

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	)	DOCKET UE-111418
	)	
PACIFIC POWER AND LIGHT	)	ORDER 01
COMPANY	)	
	)	
Petition for Waiver from Certain	)	ORDER GRANTING WAIVERS TO
Request for Proposals Requirements	)	REQUESTS FOR PROPOSALS
	)	
.....	)	

**BACKGROUND**

- 1 The requirement to file a Request For Proposal (RFP) with the Commission is related to the acquisition of new resources and is specifically triggered if a Company’s Integrated Resource Plan (IRP) demonstrates a capacity resource need with three years. If capacity resources are required by the IRP, the Company must submit an RFP to the Commission within 135 days of the issuance of its IRP. Interested parties then have 60 days from the RFPs filing date to comment. Upon the close of the comment period, the Commission will approve or suspend the RFP within 30 days after the close of the comment period.<sup>1</sup>
  
- 2 On March 31, 2011, Pacific Power and Light Company (PacifiCorp or Company) timely submitted its IRP. The Company’s IRP showed a capacity need within three years. Given that capacity is needed within three years, the Company is required to file an RFP to meet those needs. On August 3, 2011, the Company filed a petition to waive requirements related to submitting RFPs contained in WAC 480-107-015.<sup>2</sup> The Company shows in its petition that the use of a combination of existing tariffs and bid processes for small acquisitions, and an RFP process without sealed bids for market transactions can fulfill its obligation to serve customers’ demand needs in the next three years.

<sup>1</sup> WAC 480-107-015(3)(a),(b) and (c).

<sup>2</sup> UE-111418, Petition for Waiver, paragraph 16.

## DISCUSSION

3 The Commission initially heard this docket at its August 11, 2011 open meeting, but deferred a decision pending a more specific request for waivers from PacifiCorp. Subsequently, the Company amended its petition and submitted it on September 6, 2011. This amended petition narrowed the scope of the waiver request and provided more specific and detailed analysis of which sections of the law the Company was requesting exceptions. PacifiCorp claims these specific waivers to be “in the public interest because it allows the Company to utilize procurement processes that are specifically designed, by type of resource, to achieve the maximum benefit for PacifiCorp’s customers.”<sup>3</sup>

4 PacifiCorp is requesting exceptions to the rule as follows:

- Waiver of WAC 480-107-015(3)(b) with respect to Jim Bridger Turbine Upgrades;
- Waiver of WAC 480-107-015(3)(b) with respect to CHP Biomass;
- Waiver of WAC 480-107-015(3)(b) with respect to DSM Class 1;
- Waiver of WAC 480-107-015(3)(b) with respect to DSM Class 2;
- Waiver of WAC 480-107-015(3)(b) with respect to Hot Water Solar Heating;
- Waiver of entire WAC Chapter 480-107 with respect to Solar;<sup>4</sup> and
- Waiver of WAC 480-107-015(3)(d) with respect to Front Office Transactions.

5 PacifiCorp’s request to waive the entire WAC 480-107 is restricted to a solar energy program in Oregon, and therefore is not subject to Washington law and will not impact Washington ratepayers. The waiver requested for WAC 480-107-015(3)(b) for the small capacity resources allows the Company to meet its capacity obligation by several small projects or tariffs described below:

- a. The Jim Bridger upgrades are to be secured in a “procure and construct” bid process for that specific facility. Because these projects take years to implement, the competitive procurement process has already been completed and the upgraded turbines are under construction. It is included in this RFP because this is the IRP

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<sup>3</sup> UE-111418, Amended Petition for Waiver, paragraph 5, page 3.

<sup>4</sup> UE-111418, Amended Petition for Waiver, paragraph 51. The “Solar” program listed last is an Oregon only program.

cycle in which the project will be completed and start delivering the additional capacity;

- b. The biomass capacity will be acquired using the existing tariff Schedule 37;
- c. Class 1 DSM, the Irrigation pump curtailments are under consideration for implementation and are proposed to be acquired using request for information and project specific competitive RFPs;
- d. Class 2 DSM, are the existing residential, commercial and industrial energy conservation programs, to be acquired using existing tariff Schedules 107, 113, 114, 115, 118 and 125;
- e. The solar heating program is still under consideration and would be placed either under a net-metering or energy efficiency tariff.

