

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1208

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY)	ORDER
)	
Draft 2012 Request for Proposals.)	

**DISPOSITION: REQUEST FOR APPROVAL
OF DRAFT RFP DENIED**

SUMMARY

In this order we conclude that PacifiCorp’s Draft 2012 Request for Proposals (Draft RFP) is not aligned with the company’s acknowledged integrated resource plan (IRP), and that PacifiCorp has failed to justify the need for 1,109 megawatts (MW) of base load resources. Based on these findings, we conclude that PacifiCorp’s request for approval of its Draft RFP should be denied.

Procedural Background

On June 28, 2005, PacifiCorp, dba Pacific Power & Light Company (PacifiCorp), filed an application seeking approval of a 2009 Request for Proposals for a Flexible Resource (2009 RFP). PacifiCorp, however, subsequently asked that we defer consideration of the 2009 RFP until the company could assess the impact of load curtailment renewals and Qualifying Facility contract assumptions on the amount and timing of projected resource needs.

On October 27, 2005, PacifiCorp filed a motion to suspend the docket, stating that its updated analysis had eliminated the resource need previously forecasted for 2009. Shortly thereafter, PacifiCorp filed an IRP update showing that a base load plant would be needed in 2012, one year later than projected in the 2004 IRP.

PacifiCorp began revising the RFP to match updated projections and held bidders and stakeholders conferences on June 1 and June 2, 2006, respectively. On July 11, 2006, PacifiCorp filed a Draft RFP to acquire base load resources to serve the east side of its system during the period 2012-2014.

On August 10, 2006, we issued new competitive bidding guidelines. *See* Order No. 06-446. The order established a policy requiring a utility to use competitive bidding to acquire all Major Resources,¹ laid out goals for the process, and set forth guidelines to implement the goals. We stated that the updated guidelines would “apply to all pending and future RFP proceedings.” *Id.* at 15.

On August 30, 2006, PacifiCorp filed a revised Draft RFP pursuant to the updated guidelines. PacifiCorp filed two additional revisions of the Draft RFP, on October 4 and November 1, 2006, in response to comments made by Oregon parties, as well as parties in Utah. This order addresses the November 1, 2006, version of the Draft RFP.

On September 19, 2006, we approved Staff’s proposed conditional approval process for the Draft RFP and appointed an Oregon Independent Evaluator (IE) for the process. The conditional approval process was designed to avoid delay in issuing the RFP, due to hiring an Oregon IE and having that evaluator review the RFP design, and “allow the Commission to *reconsider* any initial approval of the 2012 RFP following an assessment by an IE * * * selected by the Oregon Commission.” Order No. 06-550, Appendix A at 11. (Emphasis in original).

The following parties filed comments on the company’s request for RFP approval: PacifiCorp, Industrial Customers of Northwest Utilities (ICNU), Citizens’ Utility Board of Oregon (CUB), Renewable Northwest Project (RNP), NW Energy Coalition (NVEC), Oregon State Public Interest Research Group (OSPIRG), Ecumenical Ministries of Oregon (EMO),² Oregon Department of Energy (ODOE), and Commission staff (Staff).

OPINION AND ORDER

I. PacifiCorp’s RFP

PacifiCorp requests we conditionally approve its Draft RFP that solicits bids to fulfill a portion of its identified supply-side resource need. The Draft RFP is for base load resources capable of delivering energy and capacity in or to PacifiCorp’s eastern control area. The RFP is based on PacifiCorp’s analysis of resource needs on the east side of its system identified in its 2004 IRP, but using a 12 percent planning margin. The company did not account for changes in load forecasts, recent resource acquisitions or revised assumptions.

The Draft RFP solicits bids for 808 MW of resources in 2012 and 1,109 MW in 2013. Base load resource bids may be any fuel type that provides unit contingent or firm capacity and associated energy, and must be available for dispatch or scheduling by June 1, 2012, or June 1, 2013. PacifiCorp may opt to contract for more or less power depending on the quality of bids, changes to company forecasts, regional transmission availability and timing, and wholesale energy market conditions.

¹ Major Resources are defined as those with a term of more than five years and quantity exceeding 100 MW.

² CUB and RNP filed joint opening comments, and were joined by NVEC, EMO and OSPIRG in jointly filed reply comments. Unless otherwise noted, these parties will be referred to as “Joint Parties.”

