



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

July 13, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Mail Stop: FY-11/7250
Olympia, WA 98504-7250

Attn: David W. Danner
Executive Director and Secretary

**RE: UE-080826 - PacifiCorp's 2008 Integrated Resource Plan
Presentation Material for Public Meeting Scheduled July 16, 2009**

Dear Mr. Danner

PacifiCorp, d.b.a. Pacific Power ("PacifiCorp" or "Company") submits for filing the Company's presentation material in advance of the public meeting scheduled for Thursday, July 16, 2009.

All formal correspondence and Staff requests regarding this filing should be directed to:

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

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

Any informal inquiries should be directed to Pete Warnken, Manager Integrated Resource Planning at (503) 813-5518 or Cathie Allen, Regulatory Manager, at (503) 813-5934.

Sincerely,

Andrea L. Kelly
Vice President, Regulation

cc: Deborah Reynolds, Washington Utilities & Transportation Commission
Steve Johnson, Washington Utilities & Transportation Commission



PacifiCorp's 2008 Integrated Resource Plan

Washington Utilities and Transportation Commission Public Hearing

July 16, 2009



Pacific Power | Rocky Mountain Power | PacifiCorp Energy

Significant Changes from the last IRP

- Acquisition of Chehalis combined-cycle plant; addresses intermediate/ baseload need identified in PacifiCorp's last IRP
- Decrease in resource need: system becomes short on capacity in 2011 rather than 2010
 - Impact of economic recession on load growth
 - Annual capacity position improves by almost 500 MW on an average annual basis
- Incorporation of the Energy Gateway Transmission project in the portfolio analysis
- Methodology changes
 - Expanded resource options considered
 - More extensive CO2 risk analysis
 - Portfolio performance ranking

IRP Regulatory Compliance

- IRP addresses each IRP requirement under WAC 480-100-238
 - Compliance described in Table C.5, Appendix C of Volume II
- 2007 Acknowledgment Letter Requirements:

Acknowledgment Letter Order Requirements/Recommendations	PacifiCorp Response
"PacifiCorp does need to identify and better support significant changes it makes to base demand projections relative to previous IRPs."	Held several conference calls with public stakeholders describing load forecast adjustments attributable to recessionary impacts.
"The company should also improve the presentation of its two-year action plan."	The action plan format was revised. (Chapter 9, Table 9.2). PacifiCorp also expanded the action plan chapter to include contingency planning and other risk management topics not addressed in previous IRPs.
"The Commission expects the company to use the Quantec estimates as the basis for its conservation program achievement objective rather than the one included in the IRP."	Developed energy efficiency supply curves based on the Cadmus Group (previously Quantec LLP) potentials information. (Chapter 6). These supply curves served as resource options in the capacity expansion model.
In its next plan, the company needs to better explain how it chose the transmission options to study, the process used to integrate the selection of both new generating resources and transmission expansions/enhancements, and how the transmission expansion will affect system operation, dispatch of resources and the flow of electricity throughout PacifiCorp's service territory.	Included a new "Transmission planning" chapter (Chapter 4) and separate transmission expansion action plan (Chapter 10) to address the Energy Gateway Transmission project. Other transmission options included for capacity expansion modeling were not selected, and thus not included in the preferred portfolio.

