

August 3, 2011

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

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

Attn: David W. Danner
Executive Director and Secretary

RE: PacifiCorp's Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107

Dear Mr. Danner:

PacifiCorp d.b.a. Pacific Power & Light Company (PacifiCorp or Company) hereby submits an original and two (2) copies of PacifiCorp's Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC 480-107. An electronic copy of the filing will also be sent to the Commission's record center.

Communications regarding this petition should be addressed to:

Washington Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
washingtondockets@pacificorp.com

Mary Wiencke, Legal Counsel
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
mary.wiencke@pacificorp.com

In addition, PacifiCorp requests that all formal correspondence, Staff requests and data requests regarding this petition be addressed to:

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

By Regular Mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

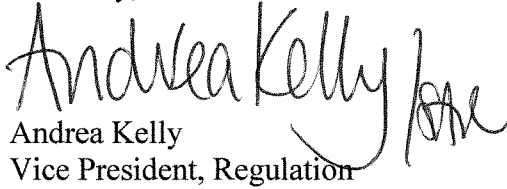
Washington Utilities and Transportation Commission

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Informal inquiries may be directed to me, at (503) 813-6043.

Sincerely,

A handwritten signature in black ink that reads "Andrea Kelly" followed by a stylized flourish.

Andrea Kelly
Vice President, Regulation

Enclosures

cc: David Nightingale, WUTC
Deborah Reynolds, WUTC
Vanda Novak, WUTC
Steve Johnson, WUTC

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of the Petition of

PACIFICORP, d.b.a. Pacific Power &
Light Company,

Petitioner

DOCKET UE-11 _____

PacifiCorp's Petition for Waiver of Certain
Requirements Related to Requests for
Proposals Contained in WAC 480-107

1. Pursuant to WAC 480-107-002(3) and WAC 480-07-370(b), PacifiCorp, d.b.a. Pacific Power & Light Company (Company) petitions (Petition) the Washington Utilities and Transportation Commission (Commission) for a waiver of certain requirements related to requests for proposals (RFP) contained in WAC 480-107-015(3).
2. PacifiCorp's name and address:

Washington Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
washingtondockets@pacificorp.com

Mary M. Wiencke
Legal Counsel
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
mary.wiencke@pacificorp.com

Introduction

3. The rules established under WAC 480-107 require utilities to solicit bids, rank project proposals, and identify any bidders that meet minimum selection criteria. WAC 480-107-001(1). These rules do not establish the sole procedures utilities must use to acquire new resources. Utilities may also construct electric resources, operate conservation programs, purchase power through negotiated contracts, or take other action to satisfy their public obligations. A utility must submit to the Commission a proposed RFP and accompanying documentation no later than one hundred thirty-five days after

the utility's integrated resource plan is due to be filed with the Commission. WAC 480-107-015(3)(b). However, the submission of an RFP is not required if the utility demonstrates that it does not need additional capacity within three years. WAC 480-107-015(3)(a).

4. As more fully described below, the acquisition of the additional resources identified in the Company's 2011 Integrated Resource Plan (2011 IRP) as resources needed to serve the west balancing authority area (BAA) within the next three years will not require complex bid solicitation procedures as required in the standard RFP process. Each identified resource need is effectively acquired through alternative procedures that ensure the Company continues to meet its public service obligations. By utilizing these alternative procedures identified below, the Company will avoid over-procurement, non-competitive pricing, or lost opportunities and minimize procurements risks to the Company and its customers. In addition, by utilizing these alternative procedures to fulfill the planned resource need, there is no remaining resource need, within the next three years, to be addressed by a standard RFP process. Therefore, the Company respectfully requests that the Commission waive the requirements of WAC 480-107-015 as they apply to the Company's 2011 IRP.

Background

5. On May 31, 2011, in Docket No. UE-100514, the Company filed its 2011 IRP pursuant to WAC 480-100-238. The 2011 IRP preferred portfolio identifies resources needed to serve the west BAA over the next three years. Table 8.16 of the 2011 IRP, included here as Attachment 1, provides detail on the preferred portfolio resources by region, resource type, and the year the resource is required. This consists of a mix of

resources which includes demand-side management (DSM), thermal plant turbine upgrades, renewable resources, and front office transactions at liquid hubs from existing generation. For each identified resource the Company has established procedures, described in detail below, that allow for the efficient procurement of the optimal amount of resources.

