/or the ability of their credit support provider) to provide the required security, including its plan for doing so (including type of security, sources of security, and a description of its credit support provider)
- h. A reasonable demonstration of its ability to finance the proposed project based on past experience and a sound financial plan identifying the proposed sources for debt and equity and evidence the project is finance feasible.

2. For entities providing credit assurances on behalf of Bidder

- a. The exact legal name and address of entity providing credit assurances on behalf of Bidder
- b. A description of the relationship to the Bidder and the type of credit assurances to be provided
- c. Debt Ratings from S&P and/or Moody's for the party providing the credit assurance
- d. Audited financial statements for such credit support provider for the three most recent fiscal years
- e. A description of pending legal disputes involving such credit support provider
- f. A statement as to whether the entity providing credit assurances on behalf of the Bidder is or has within the past five (5) years been the debtor in any bankruptcy proceeding

Bidders were to provide a letter of commitment from the entity providing the credit assurances on their behalf, executed by an authorized signatory, and indicating the amount and form of credit assurances it would provide.

Bidders had to be investment grade or demonstrate the ability to post the credit assurances identified in the credit matrix contained in Appendix B of the RFP to qualify as a Bidder. Each Bidder was to provide the requested financial and credit information and indicate, if it was not investment grade, what its ability would be to post any necessary credit assurances in order to be equivalent to an investment grade entity.

All Bidders had to demonstrate their ability to provide the security requirements, and if required, a letter of commitment to provide credit support from an acceptable source, in a form acceptable to PacifiCorp. Bidders also had to provide a demonstration of their ability to finance their project based on past experience and a sound financial plan identifying the proposed sources for debt and equity. In the event that the Bidder could not provide evidence of its ability to provide such credit assurances, the Company reserved the right to reject the Bidder's proposal after consultation with the IEs.

Bidders were required to demonstrate the ability to post credit assurance in the amounts outlined in a credit matrix which was attached to the RFP as Appendix B. (See Attachment 1) A Bidder could demonstrate its ability to post necessary credit assurances either in the form of a commitment letter from a proposed guarantor or from a financial institution that would be issuing a Letter of Credit. The Company provided a form of Guarantee and the requirements for a Letter of Credit acceptable to it in the RFP. (See Attachments 2a & 2b) The amount of any credit assurances to be provided were determined based upon a) the credit rating in the credit matrix of either the Bidder or the entity providing credit assurances on behalf of the Bidder, b) the MW size of the bid, and c) the type of Eligible Resource Alternative bid. The credit matrix set out fixed requirements based on MWs bids but did not adjust the security requirement to reflect the term of the bid. PacifiCorp did, however, indicate its willingness to adjust the required credit assurances for bids of ten (10) years or less. (See Attachment 1)

In the event that a Bidder did not have a published credit rating, the credit rating was determined by PacifiCorp Credit through an internal process review and use of a proprietary credit scoring model developed in conjunction with a third party. All Bidders received a credit rating that determined the amount of any credit assurances to be posted.

PacifiCorp reserved the right to reject as non-responsive any, all, or portions of bid proposals received for failure to meet any requirement of the RFQ. During the RFQ evaluation PacifiCorp frequently requested that the IEs contact various Bidders for additional information. These requests typically dealt with requesting additional financial information or to seek revisions to letters of commitment or letters of credit or, parental or other guarantees submitted.

### **2jii. Application to Bid Evaluation**

██████████ Bidders submitted separate RFQ forms for ██████████ power supplies they planned to submit. None of the Bidders submitted conforming information. Some required additional information while others submitted non-conforming proposals. The vast majority of Bidders submitted credit terms and conditions that were non-conforming and unacceptable to PacifiCorp. Intense and lengthy discussions and exchanges of information were conducted between the Bidders and PacifiCorp in an attempt to allow Bidders to conform their bids to the RFQ requirements. These were monitored by the IEs. The issues most often in dispute were the terms and language contained in the letters of credit and guarantees offered by the Bidders. This process

was unduly time consuming. PacifiCorp, to its credit, did not disqualify any Bidder without trying to accommodate both the Bidders and its needs. However, PacifiCorp was insistent on credit terms and conditions it deemed to be both adequate and available to all other Bidders. It also insisted on strict adherence to the specific terms and conditions set out in the RFP. This inflexibility ultimately led to the voluntary withdrawal of several bids and to the rejection of others as non-conforming. The Company's position was driven by the recognition that the RFQ had been approved by the Utah PSC and could only be altered with the approval of that Commission. Discussions between PacifiCorp and Bidders were ongoing into early June 2007. In order to allow the Bidders to submit detailed bids and for evaluations to begin, each Eligible Resource Alternative Bidder that was still actively participating in the RFQ was preliminarily qualified and assigned a separate bid number by the IEs.