PacifiCorp's Draft RFP identifies two Benchmark Resources³ against which bids will be compared. The benchmarks are:

- In 2012, a super-critical coal plant in Utah—a 340 MW share in the Intermountain Power Project (IPP) Unit 3.
- In 2013, a 500 MW Integrated Gasification Combined Cycle (IGCC) plant at the Jim Bridger site in Wyoming, or alternatively, a 575 MW super-critical coal plant at the Hunter site in Utah.

With a gap between the Benchmark Resources (totaling 840 MW to 915 MW) and the assumed resource need (totaling 1,109 MW), the company may acquire a combination of Benchmark Resources and market bids. PacifiCorp Reply Comments (Nov. 9, 2006) at 6.

II. RFP Review

In considering whether to approve a utility's request for RFP approval, this Commission examines the following three criteria: (1) The alignment of the utility's RFP with its acknowledged IRP; (2) whether the RFP satisfies the Commission's competitive bidding guidelines; and (3) the overall fairness of the utility's proposed bidding process. *See* Order No. 06-446. We address each criterion separately.

1. Alignment with Acknowledged IRP

For reasons addressed below, we conclude that PacifiCorp's Draft RFP is not aligned with its acknowledged IRP. Fundamentally, we find that PacifiCorp's decision to pursue 1,109 MW of base load resources is not aligned with our acknowledgement order for the company's 2004 IRP. *See* Order No. 06-029. We agree with Staff, ICNU, ODOE and the Joint Parties that the company has failed to justify the need to acquire the amount, term, and type of resources sought in the Draft RFP.

At the outset, we clarify that, in applying this first criterion, we compare the RFP to the utility's last acknowledged IRP. PacifiCorp is correct that, in determining whether previous RFPs were properly aligned with the resource plans, this Commission occasionally considered an IRP that had been filed, but not yet acknowledged. In adopting the new competitive bidding guidelines in Order No. 06-446, we intended to make clear that our review begins with the utility's last acknowledged IRP to ensure that our review is based on a fully vetted and acknowledged resource plan.⁴ The reason underlying this change is

³ A Benchmark Resource, as defined in the competitive bidding guidelines, is a site-specific, self-build option that the utility commits to develop if it is selected through the RFP. Order No. 06-446 at 5.

⁴ We also clarify that deviation from an acknowledged IRP does not, as ICNU suggests, preclude RFP approval. To obtain approval, however, a utility must substantiate the deviations. Further, a utility must account for all material changes since acknowledgement and provide, at a minimum, updated load forecasts, revised assumptions and recent resource additions. Further, a utility must justify continued reliance on any IRP assumption we previously declined to acknowledge. We agree with Staff that simply providing an explanation

demonstrated by PacifiCorp's arguments here. PacifiCorp's assertions that the portfolio modeling and decision criteria contained in its Draft RFP will be consistent with those used to develop its current (2006) IRP Action Plan are of little assistance to our review. As Staff notes, the parties have not had the opportunity to review those criteria because PacifiCorp has not yet submitted its 2006 IRP.

Accordingly, our examination of PacifiCorp's Draft RFP begins with Order No. 06-029, in which we acknowledged, in part, PacifiCorp's 2004 IRP. In that proceeding, PacifiCorp presented a preferred resource strategy that included short-term market purchases, renewable resources, demand-side management, a flexible thermal plant, and a high capacity-factor thermal plant to meet its projected resource needs. With exceptions, we acknowledged PacifiCorp's Action Plan to implement that preferred portfolio. We expressly declined PacifiCorp's request to acknowledge the need for two large thermal resources on the east side of the system by 2011. We noted deficiencies in the company's planning assumptions, and specifically did not acknowledge the company's proposed 15 percent planning margin based on the single peak hour of the year. Order No. 06-029 at 21-22.

We also questioned whether resources other than thermal power plants could meet customers' needs and expected PacifiCorp to fully explore bridging strategies that would allow the company to delay a commitment to coal until IGCC technology is further commercialized. Order No. 06-029 at 51. We explained that part of this strategy could include short-term market purchases in addition to the approximately 700 MW of the Front Office Transactions acknowledged to target the east side of the company's system. *Id.* at 51. We also directed the company to analyze whether it should acquire renewable resources beyond the 1,400 MW assumed as planned resources in the IRP. *Id.* at 33. We concluded our discussion with the following summary:

Our decision does not mean that it would be imprudent to choose a gas-fired CCCT or a pulverized coal plant. It simply means that we cannot conclude, based on the information before us, that it is reasonable to commit to either one of these resources without additional analysis.

