

December 17, 2008

VIA ELECTRONIC FILING

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

Attn: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

RE: UM 1208 – PacifiCorp 2012 Request for Proposals – Amended Request for Acknowledgement

On December 4, 2008, PacifiCorp filed a Request for Acknowledgment of Final Shortlist of Bidders in 2012 Request for Proposal (“Request”). At the time the Request was submitted, the Final Shortlist was comprised of two bidders. However, because one of the bidders was not an original bidder in the 2012 Request for Proposal, the company, after consultation with the Independent Evaluators, is withdrawing the bidder from the 2012 Request for Proposal Final Shortlist and submitting a revised Final Shortlist for acknowledgement.

PacifiCorp encloses for filing two separate versions of PacifiCorp’s Amended Request for Acknowledgement of Final Shortlist of Bidders in 2012 Request for Proposal (“Amended Request”). The Amended Request reflects the elimination of the previously discussed bidder from the revised Final Shortlist.

The first version has been redacted to remove confidential information. The second version is not redacted and contains “Confidential Information” that falls within the scope of General Protective Order No. 06-444. Therefore, PacifiCorp requests confidential treatment of the non-redacted version in accordance with the terms of Order No. 06-444 and submits the confidential version printed on yellow paper, separately bound and bearing the legend “CONFIDENTIAL INFORMATION - SUBJECT TO GENERAL PROTECTIVE ORDER.” An original and five copies of the confidential version, each separately sealed, are submitted in envelopes bearing the following legend:

THIS ENVELOPE IS SEALED PURSUANT TO ORDER NO. 06-444 AND CONTAINS CONFIDENTIAL INFORMATION. THE INFORMATION MAY BE SHOWN ONLY TO QUALIFIED PERSONS AS DEFINED IN THE ORDER.

Sincerely,


Andrea L. Kelly

Vice President, Regulation

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1208

In the Matter of PacifiCorp's Draft 2012
Request for Proposals

**AMENDED REQUEST FOR
ACKNOWLEDGMENT OF REVISED
FINAL SHORTLIST OF BIDDERS IN
2012 REQUEST FOR PROPOSAL**

1

2 PacifiCorp d/b/a Pacific Power ("PacifiCorp" or "Company") hereby submits this
3 amended request to the Public Utility Commission of Oregon ("Commission") requesting
4 acknowledgement of the revised final shortlist of bidders in PacifiCorp's 2012 Request for
5 Proposals for Base Load Resources ("2012 RFP").

6 In support of this Amended Request, PacifiCorp states as follows:

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

10 2. Communications regarding this filing should be addressed to:

| | |
|--|---|
| 11 Oregon Dockets | Jordan A. White |
| 12 PacifiCorp | PacifiCorp |
| 13 825 NE Multnomah, Suite 2000 | 825 NE Multnomah, Suite 1800 |
| 14 Portland, OR 97232 | Portland, OR 97232 |
| 15 Phone: 503.813.5542 | Phone: 503.813.5613 |
| 16 Email: oregondockets@pacificorp.com | Email: jordan.white@pacificorp.com |

17 In addition, PacifiCorp requests that all data requests regarding this application be
18 sent to the following:

19 By email (preferred): datarequest@pacificorp.com
20 By Fax: 503.813.6060
21 By regular mail: Data Request Response Center
22 PacifiCorp
23 825 NE Multnomah, Suite 2000
24 Portland, OR, 97232

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

3 **Procedural Background**

4 3. On January 23, 2006, the Commission issued Order No. 06-029 (Docket No.
5 LC 39), acknowledging PacifiCorp's 2004 Integrated Resource Plan ("2004 IRP") with
6 certain exceptions, agreed upon modifications and requirements for the next planning cycle.

7 4. On July 11, 2006, PacifiCorp filed a draft of its 2012 RFP. One month later,
8 the Commission issued competitive bidding requirements for new supply-side resource
9 acquisitions applicable to Oregon's investor-owned utilities. *See* Order No. 06-446 ("RFP
10 Order"). Pursuant to the RFP Order, PacifiCorp filed a series of revised drafts of its 2012
11 RFP on August 30, October 4 and November 1 of 2006, respectively. Although approval of
12 the 2012 RFP was denied in Order No. 07-018, the Commission indicated that the Company
13 may still seek acknowledgment of its final shortlist of bidders. *See* Order No. 07-018 at p. 10
14 and Order No. 06-676 at pp. 3-4.