The following chart describes the responses to the RFQ received:

Bid Number	Bidder Name	Project Name	Eligible Resource Alternative	Size of Project	Online Date
			PPA	142 MW	2011
			APSA and Purchase of Existing Facility	100 MW	2011
			APSA/IGCC	750 MW	2012-2014
			Geothermal PPA	10 MW	3/31/2009
			Geothermal PPA	10 MW	12/1/2008
			Market PPA	Not specified	Not specified



		100 MW, with options on 200, 400 and 600 MW at later dates	12/31/2009
		PPA - Wind	
		Tolling Agreement	500 MW 6/1/2013
		APSA	545 MW 4/1/2012
		APSA	560 MW 4/1/2012
		APSA	560 MW 4/1/2012
		Purchase of portion of facility, jointly owned or operated by PacifiCorp	333 MW 1/1/2013
		PPA	333 MW 1/1/2013
		QF	333 MW 1/1/2013
		APSA	333 MW 1/1/2013
		Tolling Agreement	550 MW 2012, 2013 or 2014
		Tolling Agreement	Up to 1600 MW 2012, 2013, 2014
		Various	Various Various
		Load Curtailment	At least 25 MW As early as 6/1/2008

**2jiii. Impact on RFQ Evaluation**

Ultimately, [REDACTED] Bidders submitted information regarding [REDACTED] bids they proposed to submit. [REDACTED] Bidders withdrew [REDACTED] bids they had initially proposed prior to completion of the

RFQ. At a later date, [REDACTED] Bidders voluntarily withdrew their bids. PacifiCorp endeavored to conduct an expeditious evaluation of all RFQ submittals, but appeared to be reluctant to deal with the multiple and inconsistent non-conforming bids and cures proposed.

[REDACTED] who appeared to be highly qualified, proposed to provide capacity and energy in partnership with PacifiCorp. This was not a product solicited, but PacifiCorp, after consultation with the IEs agreed to consider such a bid if one could be provided in a timely manner. PacifiCorp created a team of personnel, unaffiliated with this RFP to enter into discussions with [REDACTED] to determine if such a bid could be developed. The IEs monitored the contacts between [REDACTED] and the Company. After initial discussions, the parties mutually agreed that a bid could not be developed in time to submit it in this RFP and [REDACTED] withdrew from the RFP.

[REDACTED] who submitted a response to the RFQ that proposed credit assurances significantly less than those needed in order to conform to the requirements of the RFP, withdrew upon being informed of the level of credit assurance to be provided.

[REDACTED] failed to respond to requests to cure the defects in its submission.

[REDACTED] failed to conform to the credit requirements in the RFP.

Most Bidders failed to provide Letters of Credit, Letters of Commitment (LOC) or Guarantees that were acceptable to PacifiCorp. The reasons expressed by PacifiCorp included concerns that the language deviated from that in the form issued with the RFP and the commitments were not firm, the LOC was not clearly for the benefit of PacifiCorp, or that the LOC could not be exercised directly by PacifiCorp in the case where an LOC backstopped a parental guarantee.

In [REDACTED] was partnering with a creditworthy entity that agreed to provide a guarantee not guaranteeing a portion of the risk PacifiCorp had identified. [REDACTED] however selected for the final shortlist at the suggestion of the IE. Negotiations with [REDACTED] did not however resolve the credit issue identified and [REDACTED] has now been disqualified.

As of the date of the selection of the Final Conditional Shortlist [REDACTED] had been unconditionally qualified. However, that proposal contained certain terms and conditions that

were inconsistent with the RFP requirements. Negotiations were initiated with each Bidder on the Final Conditional Shortlist in hopes that remaining qualification issues could be resolved.

