

May 26, 2006

VIA ELECTRONIC FILING

Ms. Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504-7250

Re: Docket No. UE-050990, PacifiCorp Request to Extend Temporary Exemption from WAC 480-107-015(3)(b) to file Draft Request for Proposals

Dear Ms. Washburn:

PacifiCorp, doing business as Pacific Power & Light (“PacifiCorp” or the “Company”), hereby requests that the Washington Utilities and Transportation Commission (“Commission”) extend the temporary exemption granted pursuant to WAC 480-107-015(3)(b)¹ until July 11, 2006. Allowing this extension will give PacifiCorp additional time to refile its Request for Proposals for a Flexible Resource (“draft RFP”).²

In support of this request, PacifiCorp states as follows:

1. On November 3, 2005, PacifiCorp filed its Integrated Resource Plan update (“2004 IRP Update Report”) with the Commission. As indicated in Chapter 5 of the 2004 IRP Update Report, the primary action plan modifications included: elimination of the 2009 east side resource (natural gas resource); delay in action item 8 (coal resource) by one year to 2012; and an additional action item to upgrade the transfer capability between Idaho and Utah.

2. On November 18, 2005, the Company requested that the Commission extend the temporary exemption from WAC 480-107-606(2)(b) granted by the Commission in Order No. 1 in this docket until May 31, 2006 given these developments in the 2004 IRP Update Report. Commission Staff noted that, given the proposed changes, an exemption from WAC 480-107-060(2)(a) was more appropriate. In Order No. 2, the Commission granted PacifiCorp a temporary exemption from WAC 480-107-060(2)(a) until May 31, 2006.

¹ WAC 480-107-060(2)(a) was repealed, effective April 28, 2006, and WAC 480-107-015(3)(b) was subsequently adopted effective April 28, 2006. See Docket No. UE-030423, General Order No. R-530.

² PacifiCorp’s Request for Proposals for a Flexible Resource was formerly entitled “draft RFP 2009”; however, upon refileing it will be the “draft RFP 2012.”

3. On March 21, 2006, PacifiCorp was acquired by MidAmerican Energy Holdings Company ("MEHC"). Following the closing of the transaction, MEHC and PacifiCorp undertook a more thorough review and discussion of the technical, financial and regulatory issues associated with PacifiCorp's resource planning and acquisition process.

4. PacifiCorp requests that the temporary exemption from WAC 480-107-015(3) (b) be extended until July 11, 2006. The Company's request for an extension includes the following drivers.

- i) *Change in philosophy and removal of planned Front Office transactions in the IRP* - The first driver is the MEHC philosophy towards hedging the system accomplished through stable, cost-based resources and not being subject to market volatility, market liquidity or market risk on a long-term forward basis. This change in philosophy has resulted in the Company removing the planned Front Office transactions in the IRP, which the Company assumed in the preferred portfolio in the 2004 IRP Action Plan. The removal of these planned Front Office transactions on the west and the east has resulted in a system wide deficit in the IRP. The 2012 Request for Proposal will solicit resources to fill this deficit in 2012 and 2013. The benchmark resources will be a coal plant (Action # 8) that can make deliveries into the system by the summer of 2012, and it is assumed that an additional coal plant will replace the assumptions of Front Office transactions resources. The 2012 RFP benchmark resources will include the resources needed for 2012 and 2013 and will have two base load pulverized coal resources as two separate benchmark resources. The Company will continue to study the economics of an IGCC option to use good faith efforts to present the results of this study as a resource alternative to inform the resource selection within the competitive procurement process. This will allow the Company to conduct a competitive resource procurement process for resources for the term of 2012-2013 using two cost-based resources as benchmarks.
- ii) *Overall capital requirements for extensive resource development and procurement* - The second driver is the extensive capital costs required for the benchmark resources. The Company wants to ensure that the information and structure of the 2012 RFP is completed consistent with the best interest of customers and shareholders. The 2012 RFP may have potential capital requirements of up to \$2 billion dollars. The Company's inclusion of these two benchmarks may require extensive capital expenditure and as such MEHC and PacifiCorp need to ensure that the draft RFP is done diligently and prudently.
- iii) *Procedural efficiency* - The third driver is a balance between jurisdictions. The extension will allow the Company to proceed on the same schedule as the companion procurement proceedings underway in Oregon and Utah. The Company recently made a filing in Utah requesting an extension of the

procedural schedule requiring the filing of the draft RFP 2009 by July 11, 2006 which was approved on May 4, 2006. Utah PSC Docket No. 05-035-47, *Utah Power's Motion to Extend Procedural Schedule and Order Amending Schedule.*

5. PacifiCorp believes this extension is consistent with the public interest because it will allow the draft RFP to be revised to incorporate the results of the MEHC and PacifiCorp review. Additionally, the Company believes that it would be appropriate to allow an additional public comment period on the draft RFP once it has been re-submitted to the Commission consistent with discussions with Commission Staff on the prior extension request.

It is respectfully requested that all formal correspondence and Staff requests regarding this matter be addressed to:

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

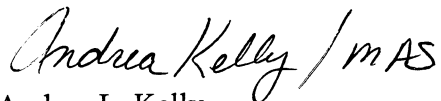
By Facsimile: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 N.E. Multnomah, Suite 300
Portland, OR 97232

Thank you for your assistance.

If the Commission or its Staff has any questions with respect to this filing, please contact Melissa Seymour at (503) 813-6711.

Sincerely,

Handwritten signature of Andrea Kelly in cursive script, followed by the initials "MAS".

Andrea L. Kelly
Vice President, Regulation
PacifiCorp

cc: Jim Russell