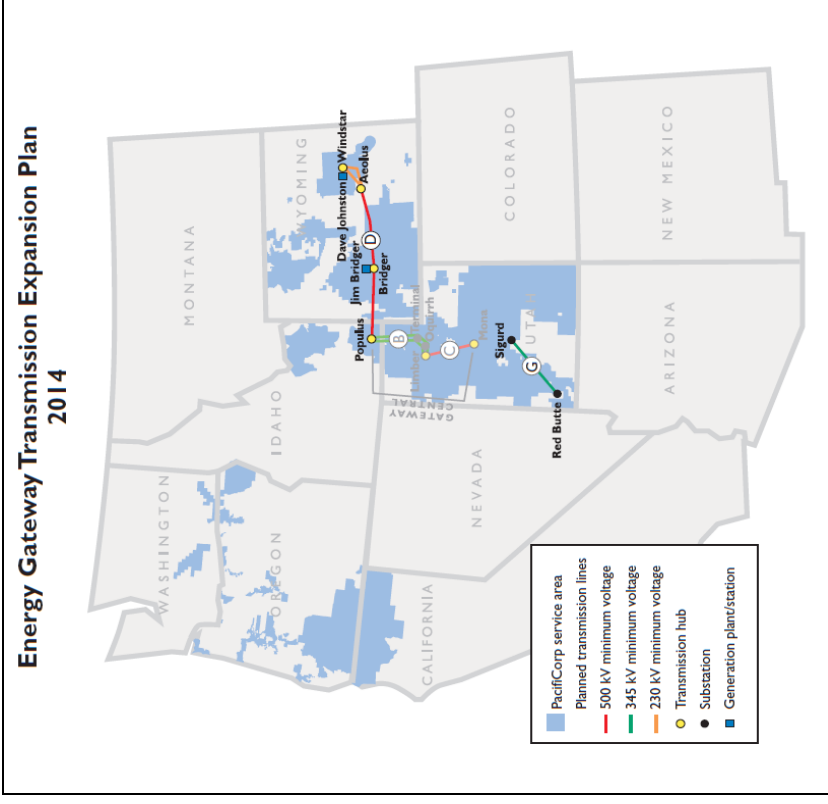
IRP Regulatory Compliance, Continued

- 2007 Acknowledgment Letter Requirements:

Acknowledgment Letter Order Requirements/Recommendations	PacifiCorp Response
"PacifiCorp needs to identify the metrics it will use or the processes it will monitor that could lead the company to alter its new planning margin."	The Company will investigate the use of a LOLP capacity constraint in its capacity expansion model to supplement the current planning reserve margin approach (See Chapter 9, action item no. 9). Development of a process to modify planning reserve margins has been put on hold. PacifiCorp is also monitoring WECC resource supply adequacy criteria for possible implications to the IRP.
"As part of its next plan, PacifiCorp should more thoroughly explain why its preferred portfolio provides greater benefits and/or is lower risk than the alternative portfolios."	The IRP includes an in-depth discussion on the merits and disadvantages of the preferred portfolio relative to other top-performing portfolios (Chapter 8). The Company also implemented a portfolio preference scoring methodology that explicitly links portfolio cost and risk measure performance to overall portfolio ranking.
"PacifiCorp should derive avoided cost for transmission and distribution resources. These avoided costs will guide generators or suppliers as they determine if they can supply electricity below the company's avoided cost."	PacifiCorp incorporated a T&D investment deferral cost credit to demand-side management program and distributed generation.
"The action plan needs to provide much more specific information regarding the actual steps the company will take to complete the identified action items."	The IRP action plan provides more detail on procurement strategy for proxy resources identified in the IRP preferred portfolio (Table 9.2 in Chapter 9).

IRP Resource Strategies - Renewables

- 1,300 MW of wind resources added over the next 10 years
 - Dependency on Energy Gateway Transmission Project
- Blundell 3 geothermal project, and other renewables acquired through RFPs, bilateral negotiations, PURPA QF agreements
- Hydro capacity expansion
- Study geothermal and energy storage resource potentials