We believe that PacifiCorp made a good faith effort to qualify Bidders who submitted conforming RFQ information. It evaluated all submissions fairly. In those cases where it was required to develop credit ratings for unrated entities, it did so appropriately. PacifiCorp communicated openly with the IEs and conducted the qualification process in accordance with the RFP and the Commission's Guidelines. We do, however, believe PacifiCorp was to some degree not sufficiently flexible in dealing with the difficulties it encountered. In part, this was caused by PacifiCorp's recognition that allowing some flexibility to Bidders could be construed as advantaging or disadvantaging certain other Bidders who were not treated in the same manner. This is a basis we appreciate. [REDACTED]

[REDACTED] we believe PacifiCorp should have been less stringent in its demands, at least until it had initially reviewed bids and issued a short list. Absolute consistency with the RFQ terms could not be accomplished, and Bidders and credit support providers would be in a better position to offer more favorable credit terms with some indication that they were in a position to deal with a probable contract rather than a bid. It is also important to remember that while PacifiCorp insisted on applying the same requirement to all Bidders in the RFQ evaluation and therefore would not deviate from the terms of the RFQ, it reserved the right to negotiate the PPA and to amend the terms of the Pro Forma PPA to accommodate the needs of the winning bids, which could well result in winning Bidders being afforded terms and conditions different than those disclosed to other Bidders.

In future RFPs, we believe PacifiCorp should exhibit the same degree of flexibility in negotiating final credit terms with potential power supply providers. Credit terms should reflect the risks contracted for and should therefore reflect the terms of the contracts entered into. So long as identified risks are covered, the Company should be afforded some latitude in tailoring its credit decisions to reflect the nature and types of bids received and to the risks presented with the bids submitted. We note that the Company conducted the RFQ evaluation in strict conformance with the RFP requirements and the Commission's Guidelines but had it been more flexible in tailoring its credit requirements to respond to the needs of the various Bidders who responded to this RFP, it may have been able to more effectively conduct its RFQ evaluation.

Our experience leads us to recommend that pre-qualification is an unnecessary encumbrance on the RFP process and it should be discontinued in subsequent RFPs. Bidder qualification can, and should, be conducted concurrently with the evaluation of bids. Requiring credit “commitments” prior to entering into a PPA is both costly to Bidders and a source of potential dispute. In the RFP the Company inadvertently requested Bidders to provide “Comfort Letters” (an indication of an intent to enter into discussions regarding credit support) when it meant to require the submission of a “Letter of Commitment”, a qualified promise to subsequently provide the support required. Inadvertently, this introduced significant confusion into the RFQ process. We believe such letters should not be required until a Bidder is invited to enter into formal negotiations of a PPA. Concurrently therewith, we believe that PacifiCorp should require a binding credit commitment. Had that been the case in this RFP, we believe that the RFQ process would have been completed in a more expeditious and less confusing manner.

**Section 3. Details of the Bid Scoring and Evaluation Results**  
**Please refer to Report submitted by Boston Pacific.**

**Section 4. PacifiCorp’s Compliance with the Commissions Guidelines**

**Section 4a. PacifiCorp’s Conduct of the RFP and Its Bid Selection Process**

A critical aspect of the role of the IE is to assure that the Company conducts a fair, effective and efficient RFP that complies with all Commission Guidelines, regulations and. We are able to report that to the best of our knowledge, there were no instances we are aware of, when the Company did not act in compliance with the requirements established by the Commission. In spite of the complexity of this RFP, resulting in part from PacifiCorp’s need to address the requirements established by both the Oregon and Utah Commissions, PacifiCorp endeavored to strictly comply with those Guidelines and the terms and conditions it set forth in its RFP. This was particularly evident in the RFQ evaluation.

To some extent PacifiCorp’s inflexibility in this regard, particularly as it related to Bidder credit requirements, served to diminish the opportunities it had to select power supply options that were presented. However, we cannot fault PacifiCorp for its actions. The credit assurance levels were clearly set out in draft RFP documents and were reviewed by Bidders, other Stakeholders, the IEs

from both Oregon and Utah and by the Commissions in those two States. It is unclear whether PacifiCorp could have unilaterally altered those requirements, even if it had made the revised requirements available to all Bidders. While the Company did not compromise the credit requirements, it did make substantial efforts to work with Bidders to satisfy the RFP requirements.

Bidders were provided with ample opportunity to ask questions, comment on RFP matters, and to interact with the Company relative to matters affecting their bids. No Bidder was given any information that was not made available to all other Bidders, except to the extent that such information was specific to that Bidder. No Bidder was given any advantage in the evaluation processes, for both RFQ and Bid evaluation that was not given to all other Bidders.

Confidentiality of Bidder information was adequately maintained.