2011 IRP West BAA Resource Procurement

6. Coal Plant Turbine Upgrades – The preferred portfolio supports efficiency improvements to existing resources, when economically justified. Turbine upgrades identified in the preferred portfolio are to Jim Bridger Unit 2 and are part of ongoing planned capital investments, ongoing maintenance and management of the Company’s thermal fleet. The procurement of goods and services to accomplish the upgrades utilize an engineer, procure and construct RFP, specifically targeted to the upgrade project.
7. CHP Biomass – The preferred portfolio includes distributed generation biomass-based Combined Heat and Power (CHP) resources which are acquired through qualified facilities (QF) contracts, utilizing the terms and conditions of avoided cost purchases. Under the west control area allocation methodology, Washington rates only reflect QF contract(s) expenses if the facility is located in Washington. These resources are secured utilizing tariff Schedule 37 (Washington) or at market prices. The Company’s standard tariff can be found here:

<http://www.pacificpower.net/about/rr/wri.html>
8. DSM Class 1 – All DSM programs are assigned to the state where the program operates, utilizing the terms and conditions of that state’s demand-side management or system benefits tariffs. For Washington, customer rates only reflect costs associated with

programs operated in Washington. Class 1 DSM programs are commercial curtailment programs. The preferred portfolio identifies a Washington irrigation program of approximately 2 MW of installed capacity in 2013, which will be secured through Requests for Information (RFI) and an RFP that specifically target irrigation curtailment products. Analysis to determine the viability of irrigation products in the west BAA is ongoing. The Company anticipates issuing RFIs and an RFP once all analysis has been completed, and if a Washington irrigation program is determined to be viable.

9. DSM Class 2 – Class 2 DSM programs are energy efficiency programs, such as refrigerator recycling, energy education in schools, residential dwelling energy efficiency improvements, and commercial/industrial equipment efficiencies. These programs are secured utilizing Washington tariff Schedules 107, 113, 114, 115, 118, and 125, in accordance with Washington’s I-937 conservation requirements, and as informed by the Washington DSM Advisory Group. The existing tariffs can be found here:

<http://www.pacificpower.net/about/rr/wri.html>

10. Solar – The Solar Capacity Standard and Solar Incentive Program Pilot are Oregon solar initiative programs created by the Oregon legislature in 2009 (House Bill 3039, modified in 2010 House Bill 3690). The costs of state specific solar initiatives, such as these Oregon programs, are assigned to the state where the programs operate. As a result, costs of the Oregon programs would not be included in Washington rates. For more information on Oregon’s solar programs, please refer to:

<http://www.pacificpower.net/env/nmcg/osip.html>
<http://www.puc.state.or.us/PUC/solar/index.shtml>

11. Hot Water Solar Heating – The preferred portfolio also includes solar hot water heating of less than 2 MW of installed capacity for the west BAA. At present, additional

research and analysis is necessary on the market potential and viability of a solar hot water heating program. It is yet to be determined whether a solar hot water heating program would be considered a DSM or net metering program. It is also yet to be determined whether existing tariffs could be utilized, or new tariffs required. However, in the event a solar hot water heating program is instituted, PacifiCorp could effectively offer the program to customers through tariffs. These tariffs would be reviewed and approved by the Commission.

12. Front Office Transactions – The preferred portfolio includes front office transactions to address the majority of the west side BAA need within the next three years, from the following market hubs:

- California Oregon Border (COB), Flat Annual and 3rd Quarter Heavy Load Hour – 400 MW of installed capacity;
- Mid-Columbia, Flat Annual and 3rd Quarter Heavy Load Hour – 400 MW + 375 MW of installed capacity with 10% price premium; and
- Southern Oregon / Northern California, 3rd Quarter Heavy Load Hour – 50 MW of installed capacity.

Market purchases allow the Company to procure short-term energy products from existing generating resources that vary from year-to-year and fluctuate with overall load requirements. Price is determined at the time of the transaction; typically via a third-party broker and/or based on the results that are obtained through a mini-RFP, which reflects the then-current forward market price for energy at the liquid trading hubs. The mini-RFP is much less complex than a standard RFP process. Market purchases allow the Company to determine its resource requirements on a year-by-year basis instead of

committing to new long-term resources. This reduces the risk of over-procurement and minimizes costs. The timing and simplicity of the mini-RFPs, necessary for short-term energy product procurement, are typically not compatible with the standard RFP process. This alternative is available because of the market depth, transparency and liquidity that exist in the west side BAA.

Request for Waiver

13. WAC 480-107-002(3) allows the Commission to grant waivers of the requirements of WAC Chapter 480, Section 107 “if consistent with the public interest, the purposes underlying regulation, and applicable statutes.”
14. The Company’s request is in the public interest. The procurement processes described above are structured to effectively and efficiently acquire each particular resource on a lowest reasonable cost basis after considering risk and uncertainty. The content, timing and administration of these processes are not compatible with the requirements of a standard RFP process. Furthermore, conducting a standard RFP process for these resources could result in over-procurement, non-competitive pricing, or lost opportunities. As such, the identified alternative processes are in the public interest because they are designed to minimize procurement risks to the Company and its customers, while still maintaining Commission oversight through existing tariffs and procurement procedures.
15. The Company’s request is also consistent with the purposes underlying the regulation and applicable statutes. The specific procurement procedures described above (construction of resource upgrades, operation of conservation programs, and purchased power transactions) are exactly those alternative procedures contemplated by the purpose

section of Chapter 480-107. WAC 480-107-001(1). The Company's request to utilize these alternative procedures in lieu of a standard RFP process is therefore consistent with the regulation.