IRP Resource Strategies – Thermal and Market

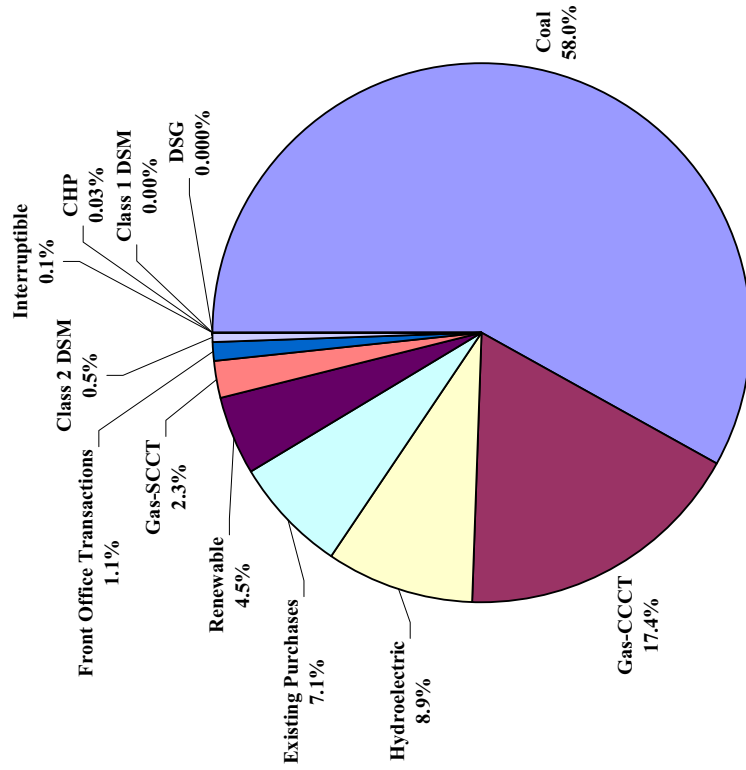
- Natural gas
 - Over 800 MW for the 2014-2016 period
 - Mixture of combined-cycle and simple-cycle on the east side of the system
 - Flexible resources needed to support wind integration and address peak load growth
- Coal plant turbine upgrades: 170 MW by 2016
- Distributed generation
- Firm market purchases: 50 – 1,400 MW (acquired on an annual forward basis (1-4 year term))

IRP Resource Strategies – DSM

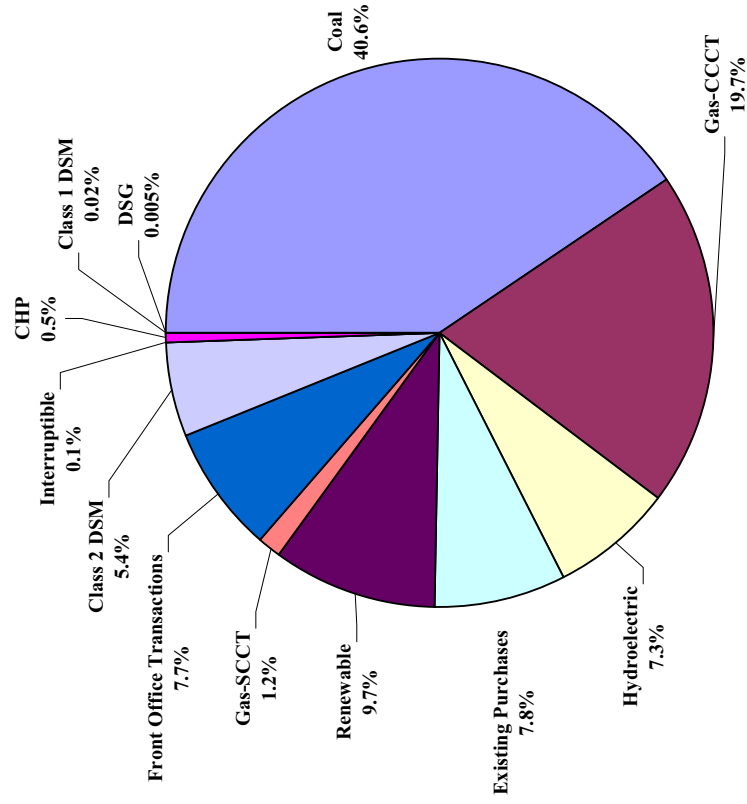
- Dispatchable load control (“Class 1” DSM)
 - 200-300 MW by 2018
 - Includes expansion of the Company’s Cool Keeper (residential/commercial AC) program
 - Irrigation load control
 - Seek commercial curtailment opportunities
- Energy efficiency (“Class 2” DSM)
 - 900 MW of peak capacity by 2018
 - Steady annual expansion for the system

Preferred Portfolio – Energy Mix Change

2009 Resource Energy Mix with Preferred Portfolio Resources
(\$45 CO2 Tax)



2018 Resource Energy Mix with Preferred Portfolio Resources
(\$45 CO2 Tax)



Methodology Highlights

- The IRP uses two models:
 - Capacity expansion tool
 - Production cost model
- Incorporated DSM supply curves and distributed generation resources based on potentials study
- Wind resource modeling enhancements
- Developed nearly 60 resource portfolios for comparative analysis
- Risk analysis: Monte Carlo simulation and scenarios
- Combine portfolio performance measures into single composite score for ranking

Load Forecast

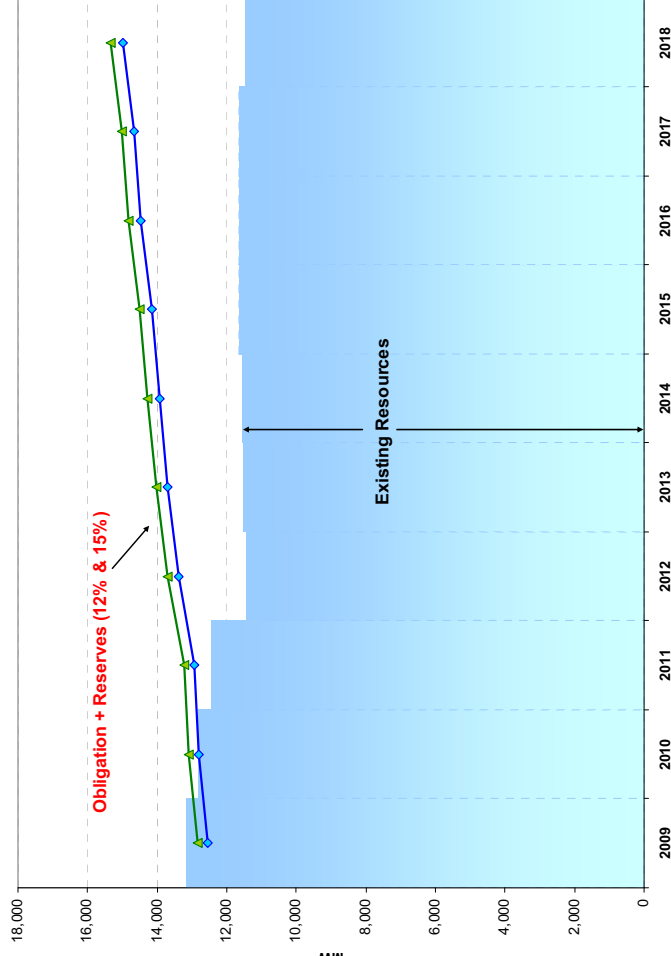
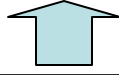
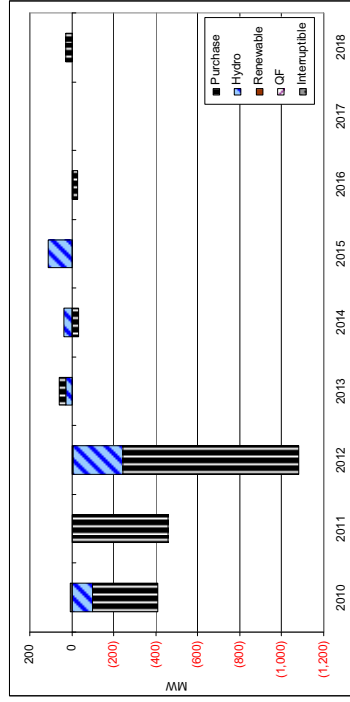
- For 2009-2018:
 - System load expected to grow from 61,560 GWh to 74,350 GWh
 - System coincidental peak load grows from 10,143 MW to 12,522 MW