The RFP team structure was appropriate and maintained the necessary Bidder anonymity to allow for unbiased bid evaluations.

Communication protocols were established and adhered to throughout the tenure of the RFP. Communications with the IEs and with Bidders was adequate and facilitated the conduct of the RFP.

One troubling aspect of PacifiCorp's conduct of the RFP arose when the Company advised the IEs that one of its "Benchmarks" would not be available. The Company took the position that the RFP needed to be cancelled prior to evaluating the bids that had been submitted. The IEs took the position that the Benchmark had already been designated and evaluated by the IEs, and that it therefore remained an appropriate measure of the economic value of the submitted bids. The IEs urged the Company to continue its evaluation, and if appropriate, to enter into contracts for economically attractive offers.

PacifiCorp delayed the evaluation of bids to resolve this issue and ultimately decided to go forward with the RFP as originally planned. This delay had the effect of extending the time it took to complete the RFP.

**For information regarding PacifiCorp's conduct regarding the bid selection process, please refer to Boston Pacific's Report.**

**Section 4b. PacifiCorp's Level of Cooperation in the IEs Evaluation of Bids**  
**Please refer to Report submitted by Boston Pacific.**

**Section 4c. Observations Recommendations and Conclusions**  
**Please also refer to Report submitted by Boston Pacific.**

**Observations**

- The RFP process, including the RFQ process, while complex, was conducted fairly.
- Communications were adequate but were not managed in an efficient manner.
- Personnel assigned to the various RFP teams were professional and competent and abided by the Company Code of Conduct.
- No Bidder was afforded an advantage that was not available to all other Bidders.
- The RFP process does not provide the Company with adequate flexibility to facilitate its ability to tailor the Terms and Conditions established in the RFP to Bidder specific requirements. Such changes, however, can be implemented in a manner that does not unduly advantage or disadvantage any other Bidder, a Company Benchmark, or Self Build proposal.
- The established credit requirements, while providing protection for PacifiCorp's customers and shareholders, tend to discourage aggressive bids from less than creditworthy grade providers.

**Recommendations**

- Eliminate the RFQ as a separate submission and evaluation process
- The credit requirements should be revisited to incorporate lessons learned in this RFP
- Require the Company to establish a comprehensive website similar to the one recently launched by Portland General Electric in its current RFP to manage RFP communications
- Eliminate the need to "blind" bids

**Conclusions**

We found PacifiCorp's adherence to the Commission Guidelines sufficient to determine that the RFP was conducted fairly and without bias towards or against any Bidder or bid. As discussed in

our report, the requirements established by PacifiCorp, while reasonable, resulted in bids surviving the RFQ and evaluation phases of the RFP process with significant issues remaining regarding credit qualifications. These issues will need to be resolved during negotiations in order to fully assess the appropriateness of any power supply decisions PacifiCorp may make. We have identified a number of areas where improvements could be made and expect that PacifiCorp will consider these in the design and execution of the 2008 RFP.

## ATTACHMENT 1

### RFQ Appendix B

#### **CREDIT MATRIX**

The Bidder should utilize the Credit Matrix to determine the maximum credit assurance requirements based on its credit rating and the size and type of Eligible Resource Alternative bids. The Bidder will be required to demonstrate the ability to post any required credit assurances in the form of a comfort letter from a proposed guarantor or from a financial institution that would be issuing a Letter of Credit.

The amount of any credit assurances to be provided will be determined based upon:

- a. The Credit Rating in the Credit Matrix of either the Bidder or the entity providing credit assurances on behalf of the Bidder
- b. The size of the project, and
- c. The type of Eligible Resource Alternative.

The Credit Rating will be the lower of:

- a. The most recently published senior, unsecured long term debt rating (or corporate rating if a debt rating is unavailable) from Standard & Poor's (S&P), or
- b. The most recently published senior, unsecured debt rating (or corporate rating if a debt rating is unavailable) from Moody's Investor Services

If option (x) or (y) is not available, the Credit Rating will be determined by PacifiCorp Credit through an internal process review utilizing a proprietary credit scoring model developed in conjunction with a third party. All Bidders will receive a Credit Rating that will determine the maximum value of any credit assurances to be posted. Should a Bidder be an existing counter party with PacifiCorp, PacifiCorp reserves the right to protect itself from counter party credit concentration risk and require credit assurance in addition to those outlined in the Credit Matrix.



## **Credit Appendix B for RFP**

### Credit Matrices Notes

- Columns contain maximum value of credit assurances to be posted for each range of MW for a 2012-2014 resource
- Based on size and type of Eligible Resource Alternative bid
- For projects between 5-10 years the amount of credit assurances required may be adjusted.

RFP 2012  
 Credit Appendix B for RFP 2012-2014  
 Credit Matrix  
 Maximum Value of Credit Assurances to be Posted for each range of MW for a 2012 Resource  
 Based on Size and Type of Resource Alternative Bid

For Eligible Resource Alternatives 3, 4, 5, 6 and 7

Size of Nameplate bid in MW =>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
<b>Credit Rating</b>																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
BBB+/Baa1	\$0	\$0	\$0	\$0	\$0	\$13,866,200	\$30,132,800	\$46,399,400	\$62,666,000	\$78,932,600	\$95,199,200	\$111,465,800	\$127,732,400	\$143,999,000	\$160,265,600	\$176,532,200	
BBB/Baa2	\$0	\$0	\$0	\$0	\$6,333,000	\$22,599,600	\$38,866,200	\$55,132,800	\$71,399,400	\$87,666,000	\$103,932,600	\$120,199,200	\$136,465,800	\$152,732,400	\$168,999,000	\$185,265,600	\$201,532,200
BBB-/Baa3	\$0	\$0	\$15,066,400	\$31,333,000	\$47,599,600	\$63,866,200	\$80,132,800	\$96,399,400	\$112,666,000	\$128,932,600	\$145,199,200	\$161,465,800	\$177,732,400	\$193,999,000	\$210,265,600	\$226,532,200	
Below BBB-/Baa3	\$16,266,600	\$32,533,200	\$48,799,800	\$65,066,400	\$81,333,000	\$97,599,600	\$113,866,200	\$130,132,800	\$146,399,400	\$162,666,000	\$178,932,600	\$195,199,200	\$211,465,800	\$227,732,400	\$243,999,000	\$260,265,600	\$276,532,200

For Eligible Resource Alternatives 1, 2, 8, 9 and 10 (ASSET BACKED)

Size of Nameplate bid in MW =>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
<b>Credit Rating</b>																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,465,800	\$27,732,400	\$43,999,000	\$60,265,600	\$76,532,200
BBB+/Baa1	\$0	\$0	\$0	\$0	\$0	\$13,866,200	\$30,132,800	\$46,399,400	\$62,666,000	\$78,932,600	\$95,199,200	\$111,465,800	\$127,732,400	\$143,999,000	\$160,265,600	\$176,532,200	
BBB/Baa2	\$0	\$0	\$0	\$0	\$6,333,000	\$22,599,600	\$38,866,200	\$55,132,800	\$71,399,400	\$87,666,000	\$103,932,600	\$120,199,200	\$136,465,800	\$152,732,400	\$168,999,000	\$185,265,600	\$201,532,200
BBB-/Baa3	\$0	\$0	\$15,066,400	\$31,333,000	\$47,599,600	\$63,866,200	\$80,132,800	\$96,399,400	\$112,666,000	\$128,932,600	\$145,199,200	\$161,465,800	\$177,732,400	\$193,999,000	\$210,265,600	\$226,532,200	
Below BBB-/Baa3	\$16,266,600	\$32,533,200	\$48,799,800	\$65,066,400	\$81,333,000	\$97,599,600	\$113,866,200	\$130,132,800	\$146,399,400	\$162,666,000	\$178,932,600	\$195,199,200	\$211,465,800	\$227,732,400	\$243,999,000	\$260,265,600	\$276,532,200

For Eligible Resource Alternatives 1, 2, 8, 9 and 10 (NON ASSET BACKED)

