



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

April 28, 2008

**VIA HAND DELIVERY**



Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

Attention: Carole Washburn  
Executive Secretary

**Re: PacifiCorp DRAFT 2008R-1 Renewable Resources Request for Proposals Pursuant to WAC 480-107-015**

Dear Ms. Washburn:

Enclosed for filing are the original and three (3) copies of PacifiCorp's draft 2008R-1 Renewable Resources Request for Proposals ("2008R-1 RFP"). PacifiCorp ("the Company") intends to issue a renewable request for proposal to establish a Commission approved RFP that can be used, as necessary, to request and evaluate proposals from bidders to fulfill a portion of the Renewable Resource generation identified in the Company's 2007 Integrated Resource Plan ("2007 IRP") as acknowledged by the Washington Utilities & Transportation Commission (the "Commission"). The 2008R-1 RFP and this filing comply with current regulatory rules, orders, and any applicable resource procurement state laws, including the Commission's solicitation rules set forth in WAC 480-107-001 *et seq.*

The 2007 IRP<sup>1</sup> identifies a target of 2,000 megawatts of renewable resources to be acquired by 2013. Under the 2007 IRP plan, the Company will seek to acquire 1,400 megawatts of new renewable resources by 2010, with an additional 600 megawatts in its portfolio by 2013. The 2,000 megawatts of renewable resources is inclusive of the 1,400 megawatts of cost-effective renewable resources identified in the Company's 2004 IRP.

The scope of 2008R-1 RFP is to request renewable resources located in the Western Electricity Coordinating Council ("WECC") that are compliant with existing or anticipated renewable portfolio standards and that are new to the Company's resource portfolio. The RFP 2008R-1 will require renewable resources capable of delivering energy, within the prescribed timeframe, and in or into the Company's Network Transmission system<sup>2</sup> ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)). The targeted acquisition quantity for RFP 2008R-1 will be up to 500 MW. For purposes of 2008R-1

<sup>1</sup> More information on the IRP can be found at [www.pacificorp.com/Navigation/Navigation23807](http://www.pacificorp.com/Navigation/Navigation23807).

<sup>2</sup> Company's Eastern Control Area (PACE) and/or the Company's Western Control Area (PACW).

RFP, each renewable resource is limited in size to no more than 300 MW.<sup>3</sup> In addition, each renewable resource must have an expected annual output of at least 70,000 megawatt hours after accounting for planned and unplanned outages. The 2008R-1 RFP is for renewable resources which can reach commercial operation during the 2008 through 2011 time period. A separate RFP will solicit demand side management resources. Conservation is already included in the Company's load forecast.

The 2008R-1 RFP will permit qualified bidders to bid qualifying renewable resources in the form of a power purchase agreement and/or asset transfer arrangements. As described in the attached draft RFP document, the Company is developing one or more cost-based benchmark resources for use in the RFP process. The Company's determination as to the size, number, and feasibility of any such benchmarks in meeting the RFP criteria will be based on the then-current status of development, permitting, and major equipment availability as well as the Company's understanding of regulatory cost recovery issues associated with long lead-time equipment and/or other development costs.

In addition to bidding in renewable resources, bidders will have the option to bid in renewable resources coupled with energy storage. Energy storage has the distinct advantage of potentially enabling higher penetrations of intermittent renewable energy in the Company's portfolio. Pumped water, compressed air, battery storage, or other contractual forms can firm intermittent renewable resources and therefore create an energy resource that can be scheduled to better match customer demand or result in a higher degree of dependability throughout a prescribed time period.

The Company anticipates that the 2008R-1 RFP will be the RFP under which the Company will issue subsequent RFPs to meet the renewable resource target quantity over the ten year IRP planning horizon. The 2008R-1 shelf request for proposal will allow the Company to react effectively and competitively to remain current with the status of the production tax credit and the competitive nature of the wind turbine market.