6 For the small capacity acquisitions, the Company proposes open, competitive processes through the normal course of business propositions and existing or future tariffs. Staff is comfortable these resources can be acquired prudently without use of the RFP process described in WAC 408-107(3)(b). Therefore Staff recommends granting the requested exceptions to the rule for these acquisitions.

7 In its petition, the Company requested a waiver of WAC 480-107-015(3)(d) to facilitate its reliance on Front Office Transactions (FOTs) to solicit short-term, large-capacity acquisitions. WAC 480-107-015(3)(d) specifies that sealed bids must be used in the solicitation process. Sealed bids have historically been required in soliciting responses from vendors when the Company is contemplating capital investments in large projects. The requirements for capacity in the PacifiCorp RFP, differ, however, in that they are seasonal and short-term in nature and are for heavy load hours, six days per week from July through September. Given the seasonal and short-term nature of the capacity requirement, the Company proposes that FOTs are an efficient mechanism for soliciting bids as they are requests for market-based proposals for power delivered at specific times of the year and can be gathered more efficiently through electronic submissions from numerous vendors that can provide the required capacity. Therefore, given the Company's reliance on FOTs with electronic submissions from prospective bidders, WAC 480-107-015(3)(d) and its requirement for sealed bids is thought to be impractical.

8 Due to the manner in which FOTs are executed, the waiver of WAC 480-107-015(3)(d) is warranted and will not compromise the requirements of WAC 480-107-025 which specifies the content of solicitation process. Therefore, granting the waiver of WAC 480-107-015(3)(d) to the RFP process is reasonable and appropriate.

9 Commission rules permit exceptions to the RFP rule “only if consistent with the public interest, the purposes underlying regulation, and applicable statutes.”<sup>5</sup>

10 The RFP process serves the public interest by providing periodic open competitive bids for the acquisition of least-cost resources based on the IRP. Another purpose of the RFP is to establish prices for qualified facilities offering power to the utility based on an estimated avoided cost schedule<sup>6</sup> under PURPA section 210. The proposed market-based RFP process fulfills those public purpose goals and will provide the input required for the Company to issue an avoided cost schedule for qualifying facilities. The other minor proposals use existing tariffs or open competitive processes which will also provide input to the development of avoided costs. Therefore, PacifiCorp’s proposed RFP process will support the development of avoided costs thereby meeting the public interest.

11 Because the Company has shown that the proposed waivers are “consistent with the public interest, the purposes underlying regulation, and applicable statutes,” granting the requested waivers is appropriate. The Commission also notes the waivers only apply to the present RFP requirements arising from the IRP presented in Docket UE-100514. The Commission further notes that neither the approval of the RFPs resulting from PacifiCorp’s proposed process nor the prudence of all of the small acquisitions to which the proposed waivers apply are at issue, or are being determined, in this order.

12 No comments were entered into the docket on this petition.

### **FINDINGS AND CONCLUSIONS**

13 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.

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<sup>5</sup> WAC 480-107-002(3).

RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.

- 14 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction.
- 15 (3) This matter came before the Commission at its regularly scheduled meeting on October 13, 2011.
- 16 (4) PacifiCorp has demonstrated pursuant to WAC 480-107-002(3) that the waivers from certain request for proposal filing requirements in WAC 480-107 the Company has requested are consistent with the public interest, the purposes underlying regulation, and applicable statutes.

### **ORDER**

#### **THE COMMISSION ORDERS:**

- 17 (1) The Petition for Waivers filed on August 1, 2011, by Pacific Power and Light Company are granted for the requests for proposals necessary to meet the power needs indicated by the Integrated Resource Plan filed in Docket UE-100514 pursuant to WAC 480-107-002:
- a. Grant Pacific Power and Light Company's amended petition for a waiver to WAC 480-107-015(3)(b) for various small projects listed in this order;
  - b. Grant Pacific Power and Light Company's amended petition for a waiver to WAC 480-107-015(3)(d) for front office transactions; and
  - c. Grant Pacific Power and Light Company's amended petition for a waiver to WAC 480-107 for solar programs outside Washington's jurisdiction.

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<sup>6</sup> This is required by WAC 480-107-055.

- 18 (2) Pacific Power and Light Company, must issue a solicitation for bids for electric power using the Front Office Transaction RFP within 30 days of the date of this Order, pursuant to WAC 480-107-015(3)(c).

DATED at Olympia, Washington, and effective October 14, 2011.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner