

December 24, 2007

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Oregon Public Utility Commission 550 Capitol Street NE, Suite 215 Salem, OR 97310-2551

Attn: Vikie Bailey-Goggins, Administrator

Regulatory and Technical Support

RE: Application of PacifiCorp In the Matter of PacifiCorp's Request for Approval of a

Solicitation Process for a Flexible Resource for the 2012-2017 Time Period.

Expedited Treatment Requested.

Andrew (Kds /-

Enclosed for filing by PacifiCorp d.b.a. Pacific Power is an Application to open a docket for the above-captioned matter and to appoint independent evaluators. PacifiCorp requests expedited treatment by the Commission in issuing an order on the appointment of the independent evaluators. A copy of the enclosed Application has been served on all parties in PacifiCorp's on-going request for proposals proceeding, Docket UM 1208, as indicated on the attached Certificate of Service.

Informal inquiries may be directed to Joelle Steward at (503) 813-5542.

Very truly yours,

Andrea L. Kelly

Vice President, Regulation

Enclosure

cc: Service List UM 1208

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

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In the Matter of PacifiCorp's Request for Approval of a Solicitation Process for a Flexible Resource for the 2012-2017 Time Period

APPLICATION

Expedited Treatment Requested

- PacifiCorp dba Pacific Power hereby requests that the Public Utility Commission of Oregon ("Commission") open a docket for the approval of a solicitation process for a flexible resource for the 2012-2017 time period and appoint Boston Pacific and Accion Group as the independent evaluators for the solicitation process. This application is step one in a multi-step
- 5 process that the Company anticipates undertaking in order to acquire major resources for the
- 6 2012-2107 time period.
- 7 In support of this Application, PacifiCorp states as follows:
- 8 1. This application is filed pursuant to Order No. 06-446 which requires the
- 9 Company to issue a request for proposals for acquisition of Major Resources.
- 10 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

Natalie Hocken PacifiCorp

825 NE Multnomah, Suite 2000

Portland, Oregon 97232 Phone: 503.813.7205

Email: natalie.hocken@pacificorp.com

- 1 In addition, PacifiCorp requests that all data requests regarding this application be sent to the
- 2 following:

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- 3 By email (preferred): <u>datarequest@pacificorp.com</u>
- 4 By fax: 503.813.6060
- 5 By regular mail: Data Request Response Center
- 6 PacifiCorp
- 7 825 NE Multnomah, Suite 2000
- 8 Portland, Oregon 97232

9 Informal questions may be directed to Joelle Steward, Oregon Regulatory Affairs 10 Manager at 503.813.5542.

Brief Statement of Background

- 12 3. In Docket No. UM 1208, the Commission approved the process for selection of
 13 Boston Pacific and Accion Group as independent evaluators for the request for proposals for the
 14 2012-2014 time period ("2012 RFP"). *See* Order No. 06-550. The Commission also clarified in
 15 Order No. 06-676 that even if the Commission did not approve the Company's request for
 16 proposal, the Company should still retain independent evaluators if the Company proceeds with
 17 issuance of the non-approved request for proposal.
 - 4. In Order No. 07-018, the Commission declined to approve the Company's 2012 RFP. The Company subsequently issued the 2012 RFP to the market and is proceeding with completion of that request for proposal process.
 - 5. During the evaluation stage of the 2012 RFP, the Company considered requesting Commission authorization to amend the 2012 RFP with respect to the following: (1) to modify the proposal response date, thus permitting new and existing bidders an opportunity to submit new bids or refresh their existing bids; (2) to eliminate the request for qualifications procedure and to modify the qualification requirements; and (3) to permit the inclusion of a Company benchmark resource at the Company's Currant Creek plant site and/or the Lake Side plant site.

6. A motion to amend the 2012 RFP was filed with the Utah Public Service
Commission; however, it was provided to the Oregon Commission on an informational basis
only and was set for discussion at a Commission meeting on November 2, 2007.