Size of Nameplate bid in MW =>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
<b>Credit Rating</b>																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$104,185,200	\$266,045,600	\$427,906,000	\$589,766,400	\$751,626,800
BBB+/Baa1	\$0	\$0	\$0	\$0	\$0	\$133,022,800	\$294,883,200	\$456,743,600	\$618,604,000	\$778,464,400	\$942,324,800	\$1,104,185,200	\$1,266,045,600	\$1,427,906,000	\$1,589,766,400	\$1,751,626,800	
BBB/Baa2	\$0	\$0	\$0	\$0	\$59,302,000	\$221,162,400	\$383,022,800	\$544,883,200	\$706,743,600	\$868,604,000	\$1,030,464,400	\$1,192,324,800	\$1,354,185,200	\$1,516,045,600	\$1,677,906,000	\$1,839,766,400	\$2,001,626,800
BBB-/Baa3	\$0	\$0	\$147,441,600	\$309,302,000	\$471,162,400	\$633,022,800	\$794,883,200	\$956,743,600	\$1,118,604,000	\$1,280,464,400	\$1,442,324,800	\$1,604,185,200	\$1,766,045,600	\$1,927,906,000	\$2,089,766,400	\$2,251,626,800	
Below BBB-/Baa3	\$161,860,400	\$323,720,800	\$485,581,200	\$647,441,600	\$809,302,000	\$971,162,400	\$1,133,022,800	\$1,294,883,200	\$1,456,743,600	\$1,618,604,000	\$1,780,464,400	\$1,942,324,800	\$2,104,185,200	\$2,266,045,600	\$2,427,906,000	\$2,589,766,400	\$2,751,626,800

For Eligible Resource Alternative 11(a)

Size of Nameplate bid in MW =>	For a term of greater than 10 years			
	Up to 25	26 to 50	51 to 75	76 to 100
<b>Credit Rating</b>				
AAA/Aaa and above	\$0	\$0	\$0	\$0
AA+/Aa1	\$0	\$0	\$0	\$0
AA/Aa2	\$0	\$0	\$0	\$0
AA-/Aa3	\$0	\$0	\$0	\$0
A+/A1	\$0	\$0	\$0	\$0
A/A2	\$0	\$0	\$0	\$0
A-/A3	\$0	\$0	\$0	\$0
BBB+/Baa1	\$0	\$0	\$0	\$0
BBB/Baa2	\$0	\$0	\$0	\$0
BBB-/Baa3	\$0	\$0	\$0	\$0
Below BBB-/Baa3	\$40,465,100	\$80,930,200	\$121,395,300	\$161,860,400

Note 1: For Eligible Resource 11(a), the amount of credit assurances required in \$/KW equates to \$1,619/KW.  
 Please note that the amount of credit assurances required for this resource type represents an "up to" amount depending on the terms of the curtailment and whether there is an acceptable physical asset behind the agreement.

Note 2: For projects between 5 -10 years the amount of credit assurances required may be adjusted.



RFP 2013

Credit Appendix B for RFP 2012-2014

Credit Matrix

Maximum Value of Credit Assurances to be Posted for each range of MW for a 2013 Resource Based on Size and Type of Resource Alternative Bid

For Eligible Resource Alternatives 3, 4, 5, 6 and 7

Size of Nameplate bid in MW ==>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
Credit Rating																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
BBB+/Baa1	\$0	\$0	\$0	\$0	\$16,045,500	\$34,254,600	\$52,463,700	\$70,672,800	\$88,881,900	\$107,091,000	\$125,300,100	\$143,509,200	\$161,718,300	\$179,927,400	\$198,136,500	\$216,345,600	\$234,554,700
BBB/Baa2	\$0	\$0	\$0	\$16,586,400	\$34,795,500	\$53,004,600	\$71,213,700	\$89,422,800	\$107,631,900	\$125,841,000	\$144,050,100	\$162,259,200	\$180,468,300	\$198,677,400	\$216,886,500	\$235,095,600	\$253,304,700
BBB-/Baa3	\$0	\$0	\$17,127,300	\$35,336,400	\$53,545,500	\$71,754,600	\$89,963,700	\$108,172,800	\$126,381,900	\$144,591,000	\$162,800,100	\$181,009,200	\$199,218,300	\$217,427,400	\$235,636,500	\$253,845,600	\$272,054,700
Below BBB-/Baa3	\$18,209,100	\$36,418,200	\$54,627,300	\$72,836,400	\$91,045,500	\$109,254,600	\$127,463,700	\$145,672,800	\$163,881,900	\$182,091,000	\$200,300,100	\$218,509,200	\$236,718,300	\$254,927,400	\$273,136,500	\$291,345,600	\$309,554,700

For Eligible Resource Alternatives 1, 2, 8, 9 and 10 (ASSET BACKED)

Size of Nameplate bid in MW ==>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
Credit Rating																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,091,000	\$20,300,100	\$38,509,200	\$56,718,300	\$74,927,400	\$93,136,500	\$111,345,600	\$129,554,700
BBB+/Baa1	\$0	\$0	\$0	\$0	\$16,045,500	\$34,254,600	\$52,463,700	\$70,672,800	\$88,881,900	\$107,091,000	\$125,300,100	\$143,509,200	\$161,718,300	\$179,927,400	\$198,136,500	\$216,345,600	\$234,554,700
BBB/Baa2	\$0	\$0	\$0	\$16,586,400	\$34,795,500	\$53,004,600	\$71,213,700	\$89,422,800	\$107,631,900	\$125,841,000	\$144,050,100	\$162,259,200	\$180,468,300	\$198,677,400	\$216,886,500	\$235,095,600	\$253,304,700
BBB-/Baa3	\$0	\$0	\$17,127,300	\$35,336,400	\$53,545,500	\$71,754,600	\$89,963,700	\$108,172,800	\$126,381,900	\$144,591,000	\$162,800,100	\$181,009,200	\$199,218,300	\$217,427,400	\$235,636,500	\$253,845,600	\$272,054,700
Below BBB-/Baa3	\$18,209,100	\$36,418,200	\$54,627,300	\$72,836,400	\$91,045,500	\$109,254,600	\$127,463,700	\$145,672,800	\$163,881,900	\$182,091,000	\$200,300,100	\$218,509,200	\$236,718,300	\$254,927,400	\$273,136,500	\$291,345,600	\$309,554,700

For Eligible Resource Alternatives 1, 2, 8, 9 and 10 (NON ASSET BACKED)

Size of Nameplate bid in MW ==>	100	101-200	201-300	301-400	401-500	501-600	601-700	701-800	801-900	901-1000	1001-1100	1101-1200	1201-1300	1301-1400	1401-1500	1501-1600	1601-1700
Credit Rating																	
AAA/Aaa and above	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
AA+/Aa1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
AA/Aa2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
AA-/Aa3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
A+/A1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
A/A2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
A-/A3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,392,500	\$170,610,000	\$334,827,500	\$499,045,000	\$663,262,500	\$827,480,000	\$991,697,500
BBB+/Baa1	\$0	\$0	\$0	\$0	\$17,087,500	\$235,305,000	\$399,522,500	\$563,740,000	\$727,957,500	\$892,175,000	\$1,056,392,500	\$1,220,610,000	\$1,384,827,500	\$1,549,045,000	\$1,713,262,500	\$1,877,480,000	\$2,041,697,500
BBB/Baa2	\$0	\$0	\$0	\$94,370,000	\$236,587,500	\$422,805,000	\$609,022,500	\$795,240,000	\$981,457,500	\$1,167,675,000	\$1,353,892,500	\$1,540,110,000	\$1,726,327,500	\$1,912,545,000	\$2,098,762,500	\$2,284,980,000	\$2,471,197,500
BBB-/Baa3	\$0	\$0	\$117,652,500	\$281,870,000	\$446,087,500	\$610,305,000	\$774,522,500	\$938,740,000	\$1,102,957,500	\$1,267,175,000	\$1,431,392,500	\$1,595,610,000	\$1,759,827,500	\$1,924,045,000	\$2,088,262,500	\$2,252,480,000	\$2,416,697,500
Below BBB-/Baa3	\$164,217,500	\$328,435,000	\$492,652,500	\$656,870,000	\$821,087,500	\$985,305,000	\$1,149,522,500	\$1,313,740,000	\$1,477,957,500	\$1,642,175,000	\$1,806,392,500	\$1,970,610,000	\$2,134,827,500	\$2,299,045,000	\$2,463,262,500	\$2,627,480,000	\$2,791,697,500

For Eligible Resource Alternative 11(a)

Size of Nameplate bid in MW ==>	For a term of greater than 10 years			
	Up to 25	26 to 50	51 to 75	76 to 100
Credit Rating				
AAA/Aaa and above	\$0	\$0	\$0	\$0
AA+/Aa1	\$0	\$0	\$0	\$0
AA/Aa2	\$0	\$0	\$0	\$0
AA-/Aa3	\$0	\$0	\$0	\$0
A+/A1	\$0	\$0	\$0	\$0
A/A2	\$0	\$0	\$0	\$0
A-/A3	\$0	\$0	\$0	\$0
BBB+/Baa1	\$0	\$0	\$0	\$0
BBB/Baa2	\$0	\$0	\$0	\$0
BBB-/Baa3	\$0	\$0	\$0	\$0
Below BBB-/Baa3	\$41,054,375	\$82,108,750	\$123,163,125	\$164,217,500

Note 1: For Eligible Resource 11(a), the amount of credit assurances required in \$/kW equates to \$1,642/kW. Please note that the amount of credit assurances required for this resource type represents an "up to" amount depending on the terms of the curtailment and whether there is an acceptable physical asset behind the agreement.