15 5. Guideline 5 of the RFP Order requires the use of an independent evaluator to
16 oversee the RFP process and to ensure that it is conducted fairly and properly. *See* RFP Order
17 at p. 6. To meet this requirement, the Commission adopted Staff's proposed selection process
18 for an Oregon independent evaluator, and ultimately selected Boston Pacific and Accion
19 Group to jointly serve as the Oregon independent evaluator ("IE"). *See* Order No. 05-050.

20 6. PacifiCorp issued its 2012 RFP to the market on April 5, 2007.

21 7. On May 30, 2007, PacifiCorp filed its 2007 IRP with the Commission in
22 Docket No. LC 42.

1 mix of future resources based on a range of assumptions about future market prices for fuel,
2 electricity, carbon dioxide (“CO₂”) emission compliance costs, and required reserve margins
3 (“Optimized Portfolios”).

4 13. The Planning and Risk Model (“PaR”) was then applied to the Optimized
5 Portfolios in order to quantify the expected cost and risk of each resource. The PaR evaluates
6 each resource under a varying range of assumptions for factors including electric demand,
7 outages and fuel price. The best performing resources under the PaR were analyzed once
8 again under the CEM to estimate costs. In other words, the CEM was applied to determine
9 how the cost of those resources varied with different assumptions about fuel price, CO₂
10 compliance costs and electric demand.

11 14. Upon completion of the analysis above, and after consultation with the
12 Oregon and Utah Independent Evaluators, PacifiCorp selected a two tier Final Shortlist. The
13 top tier contained the [REDACTED] submitted in the 2012 RFP, which were so ranked
14 because they were found to be the most “robust” in the PaR analysis. These [REDACTED] bids
15 included: [REDACTED]

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

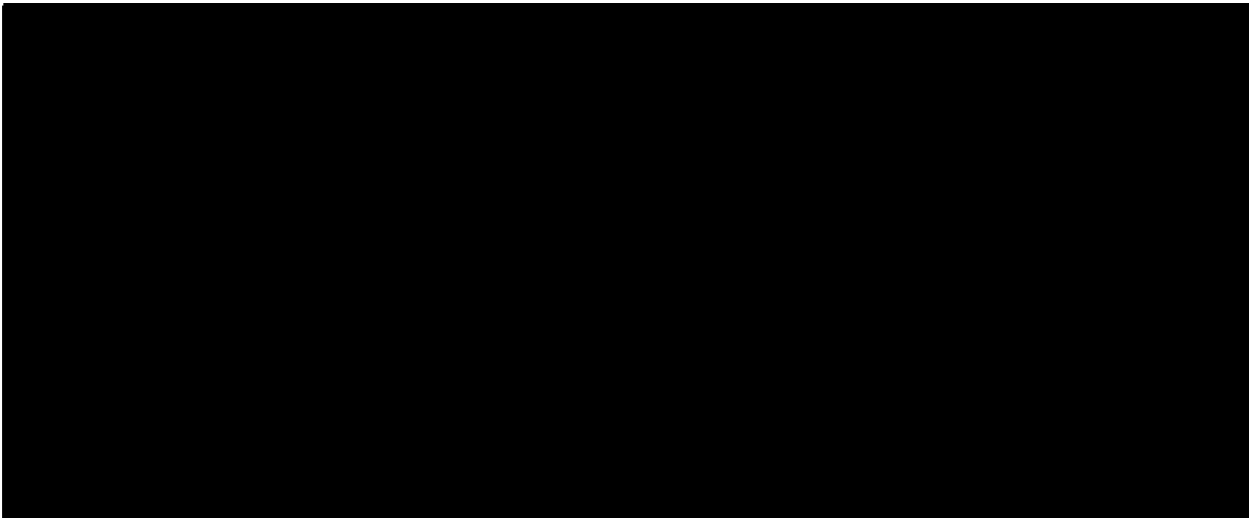
20 [REDACTED] Based on the PaR analysis, these three top-ranked bids were those which
21 delivered the lowest risk cost when tested across a wide range of assumptions.

22 15. The second tier of bids selected by PacifiCorp for potential further
23 consideration was comprised of bids that, while not as “robust” as the top tier, demonstrated
24 a level of robustness in the PaR analysis. These bids included: [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 16. [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 17. [REDACTED]
8 [REDACTED]
9 18. [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 19. [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

1 [REDACTED]
[REDACTED]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22



20. As a result, the revised Final Shortlist



Competitive Bidding Guidelines (RFP Order)

21. In Guideline 7 of the RFP Order, the Commission adopted a three-part RFP approval standard: (1) alignment of the utility’s RFP with its acknowledged IRP; (2) the RFP’s adherence to the Commission’s competitive bidding guidelines; and (3) the overall fairness of the bidding process. *See* RFP Order at pp. 9-10.

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

23. In Order No. 06-676, the Commission further indicated that to obtain acknowledgment, a utility must demonstrate that it has overcome the previously identified deficiencies that prevented Commission approval of the RFP. *See* Order No. 06-676 at pp. 3-4.

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

24. In PacifiCorp's 2004 IRP, the Action Plan provided for the procurement of a flexible resource in or delivered to Utah by the summer of 2009 (550 MW-natural gas fired combined cycle combustion turbine) and procurement of a high capacity factor resource in or delivered to Utah by the summer of 2011 (600 MW-pulverized coal plant). In the 2004 IRP acknowledgement order, the Commission stated: "[w]e cannot dismiss the need for one such plant on the East side of PacifiCorp's system in the near future. Given the deficiencies identified in the IRP analysis, however, we cannot tell when such a plant might be needed. Therefore, we decline to acknowledge either the 550 MW flexible resource (modeled as a gas-fired CCCT) or a 600 MW high capacity factor resource (modeled as a pulverized coal plant) in, or delivered to, Utah by CY 2011." Order No. 06-029 at p. 50.

25. In PacifiCorp's 2007 IRP, the Action Plan provided for the procurement of a diverse mix of base load/intermediate load resources, including: a 550 MW natural gas fired combined cycle combustion turbine plant in the east side of PacifiCorp's system by the summer of 2012 (Action Item 7); a 350 MW supercritical pulverized coal plant in the east side of PacifiCorp's system by the summer of 2012 (Action Item 8); a 350 MW supercritical pulverized coal plant in the east side of PacifiCorp's system by the summer of 2014 (Action Item 9); and a 600 MW natural gas fired combined cycle combustion turbine plant in the west side of PacifiCorp's system by the summer of 2011-2012 (Action Item 11).

26. Pursuant to Order No. 08-232, the Commission acknowledged PacifiCorp's 2007 IRP with exceptions and requirements for the next planning cycle. In its recommendations to the Commission, Staff opposed the inclusion of coal resources, but acknowledged the need for additional thermal resources on the east side of PacifiCorp's system. See Order 08-232 at p. 30. For example, Staff recommended that in lieu of Action

1 Items 7 and 8, the Action Plan be modified to allow for the procurement of flexible resources
2 in the east (other than coal plants) by the summer of 2012. *See* Order 08-232 at p. 32-34.
3 Staff also recommended that PacifiCorp's Action Item 9 be modified to allow for the
4 procurement of resources in the east by the summer of 2014 other than pulverized coal
5 plants. *Id.*

6 27. PacifiCorp did not object to Staff's proposal, except for the explicit exclusion
7 of coal plants from consideration. *See* Order 08-232 at p. 34. Ultimately, the Commission
8 adopted Staff's recommendation to except Action Items 7, 8, 9 and 11. The Commission
9 noted, however, that it would have acknowledged those Actions Items with Staff's proposed
10 modifications. *Id.*

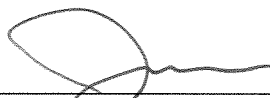
11 28. PacifiCorp's revised Final Shortlist (comprised of [REDACTED]
12 [REDACTED] is consistent with Staff's proposed modifications to the 2007 IRP. Also as
13 recommended by Staff, the size and type of the resources comprising the revised Final
14 Shortlist were selected after updating DSM and renewable resource analyses, accounting for
15 changes in resources, and refining load forecasts. *See* Order 08-232 at pp. 10-11.

16 **The Revised Final Shortlist Overcomes RFP Deficiencies**
17 **Identified by Commission**

18 29. At the time the Commission considered PacifiCorp's draft 2012 RFP it was
19 evaluated against the 2004 acknowledged IRP (Order No. 06-029). The Commission
20 determined at that time that PacifiCorp's draft 2012 RFP was not aligned with its
21 acknowledged 2004 IRP. As indicated by the Commission, however, the Company was in the
22 process of developing a revised IRP at the time the Draft RFP was being considered. *See*
23 Order No. 07-018 at p. 4. Although the Draft RFP was being evaluated against an outdated
24 IRP, the Commission was limited to conduct its analysis based on the latest acknowledged
25 2004 IRP. *Id.* at p. 3.

1 [REDACTED] For these same
2 reasons, PacifiCorp respectfully requests that the Commission acknowledge its revised Final
3 Shortlist for its 2012 Request for Proposals for Base Load Resources by February 13, 2009.

DATED: December 18, 2008.



Jordan A. White
Legal Counsel
Pacific Power

Counsel for PacifiCorp

CERTIFICATE OF SERVICE

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

SERVICE LIST
UM 1208

Susan K. Ackerman (W)
Attorney
9883 NW Nottage Drive
Portland, OR 97229
susan.k.ackerman@comcast.net

Alan Kessler
Accion Group Inc.
5241 Strathmore Ave
Kensington MD 20895
akessler@acciongroup.com

Harold T. Judd
Accion Group Inc.
244 North Main Street
Concord NH 03301
hjudd@acciongroup.com

Andrew Ludwig
Boston Pacific Company, Inc.
1100 New York Avenue NW, Suite 490 East
Washington DC 20005
aludwig@bostonpacific.com

Craig Roach
Boston Pacific Company, Inc.
1100 New York Avenue NW, Suite 490 East
Washington DC 20005
croach@bostonpacific.com

CITIZENS' UTILITY BOARD OF
OREGON (W)
OPUC DOCKET
610 SW BROADWAY STE 308
PORTLAND OR 97205
dockets@oregoncub.org

CITIZENS' UTILITY BOARD OF
OREGON (W)
Jason Eisdorfer
Energy Program Director
610 SW Broadway, Ste. 308
Portland, OR 97205
dockets@oregoncub.org

Melinda J. Davison
Davison Van Cleve PC
333 SW Taylor, Ste. 400
Portland, OR 97204
mail@dvclaw.com

Department of Justice (W)
Janet L. Prewitt
Assistant AG
Natural Resources Section
1162 Court St., NE
Salem, OR 97301-4096
janet.prewitt@doj.state.or.us

Department of Justice (W)
Michael T. Wirich
Assistant Attorney General
Regulated Utility & Business Section
1162 Court St., NE
Salem, OR 97301-4096
michae.weirich@doj.state.or.us

James Edelson (W)
Ecumenical Ministries of Oregon
415 NE Mirimar Pl.
Portland, OR 97232
edelson8@comcast.net

Steven Weiss (W)
Senior Policy Associate
Northwest Energy Coalition
4422 Oregon Trail Court NE
Salem, OR 97305
steve@nwenergy.org

Robert D. Kahn (W)
Executive Director
NW Independent Power Producers
1117 Minor Avenue, Ste. 300
Seattle, WA 98101
rkahn@mippc.org


Philip H. Carver
Senior Policy Analyst
Oregon Department of Energy
625 Marion St., NE, Ste. 1
Salem, OR 97301-3742

Jeremiah Baumann (W)
Clean Energy Advocate
Oregon State Public Interest Research Group
1536 SE 11th Avenue
Portland, OR 97214
jeremiah@ospirg.org

Lisa C. Schwartz
Senior Analyst
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148
Lisa.c.schwartz@state.or.us

Ann English Gravatt
Senior Policy Associate
Renewable Northwest Project
917 SW Oak, Ste. 303
Portland, OR 97205
ann@rnp.org

Randall J. Falkenberg
RFI Consulting Inc.
PMB 362
8343 Roswell Road
Sandy Springs, GA 30350
consultrfi@aol.com



Janna Leasy
Paralegal
Pacific Power