- 7. The Company believed the amendments were necessary to address and mitigate the Company's concerns regarding the rapidly changing industry conditions impacting the selection of generation options nationwide and the virtual absence of a viable Company own/operate option in the 2012 RFP without an amendment. In response to the Company's proposal, all interested parties who submitted comments or objections to the proposed amendment listed a variety of concerns. The overriding concern seemed to be the potential for delay associated with an in-service date of 2012 for a new resource and the importance of maintaining integrity of the request for proposal process, including the perception that bidders may have as a result of the Company being permitted to amend the 2012 RFP and include additional Company owned/operated resource options.
- 8. Following this process, the Company made the decision to proceed forward with completion of the existing 2012 RFP process, rather than amending the 2012 RFP.

Request for Approval of Solicitation Process

9. In addition to completing the 2012 RFP process, the Company intends to issue a new system-wide all-source¹ incremental request for proposal ("All Source RFP"). In this regard, the Company anticipates a multi-step process. First, with this application, the Company is opening a docket for purposes of having an independent evaluator appointed by the Commission. Second, upon appointment of an independent evaluator, the Company will begin working with the independent evaluator to develop a proposed solicitation for the All Source

¹ With the exception of renewable energy resources, which will be the subject of a separately issued request for proposal by the Company at a later date.

- 1 RFP, which the Company will then file with the Commission for approval.
- 2 10. The All Source RFP will not be duplicative of the 2012 RFP, but separate and
- 3 distinct. The All Source RFP will seek incremental resources starting in June 2012 through
- 4 2017. The All Source RFP will include all types of resources and fuel types, excluding
- 5 renewables, which will be pursued under a separate request for proposal.
- 6 11. Upon Commission appointment of an independent evaluator in this docket, and
- 7 using the 2012 RFP as a starting point, the Company intends to meet and confer with the
- 8 independent evaluators to incorporate agreed upon lessons learned from the 2012 RFP into the
- 9 proposed solicitation process for the All Source RFP. See Order No. 06-446, Guideline No. 6.
- 10 12. Following its meeting with the independent evaluators regarding the Company's
- All Source RFP, the Company will file its proposed solicitation for the All Source RFP with the
- 12 Commission for approval. Once the Company files the proposed solicitation with the
- 13 Commission, all interested parties will have an opportunity to review and comment on the All
- 14 Source RFP consistent with Guideline Nos. 6 and 7. The Company anticipates filing this new
- 15 All Source RFP no later than January 31, 2008. As such, the Company is requesting expedited
- 16 review of this application to appoint the independent evaluators in order to proceed forward on a
- timely basis with engagement of the independent evaluators and filing of the All Source RFP.

Request for Appointment of Independent Evaluators

- 19 13. The Company requests that the Commission issue an order appointing Boston
- 20 Pacific and Accion Group as the independent evaluators for the All Source RFP. Consistent with
- 21 Order No. 06-446 Guideline No. 5, based on a recommendation from the Commission Staff to
- 22 reappoint the same independent evaluators, the Company requested that parties to Docket No.
- 23 UM 1208 advise the Company of their position on reappointment of the same independent

- evaluators. Before filing this application, Commission Staff, Citizens' Utility Board of Oregon,
- 2 NIPPC, Renewable Northwest Project, Industrial Customers of Northwest Utilities and
- 3 Northwest Energy Coalition all responded to the Company's request supporting the
- 4 recommendation that Boston Pacific and Accion Group be recommended to the Commission for
- 5 selection as the independent evaluators for the All Source RFP.