The following chart provides an easy reference for the Commission to review PacifiCorp's 2008R-1 RFP for consistency with the Commission's solicitation rules:

<b>Requirement</b>	<b>Location in RFP 2008R-1</b>
WAC 480-107-015(2)	Section 1 and Appendicies I, K and L
WAC 480-107-015(3)(d)	Section 3.D
WAC 480-107-025(1) and (2)	Sections 1 and 4
WAC 480-107-025(3)	Sections 3, 4, 5, 6 and Appendix B
WAC 480-107-025(4)	Section 3, Chart 2

<sup>3</sup> 300 MW is the nameplate capacity or quantity of capacity and is the upper limit permitted by Utah Senate Bill 202, The Energy Resource and Carbon Reduction Initiative.

WAC 480-107-025(5)	Section 3 and Appendix D
WAC 480-107-035	Sections 1, 2, 3, 4, and 6
WAC 480-107-045	Section 7
WAC 480-107-055	Schedule previously on file with the Commission
WAC 480-107-065	PacifiCorp intends to issue a separate request for proposal
WAC 480-107-075	Sections 6 and 7
WAC 480-107-075(5)	Section 4.B
WAC 480-107-085, -115, -125	Sections 5.B, 5.C and 5.E
WAC 480-107-095	Schedule previously on file with the Commission
WAC 480-107-135	Section 1 and Appendicies I, K and L

In this 2008R-1 RFP, the Company's generation group will submit the Company's self build (or benchmark resource) option(s) subject to the same requirements as a third party. Any benchmark resource option(s) will be evaluated using the same assumptions, modeling and scoring as the other third-party proposals. The benchmarks will be based on the expected cost to develop, construct, own, and operate the benchmark(s) using prudent industry practices, established vendors, and experienced constructors.

To provide for a transparent and fair process, the 2008R-1 RFP will be conducted under the oversight of independent evaluators (IEs). A consultant will be hired by the Utah Public Service Commission and an IE retained by the Company on behalf of the Oregon Public Utility Commission will be involved in ensuring the RFP is conducted in a fair and reasonable manner.<sup>4</sup> To the extent that a bidder requests the appointment of an independent third-party, to assist the Commission staff with review of any utility proposals, WAC 480-107-035 provides that such parties will pay the fees charged by the independent third party.

Moreover, the Company has adopted a voluntary code of conduct that applies to interactions between company personnel. The role of the IEs in the process ensures that stakeholders and bidders have a neutral party with which to address any issues and seek a fair and impartial resolution of such issues. Appendices K and L to the 2008R-1 RFP set forth the role of the IEs and the internal company code of conduct. In addition to the voluntary code of conduct, PacifiCorp must abide by the Federal Energy Regulatory Commission standards of conduct which governs the relationship between the transmission and merchant functions of the Company. The safeguards adopted by the Company offer a fair and transparent bidding process as required by WAC 480-107-135.

<sup>4</sup> The Company will not seek recovery of the costs of the Utah and Oregon IEs from Washington customers.

PacifiCorp intends to file this RFP 2008R-1 RFP for approval in Oregon and Washington consistent with applicable statutes, rules and guidelines. Where an inconsistency exists between one or more states' requirements, PacifiCorp may seek a waiver of the inconsistent requirement from the applicable state commission.

PacifiCorp intends to hold a stakeholder conference on the 2008R-1 RFP in early May 2008. Pursuant to WAC 480-107-015(3)(b), PacifiCorp invites comments on its RFP within sixty days of this filing and requests that the Commission approve the RFP within 30 days after the close of the comment period.

Communications regarding this filing should be addressed to:

Washington Dockets PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232 Phone: (503) 8 13-6048 Email: <a href="mailto:washingtondockets@pacificorp.com">washingtondockets@pacificorp.com</a>	Natalie Hocken PacifiCorp 825 NE Multnomah, Suite 2000 Portland, Oregon 97232 Phone: (503) 813-7205 Email: <a href="mailto:natalie.hocken@pacificorp.com">natalie.hocken@pacificorp.com</a>
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It is respectfully requested that all data requests regarding this matter be addressed to:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By Fax: (503) 813-6060

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

If you have any questions about this filing or the 2008R-1 RFP, please do not hesitate to contact Stacey Kusters at (503) 813-5351.

Sincerely,



Natalie L. Hocken  
Vice President and General Counsel