Coupled with reasonable measures that could be taken to avoid outages (*e.g.*, additional short-term purchases, demand response programs and distributed resources), analysis of the coal plant delay scenarios indicates that it may be reasonable to wait a couple of years until IGCC technology is further developed before the Company commits to its next large thermal resource.

of significant deviations and having a least-cost, least-risk goal for IRP analysis and a cost-effectiveness goal for bid evaluation is not sufficient.

In considering approval of an RFP for such a resource, the Commission would first need to determine whether the Company has demonstrated the need for it. *Id.*

With this clarification we return to PacifiCorp's Draft RFP and make the following conclusions. First, PacifiCorp has failed to demonstrate the need for two large thermal resources on the east side of the system by 2013. Due to errors and omissions in its forecasted load and resource balance, the company has significantly overestimated its resource needs. We find Staff's analysis, using current PacifiCorp data and taking into account the company's updated load forecast, recent resource additions and continuing contracts, to be a much more reliable indicator of the company's resource need. This analysis, which includes the acknowledged levels of Front Office Transactions and renewable resources, shows that the company's capacity need using a 12 percent planning margin is 157 MW in 2012 and 335 MW in 2013.⁵ Staff Reply Comments at 3-5 (Nov. 9, 2006).⁶ PacifiCorp's Draft RFP seeks resources that greatly exceed this need.

Second, PacifiCorp has failed to establish that base load resources are best suited to fill this resource need. Staff's analysis shows that the company's east side energy and capacity needs in 2012 and 2013 are limited to the summer on-peak hours. The seasonal nature of the company's capacity and energy needs provides further reason why PacifiCorp should explore resource strategies other than base load plants. As noted above, we specifically called for consideration of additional short-term purchases, demand-side measures and distributed resources, beyond what the company included in its 2004 IRP Action Plan. We also agree with Staff that delaying capital investment in base load resources may have significant option value and that adding capacity in small increments provides flexibility to respond to significant uncertainties related to technology change and regulation of carbon dioxide (CO₂) emissions. Staff Reply Comments at 6-7 (Nov. 9, 2006). We add to that list, fuel price uncertainty. See Order No. 06-029 at 50.

PacifiCorp is proceeding with its Draft RFP without having fully considered a targeted seasonal resource strategy, and the Draft RFP fails to consider seasonal on-peak resources. To the contrary, the Draft RFP restricts bid proposals to base load resources that meet the following definition:⁷

Unless a resource qualifies for one of the exceptions * * * the minimum bid that will be accepted is for 100 MW or greater of dependable capacity and a minimum term of five (5) years. Any Base Load resource(s) bid must provide unit contingent or firm

⁵ Staff notes that, even under a 15 percent planning margin, the projected capacity need is 355 MW in 2012 and 538 MW in 2013. Staff Reply Comments at 3-5 (Nov. 9, 2006).

⁶ ODOE notes that even Staff may have overstated PacifiCorp's resource needs because the company failed to update information on the projected on-peak capacity contribution of renewable resources. ODOE Reply Comments at 2-3, Exhibit 1 (Nov. 9, 2006).

⁷ PacifiCorp provides two exceptions to the minimum facility size. For Qualifying Facilities, the company complies with our requirement that resources 10 MW or larger be eligible; the minimum size for load curtailment is 25 MW.

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 and/or June 1, 2013.

Draft RFP at 8 (Nov. 1, 2006). Acquiring the most cost-effective resource from a base load RFP may not be consistent with the acquisition of a portfolio of resources that satisfy our best cost/risk standard for IRP and RFPs.

We are not persuaded by PacifiCorp's arguments that its Draft RFP includes a bridging strategy because it delays a base load resource acquisition from 2009 to 2012, reduces the minimum resource term from 10 years to five years, and allows bidders to propose buy-out options and deferral or acceleration of in-service dates. These features are insufficient. Before acquiring new thermal base load resources, we expect the company to fully explore conservation, demand response resources⁸, renewable resources, distributed resources, and short-term purchases at levels incremental to the amounts in the acknowledged 2004 IRP Action Plan.

We note that competitive bidding may not be the appropriate mechanism to acquire all resources that may be part of the best cost/risk portfolio. For example, we acknowledged the agreed-upon modification to the company's 2004 IRP Action Plan to "[a]cquire the base DSM * * * [and] additional Class 2 DSM found cost-effective through RFP or *in-house programs*[" Order No. 06-029 at 27 (emphasis added). Some types of demand response resources also do not lend themselves to competitive bidding. In addition, the time when certain types of resources may be available at a reasonable price—short-term power purchases, for example—may not coincide with long lead-time resources such as coal plants. A utility's RFP must take into account resources that will be acquired through mechanisms other than competitive bidding, as well as resources that are more appropriate to acquire through RFPs issued closer to the date such resources are needed.