- 6 14. Boston Pacific and Accion Group have also indicated a willingness to perform 7 this function for the All Source RFP, if reappointed.
 - 15. Boston Pacific and Accion Group were the independent evaluators appointed to monitor and review the 2012 RFP. The Company submits that appointment of Boston Pacific and Accion Group as the independent evaluators to monitor the solicitation process for the All Source RFP will permit the parties to take advantage of the experience and efficiencies that have been established from the 2012 RFP, and enable the independent evaluators to work with the Company in developing the Company's All Source RFP by using the approved solicitation process for the 2012 RFP as a starting point, and then incorporating agreed upon lessons learned from the 2012 RFP into the All Source RFP. Appointment of Boston Pacific and Accion Group will also facilitate the Company's request for expedited review in this proceeding because of the elimination of any delay associated with soliciting potential independent evaluators and selecting an independent evaluator, which will also benefit customers through reduced costs associated with this process.

Request for Expedited Review

16. Given the circumstances that arose during the 2012 RFP, PacifiCorp believes there may be a need for incremental resources during the 2012 time period and beyond, and it is necessary that the Company receive expedited review of the All Source RFP in order to meet any

- incremental needs that are not met following the conclusion of the 2012 RFP.
- 2 17. PacifiCorp believes that the All Source RFP can support incremental resources for
- 3 2012 if the entire request for proposal process is expedited. At this time, the Company requests
- 4 the Commission expedite its schedule for the All Source RFP in one key area, by appointing
- 5 Boston Pacific and Accion Group as the independent evaluators immediately instead of initiating
- 6 a new process to appoint an independent evaluator.
- 7 18. To this end, the Company requests that the Commission appoint Boston Pacific
- 8 and Accion Group as the independent evaluators for the All Source RFP which would allow the
- 9 Company to immediately begin working with the independent evaluators on the solicitation
- 10 process for the All Source RFP. The Company will negotiate a new scope of work and
- agreement with the independent evaluators in consultation with Commission Staff.
- 12 19. To assist parties in understanding the proposed timelines, the Company has
 - included a proposed schedule below that illustrates the differences between an expedited and
- 14 non-expedited schedule.

Event	Base Case	Expedited
	Estimated Timeline	Timeline*
Independent Evaluators appointed		Early January
	February 2008	2008*
All Source RFP drafted and filed	February 2008	January 2008*
All Source RFP approval		
process completed	May 2008	April 2008*
All Source RFP issued	May 2008	April 2008
All Source RFP responses due	August 2008	July 2008*
Evaluation completed	December 2008	August 2008*
Final shortlist filed in Oregon	December 2008	September 2008*
Oregon Commission acknowledgement		
of final shortlist	January 2009	October 2008*
Bidder negotiations completed	April 2009	December 2008*
Finalize resource decision(s)	May 2009	December 2008*
Construction time allowed		
to meet June 2012 is 30 months	June 2012	June 2012 *

Event	Base Case Estimated Timeline	Expedited Timeline*
in base case, or in expedited timeline 36 months*2		

20. In support of its request to expedite review of the proposed solicitation process,

2 the Company anticipates using the 2012 RFP solicitation process as a starting point for the All

Source RFP, and the Company also intends to meet with the independent evaluators and

incorporate any agreed upon lessons learned from the 2012 RFP into the All Source RFP. The

5 intent is to submit a proposed solicitation process to the Commission that is supported by all the

6 parties to the docket.

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² The expedited schedule also assumes the Utah Public Service Commission approval proceeding will be completed in less than the allowed 180 days resulting in a July 2009 approval order, instead of a December 2009 approval order. This accounts for the difference between a 30 or 36 month construction timeline.

- 1 WHEREFORE, PacifiCorp respectfully requests an order of the Commission appointing
- 2 Boston Pacific and Accion Group as the independent evaluators in this docket for purposes of the
- 3 All Source RFP.

DATED: December 24, 2007.

Natalie L. Hocken

Vice President & General Counsel,

Pacific Power

Counsel for PacifiCorp

- 2 I hereby certify that I served a true and correct copy of the foregoing document on the
- 3 service list in Docket No. UM 1208 on the following named person(s) below by e-mail and
- 4 U.S. mail addressed to said person(s) at his or her last-known address(es) indicated below:

DATED: December 24, 2007.

Ariel Son

Coordinator, Administrative Services

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SERVICE LIST UM 1208

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