Average Annual Growth Rates, 2009-2018			
Jurisdiction	Load (MWh)		Coincident System Peak Load (MW)
	System Level	Retail Level, Net of New DSM	
WY	3.4%	3.2%	3.1%
UT	2.5%	2.4%	2.6%
System	2.1%	2.0%	2.4%
CA	1.6%	1.6%	1.9%
ID	1.5%	1.4%	2.5%
OR	1.2%	1.0%	1.6%
WA	0.7%	0.5%	1.8%

New Capacity Needed by 2011

- System capacity deficit begins in 2011 (500 MW) and jumps to 2,000 MW by 2012; increases to over 3,500 megawatts by 2018
 - West side becomes short in 2012 (over 800 MW)

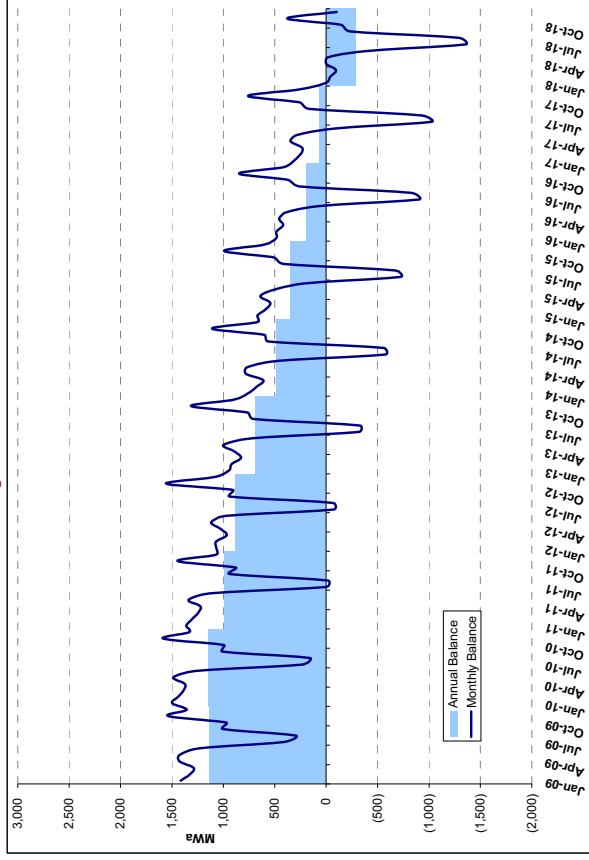
Power contract expirations...