Finally, we share ICNU's and other parties' concerns about PacifiCorp's ability to sell the surplus energy resulting from new base load resources acquired through the RFP.⁹ ICNU Initial Reply Comments at 8-9 (Oct. 13, 2006). Staff's analysis shows that, before adding Front Office Transactions or resources solicited in the Draft RFP, the company's projected energy surplus on the east side of its system is 598 average megawatts (MWa) in 2012 and 468 MWa in 2013. System-wide, the projected energy surplus is 443 MWa in 2012 and 260 MWa in 2013. Staff Reply Comments at 5 (Nov. 9, 2006). Despite PacifiCorp's arguments to the contrary, wholesale sales from coal plants to states adopting, or considering adoption of, constraints on greenhouse gas emissions, carry significant risk.

⁸ We expect there is untapped potential on the east side of PacifiCorp's system for conservation and demand response measures that would reduce peak summer loads and would be part of a best cost/risk portfolio.

⁹ We acknowledge PacifiCorp's assertions that these parties' arguments about surplus energy are flawed because they do not account for the economic benefits that result when adding base load resources with low fuel costs. PacifiCorp Reply Comments (Nov. 9, 2006) at 4-5. We give little weight to PacifiCorp's assertions, given the absence of any analysis that evaluates the economic benefits, costs and risks of a base load resource strategy versus a strategy targeting summer on-peak hours.

ODOE, for example, contends that California's plan to restrict purchases of power from coal plants that do not sequester CO₂ emissions may significantly reduce the value of such power. ODOE Opening Comments at 8 (Sept. 19, 2006). The Joint Parties also question whether the company would have sufficient clean resources to offset emissions from any coal plants to be eligible to sell into California's short-term markets. Joint Parties Initial Reply Comments at 8 (Oct. 13, 2006). We also share Staff's concerns about a "go-long strategy that relies on excess energy sales of non-renewable resources," considering mandatory Renewable Portfolio Standard requirements in place or under development in the west. Staff Initial Reply Comments at 16 (Oct. 13, 2006).

In summary, PacifiCorp's Draft RFP is not aligned with its acknowledged 2004 IRP, and should not be approved. As in the IRP process, PacifiCorp has failed to adequately justify, in this proceeding, the need for two large thermal resources on the east side of its system. PacifiCorp has not made the case that base load resources provide the best combination of cost and risk for customers to meet resource needs in 2012 and 2013, compared to alternatives such as additional conservation and demand response resources, renewable resources beyond the 1,400 MW in the company's acknowledged 2004 IRP, incremental short-term purchases targeting peak summer hours, and other peaking resources.

2. Satisfaction of the Commission's Competitive Bidding Guidelines

The parties raise several issues related to whether PacifiCorp's Draft RFP meets the competitive bidding guidelines adopted in Order No. 06-446. While the resolution of some of these issues is not necessary given our conclusion above that the Draft RFP should not be approved, we provide the following response.

IE Duties and Costs

PacifiCorp raised two issues related to the IE duties and costs under Guidelines 5 and 6. *See* PacifiCorp Filing Letter (Aug. 30, 2006). We resolved the issue related to IE duties at public meetings held on September 19, 2006, and November 7, 2006. *See* Orders No. 06-550 and 06-676. As to IE costs, PacifiCorp may use the bid fees included in this RFP to pay the costs of the Utah IE. We will address the recovery of costs incurred for the Oregon IE in response to PacifiCorp's application for deferred accounting pending in docket UM 1285.

Bid Scoring and Evaluation

Guideline 9a requires that a utility's initial short-list be based on both price and non-price factors and provide resource diversity with respect to fuel type and resource duration. Guideline 9b requires a utility's final short-list be based, in part, on portfolio modeling of overall system costs and risks. Order No. 06-446 at 10. Further, the guidelines state our intention that the bidding process provide a means to improve upon the IRP process in determining a preferred course of action. *Id.* at 2, 11.