Note 2: For projects between 5-10 years the amount of credit assurances required may be adjusted.



ATTACHMENT 2A

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**RFP**

Attachment 22: Credit Commitment Letter

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**GUARANTY COMMITMENT LETTER**

(Bidder parent or credit support provider letterhead)

PacifiCorp  
825 NE Multnomah  
Portland, Oregon 97232

Dear Sirs:

The undersigned bears the following relationship to the Bidder \_\_\_\_\_ ( NOTE: Please insert Bidder name) ("Counter Party") in your RFP process: (NOTE: insert nature of relationship, e.g., parent company, tax investor, etc.).

This will indicate our promise to you that, should you enter into a transaction with Counter Party arising out of any bid submitted by Counter Party in the RFP, that we will at that time issue an unconditional guaranty in form and substance reasonably satisfactory to you, and that we will guarantee all obligations of payment and performance of Counter Party to you as our independent obligation, (up to a maximum amount of \$\_\_\_\_\_, plus enforcement expenses).

We understand that you will not enter into a transaction with Counter Party without said guaranty. We understand that you are under no obligation to enter into any transaction with Counter Party, under the RFP or otherwise.

Yours truly,

(name of committing guarantor)

(name of authorized officer)

**ATTACHMENT 2B**

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**RFP**

Attachment 11: Form Of Letter Of Credit

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## **ATTACHMENT 11: REQUIREMENTS FOR A LETTER OF CREDIT**

A Letter of Credit means an irrevocable standby letter of credit in a form reasonably acceptable to PacifiCorp, naming PacifiCorp as the party entitled to demand payment and present draw requests there under, which letter(s) of credit:

(1) is issued by a U.S. commercial bank or a foreign bank with a U.S. branch, with such bank having a net worth of at least \$1,000,000,000 and a credit rating on its senior unsecured debt of:

(a) “A2” or higher from Moody’s

(b) “A” or higher from S&P

(2) on the terms provided in the letter(s) of credit, permits PacifiCorp to draw up to the face amount thereof for the purpose of paying any and all amounts owing by Seller hereunder

(3) if a letter of credit is issued by a foreign bank with a U.S. branch, permits PacifiCorp to draw upon the U.S. branch

(4) permits PacifiCorp to draw the entire amount available there under if such letter of credit is not renewed or replaced at least thirty (30) Business Days prior to its stated expiration date

(5) permits PacifiCorp to draw the entire amount available there under if such letter(s) of credit are not increased, replaced or replenished as and when provided where applicable

(6) is transferable by PacifiCorp to any party to which PacifiCorp may assign;

(7) shall remain in effect for at least ninety (90) days after the end of the Term



1 **CERTIFICATE OF SERVICE**

2 I certify that on April 10, 2008, I served the foregoing upon all parties of record in this  
3 proceeding by delivering a copy by electronic mail and by mailing a copy by postage prepaid  
4 first class mail or by hand delivery/shuttle mail to the parties accepting paper service.

5 SUSAN K ACKERMAN  
6 ATTORNEY  
7 9883 NW NOTTAGE DR  
8 PORTLAND OR 97229  
9 susan.k.ackerman@comcast.net

**DAVISON VAN CLEVE PC**  
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8 **W**  
9 PACIFIC POWER OREGON DOCKETS  
10 825 NE MULTNOMAH STREET, STE 2000  
11 PORTLAND OR 97232  
12 oregondockets@pacificcorp.com

**W**  
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10 **ACCION GROUP INC**  
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13 KENSINGTON MD 20895  
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13 **ACCION GROUP INC.**  
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16 **BOSTON PACIFIC COMPANY, INC.**  
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18 1100 NEW YORK AVENUE NW, SUITE 490 EAST  
19 WASHINGTON DC 20005  
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**NW INDEPENDENT POWER PRODUCERS**  
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21 **W**  
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24 610 SW BROADWAY STE 308  
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26 dockets@oregoncub.org

**W**  
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**OREGON PUBLIC UTILITY COMMISSION**  
LISA C SCHWARTZ - **HIGHLY CONFIDENTIAL**  
SENIOR ANALYST  
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