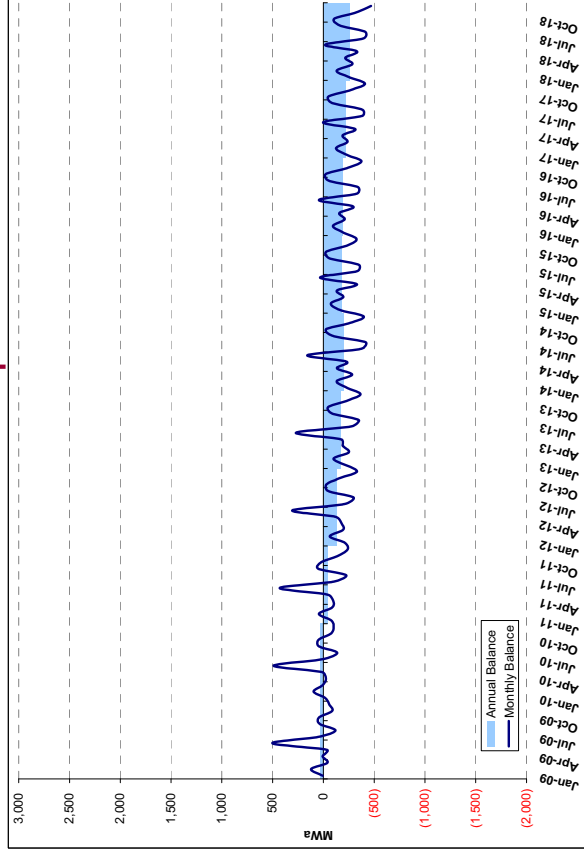
Energy Balance

Monthly and Annual Energy Balances

System

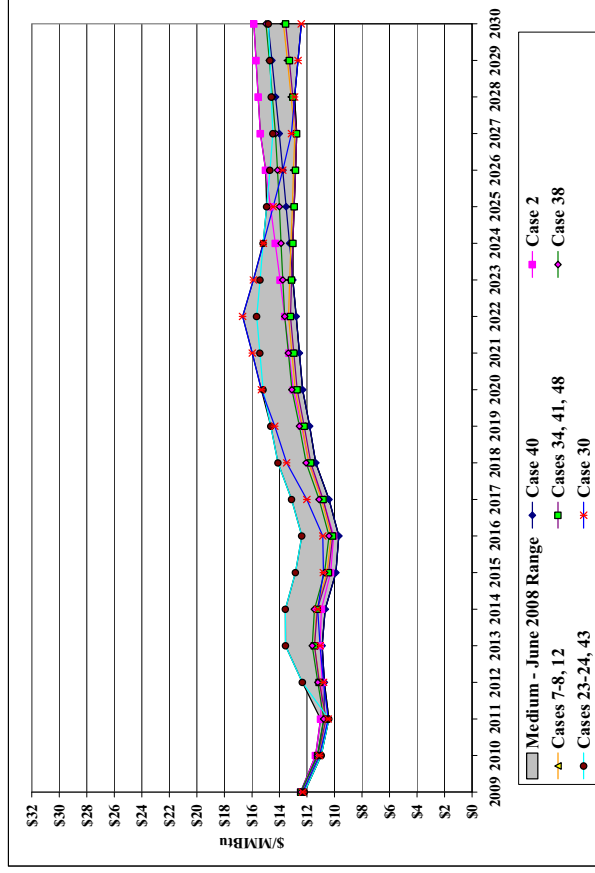


PacifiCorp West

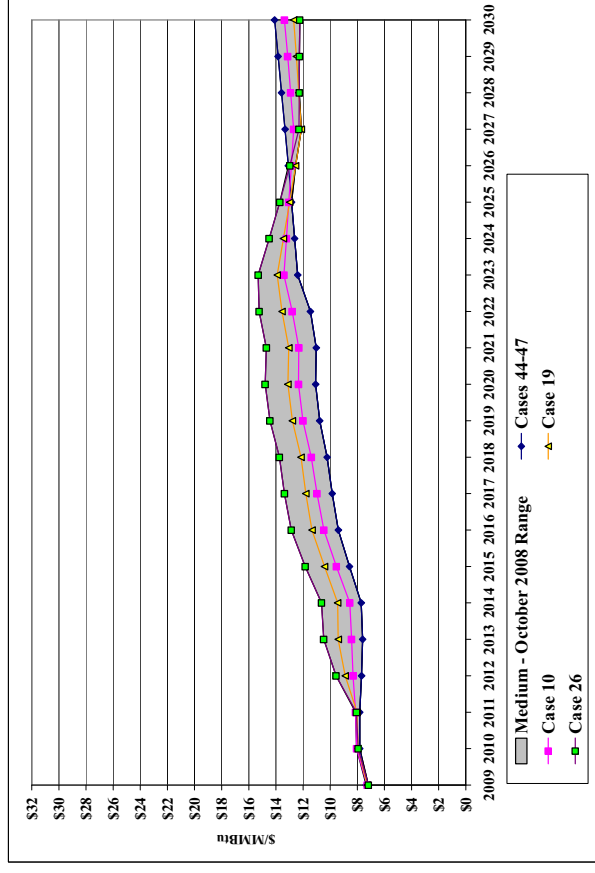


Henry Hub Natural Gas Prices

June 2008 Forecast



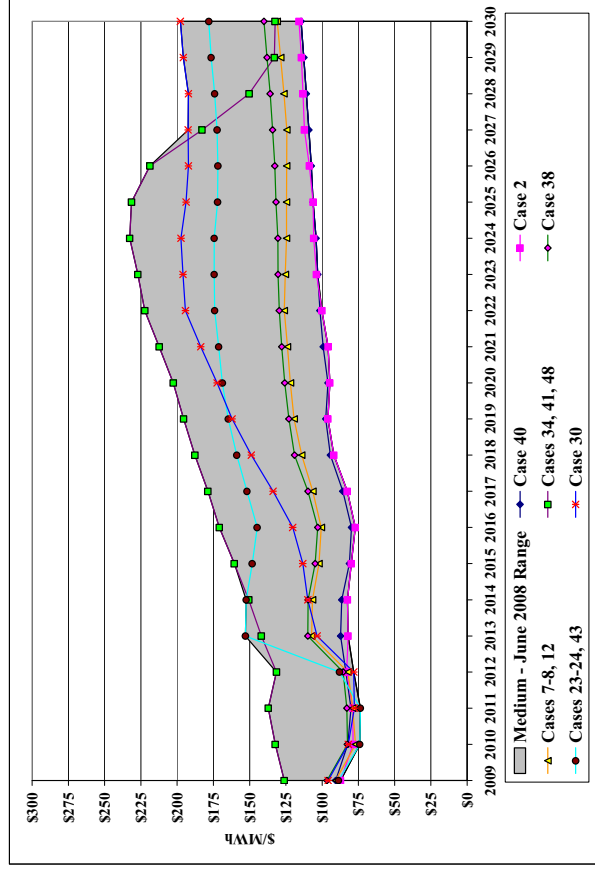
October 2008 Forecast



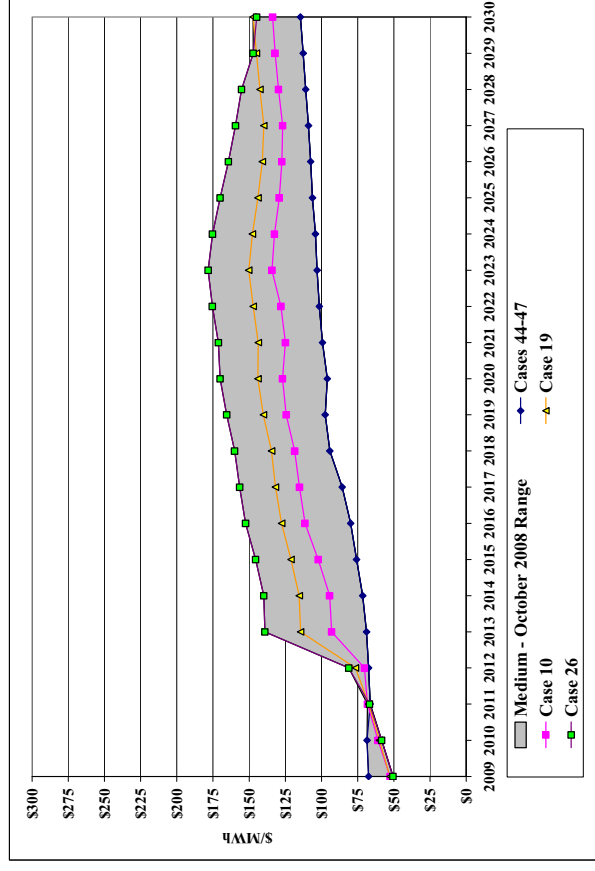
Cases reflect different CO2 tax levels and differences in other assumptions

Western Electricity Prices (Average of Mid-Columbia and Palo Verde)

June 2008 Forecast



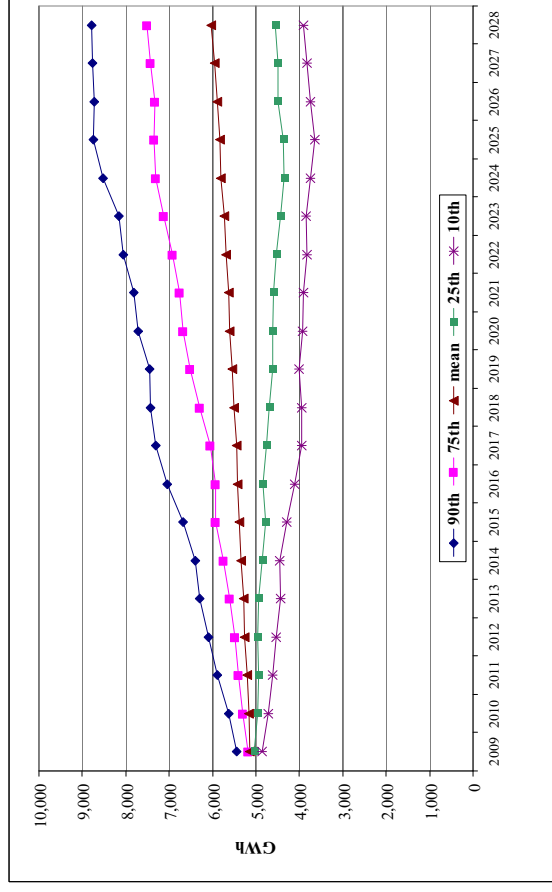
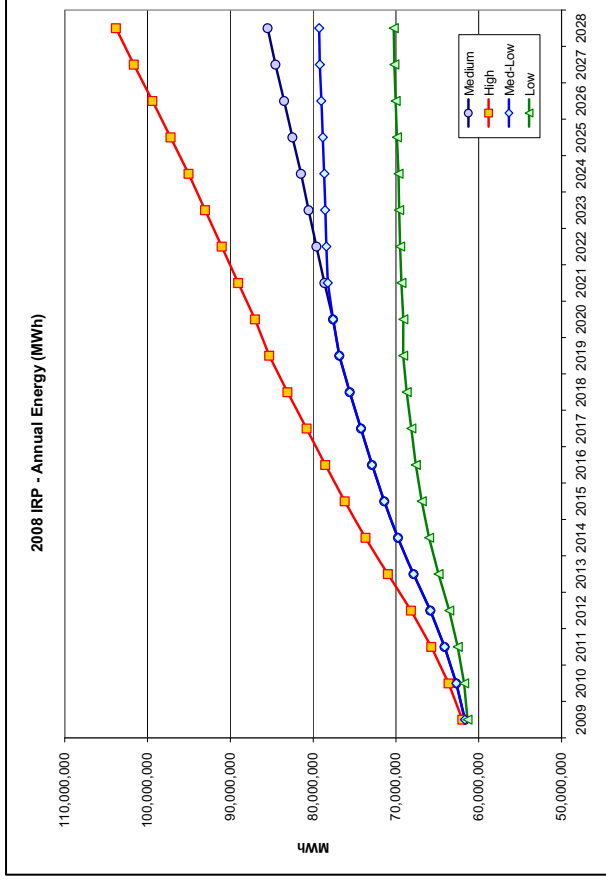
October 2008 Forecast



Cases reflect different CO2 tax levels and differences in other assumptions

Load Forecast Uncertainty

- Portfolio development scenarios
- Washington stochastic load forecast distribution



CO2 and Renewable/Clean Energy Assumptions

- No base-case CO2 cost assumed; used a wide range of point values for scenario analysis
 - Trigger points at which significant changes in PacifiCorp's resource mix are expected to occur
 - CO2 tax scheme, beginning in 2013
 - For portfolio development, \$0, \$45, \$75, \$100 per ton
 - For stochastic production cost modeling, \$0, \$45, \$100 per ton
- State RPS requirements reflected as system renewables constraint
- Renewable production tax credit assumed available for duration of study period
- Nuclear and coal CO2 removal/sequestration available beginning in 2025
- Incorporated T&D investment deferral credit for DSM and distributed generation resources (\$23/kW-yr)

Conclusions

- 2008 IRP complies with Washington's IRP guidelines
 - Lowest reasonable cost (LRC) criterion, considering:
 - Market volatility risks
 - Other risks
 - Washington state resource preferences
 - Resource dispatchability for resource mix
 - Conservation and load management assessment
 - Action plan
- The Company intends to file a response to written comments on the IRP