Staff is concerned that PacifiCorp's decision to conduct this RFP in isolation from acquisition of other types of resources, beginning in 2012, raises questions about how the company will select the final short-list of bids based on overall system costs and risks. Staff contends that PacifiCorp's Draft RFP does not sufficiently account for analysis of different resource durations and resource types. While PacifiCorp revised the Draft RFP to account for the acknowledged 1,400 MW of renewable resources in bid evaluation modeling, to include Front Office Transactions as inputs in development of the initial short-list, and to reduce its minimum resource term from 10 to five years, those changes mitigate, but do not eliminate, Staff's concerns. As noted above, PacifiCorp's Draft RFP fails to provide a process to evaluate whether a bridging strategy that delays a commitment to coal until IGCC technology is further commercialized is a preferred course of action. Nor does the Draft RFP provide a means to evaluate resources that target summer on-peak hours, because of its narrow focus on base load resources.

We share Staff's concerns and, again, find that PacifiCorp should evaluate whether it should target additional short-term market purchases, demand-side measures and renewable resources. We note Staff's recommended conditions 1.a. and 1.b. included in its reply comments,¹⁰ and would add to that list an analysis of distributed resources, consistent with Order No. 06-029. This addition would address the issue raised by ODOE regarding the value of small generating units. *See* ODOE Reply Comments at 4 (Nov. 9, 2006).

These concerns, however, ultimately reflect PacifiCorp's failure to consider resource strategies other than base load plants. As discussed above, failure to consider alternative resource strategies is inconsistent with IRP and a reason to not approve a draft RFP.

CO₂ Risk

Guideline 9 also addresses analysis of environmental cost risks.¹¹ The Joint Parties, ODOE and Staff raise numerous concerns about CO₂ risk generally, and PacifiCorp's forecasted level of the CO₂ adder for resource planning and acquisition specifically. CUB and RNP "believe that global warming is one of the greatest risks to

¹⁰ Staff's proposed conditions 1.a. and 1.b. are as follows:

- a. Allow bids that target summer on-peak hours on the east side of the system.
 - b. Conduct evaluation, in consultation with the Utah and Oregon Independent Evaluators and stakeholders, prior to selection of the final RFP short-list, of potential bridging strategies for the east side of the system based on combinations of:
 - i. renewable resources incremental to the 1,400 MW by 2015 commitment;
 - ii. short-term market purchases incremental to the levels acknowledged in the 2004 IRP Action Plan;
 - iii. incremental conservation and demand response resources that target summer on-peak hours; and
 - iv. market bids targeting peak summertime hours (*See* 1a, above).
- Staff Reply Comments at 9 (Nov. 9, 2006).

¹¹ Guideline 9b states in part, "The portfolio modeling and decision criteria used to select the final short-list of bids must be consistent with the modeling and decision criteria used to develop the utility's acknowledged IRP Action Plan." Order No. 06-446 at 10-11.

Oregon's utility customers" and that "[a]ny new investment in conventional coal plants simply ignores the overwhelming scientific evidence and growing regulatory response to climate change." CUB/RNP Opening Comments at 7 (Sept. 19, 2006). CUB and RNP fault PacifiCorp for failing to "examine regulatory paradigm shifts," such as legislation recently enacted in California that restricts greenhouse gas emissions, that "call into question PacifiCorp's decision to go forward with the acquisition of conventional pulverized coal resources." *Id.* at 3-4.

The Joint Parties find PacifiCorp's \$8/ton CO₂ adder "on the very low end of reasonable" and point toward a recent review of cost analyses and emerging climate change policies. The parties cite the study's CO₂ cost projections ranging from a low of \$8.50/ton to a high of \$30.80/ton, with the mid-range projection at \$19.60/ton. Joint Parties' Initial Reply Comments at 7 (Oct. 13, 2006). Due to these uncertainties, ODOE asserts that the only coal resources PacifiCorp should pursue are IGCC plants with CO₂ sequestration, and that the Commission should condition any approval of the RFP on a substantial increase in the CO₂ adder. ODOE Opening Comments at 4-7 (Sept. 19, 2006). In addition, Staff agrees with ODOE that the company should clarify its intention to evaluate, in the Draft RFP process, how high CO₂ regulatory costs would have to be in order to tip the decision between a pulverized coal plant and an IGCC plant, similar to analysis in its 2004 IRP. Staff Reply Comments at 7 (Nov. 9, 2006).

PacifiCorp responds that its Draft RFP incorporates the same CO₂ base-case adder and required sensitivity analyses as its 2004 IRP. PacifiCorp Initial Reply Comments at 2 (Oct. 4, 2006). Further, the company maintains that the data in its 2004 IRP demonstrated that conventional coal was an important component of all of the least cost, least risk portfolios considered, and including such coal resources in the RFP is consistent with that finding. PacifiCorp recognizes the sensitivity of this issue, however, and ultimately concludes that "the essential question now presented to the Commission is whether conditional approval of this RFP, which could result in PacifiCorp acquiring new super-critical pulverized coal resources if they are the least-cost alternative, is consistent with Oregon's current energy policy." PacifiCorp Final Comments at 1 (Nov. 17, 2006).

In acknowledging PacifiCorp's IRP, we raised concerns about possible regulatory costs of CO₂ for conventional coal plants. *See* Order No. 06-029 at 50. We agree with Staff, however, that these concerns are overshadowed in this proceeding by more fundamental ones related to the amount and type of resources PacifiCorp seeks in its RFP. Accordingly, we decline to resolve issues related to CO₂ risk at this time. As we stated above, PacifiCorp has not satisfied the threshold requirement of RFP alignment with its acknowledged IRP. Further, in Order No. 07-002 (Docket UM 1056), we opened a proceeding to review treatment of CO₂ risk in IRPs. Issues related to the expected costs, risks and uncertainties of coal resources, particularly if they are not designed to capture and sequester CO₂ emissions, will be addressed in these forums.¹²

¹² ODOE recommends that the Commission require PacifiCorp to revisit its assumptions for the regulatory costs of mercury. ODOE Opening Comments at 8 (Sept. 19, 2006). Parties can raise this issue in any RFP acknowledgement proceeding and in the forthcoming proceeding on the company's 2006 IRP.

3. Overall Fairness of the Utility's Proposed Bidding Process

On November 7, 2006, we appointed an Oregon IE to oversee PacifiCorp's RFP process. *See* Order No. 06-550. Pending the Oregon IE's assessment, parties generally reserved their judgment about whether PacifiCorp's Draft RFP would result in a fair bidding process. Parties did, however, highlight certain areas for the Oregon IE to explore. For example, Staff and ICNU raised concerns—some of which were mitigated by PacifiCorp's revisions to its Draft RFP—about the ability of bidders to successfully propose an IGCC plant. Staff Opening Comments at 14 (Sept. 19, 2006); Initial Reply Comments at 16-17 (Oct. 13, 2006); ICNU Opening Comments at 11 (Sept. 19, 2006). *See also* Staff Opening Comments at 16 (Sept. 19, 2006), Initial Reply Comments at 21-23 (Oct. 13, 2006), and Reply Comments (Nov. 9, 2006) at 8-9; ICNU Opening Comments at 10-11 (Sept. 19, 2006) and Reply Comments (Nov. 9, 2006) at 7-8; CUB/RNP Opening Comments at 2-3 (Sept. 19, 2006); Joint Parties Reply Comments (Nov. 9, 2006) at 16-17.

In Order No. 06-676 we clarified issues related to the role of the Oregon IE, in the event we did not approve PacifiCorp's Draft RFP. Consistent with that order, if PacifiCorp does issue an RFP, despite our decision here not to approve the filed Draft RFP, we expect the Oregon IE to fully explore the issues raised by parties related to fairness of the proposed bidding process and report its conclusions in its Closing Report. Because we are rejecting PacifiCorp's request for approval of its Draft RFP, we decline to make any findings under this criterion at this time.

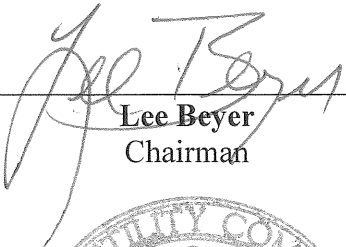
CONCLUSION

PacifiCorp's 2012 RFP for Base Load Resources is not aligned with the company's acknowledged 2004 Integrated Resource Plan. Accordingly, PacifiCorp's request for approval of the Draft RFP should be denied. If the company proceeds with its RFP and requests that the Commission acknowledge the resulting final short-list of resources, the company would need to address, to our satisfaction, the deficiencies discussed above.

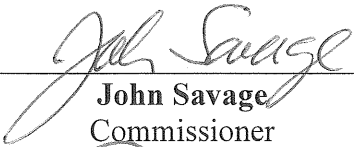
ORDER

IT IS ORDERED that PacifiCorp's request for approval of its Draft 2012 Request for Proposals is denied.


Made, entered, and effective JAN 16 2007



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.