16. If the Company's request is granted, the Company will acquire the 2011 IRP preferred portfolio resources needed for the west side BAA within the next three years utilizing the procedures described above. Because the 2011 IRP preferred portfolio does not contain any resources needed within the next three years that should appropriately be acquired via a standard RFP process, WAC 480-107-015(3)(a), which exempts utilities from the rules of WAC-480-108-015 if the utility does not need additional capacity within three years, should apply. Due to this and the foregoing, the Company respectfully requests waiver of the requirements of WAC 480-107-015 as they apply to the Company's 2011 IRP.

DATED: this 3rd day of August 2011.

Respectfully submitted,



Mary M. Wiencke
Legal Counsel, Pacific Power

Counsel for PacifiCorp

ATTACHMENT 1

**Table 8.16 – Preferred Portfolio, Detail Level
(2011 IRP, Volume 1, Chapter 8 – Modeling Results, page 230)**

Table 8.16 – Preferred Portfolio, Detail Level

Resource	Capacity (MW)											Resource Totals 1/										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10-year	20-year
CCGT F 2x1 (Utah North, Utah South)	-	-	-	625	-	597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,222	1,222
CCGT H (Utah South)	-	-	-	-	-	-	-	-	475	-	-	-	-	-	-	-	-	-	-	-	475	475
Coal Plant Turbine Upgrades	12.1	18.9	1.8	-	-	18.0	-	-	-	-	2.4	-	-	-	-	-	-	-	-	-	51	53
Wind, Wyoming, 35% Capacity Factor	-	-	-	-	-	-	300	300	300	200	200	200	200	200	100	100	100	100	100	100	800	2,100
CFP - Biomass	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	10	20	
DSM, Class 1, Utah Cool Keeper	5.5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	11
DSM, Class 1, Idaho DLC-Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	22
DSM, Class 1, Utah, Curtailment	-	43	-	-	29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71	71
DSM, Class 1, Utah, DLC-Residential	-	22	-	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85	85
DSM, Class 1, Utah, DLC-Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSM, Class 1 Total	6	70	-	-	20	91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	187	191
DSM, Class 2, Idaho	1	2	2	3	3	4	4	4	4	4	5	5	5	6	6	6	6	6	6	6	33	33
DSM, Class 2, Utah	42	47	39	40	41	44	45	46	48	50	48	55	51	53	53	57	52	55	54	56	442	976
DSM, Class 2, Wyoming	3	4	5	5	6	6	7	8	8	8	10	10	10	12	15	16	20	24	28	35	60	267
DSM, Class 2 Total	47	53	46	48	51	54	56	58	60	63	62	70	69	74	75	84	82	89	95	99	536	1,334
Micro Solar - Water Heating	-	2.64	2.64	2.64	2.64	2.64	2.64	2.64	-	-	-	-	-	-	-	-	-	-	-	-	18	18
POT Mead Q3 HLH	-	168	264	264	264	99	25	-	-	-	-	-	-	-	-	-	-	-	-	-	82	41
POT Moun Q3 HLH	200	200	204	26	250	-	72	217	-	245	-	-	-	-	-	-	-	-	-	-	141	71
POT Moun Q3 HLH	-	-	150	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	225	263
Growth Resource, GenKen ID	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149	293	108	215	232	3	N/A	100
Growth Resource, Utah North	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	201	261
Growth Resource, Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206	55	346	392	-	N/A	100
Coal Plant Turbine Upgrades	-	-	3.7	-	-	-	-	8.3	-	-	-	-	-	-	-	-	-	-	-	-	12	12
CFP - Biomass	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	42	84
DSM, Class 1, California, DLC-Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	5
DSM, Class 1, Oregon, DLC-Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSM, Class 1, Oregon, Curtailment	-	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSM, Class 1, Washington, DLC-Irrigation	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSM, Class 1 Total 2/	-	-	57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSM, Class 2, Washington	7	8	8	8	8	8	8	8	8	8	8	9	10	10	10	10	8	8	8	8	36	36
DSM, Class 2, California	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	9	9
DSM, Class 2, Oregon	53	53	56	61	62	61	60	52	52	52	52	52	52	52	52	52	44	36	36	36	562	1,028
DSM, Class 2 Total	61	61	65	70	71	70	70	62	62	62	63	63	64	65	65	63	54	46	46	46	653	1,228
OR Solar Capacity Standard	-	2	2	2	2	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9	9
OR Solar Incentive Program Pilot	4	2	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10
Micro Solar - Water Heating	-	1.81	1.81	1.81	1.81	1.81	1.81	0.97	-	-	-	-	-	-	-	-	-	-	-	-	12	12
POT COB Q3 HLH	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
POT Mid-Columbia Q3 HLH	-	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	360	380
POT Oregon Q3 HLH	-	271	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	24
POT Mid-Columbia Q3 HLH, 10% price premium	-	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	40	40
Growth Resource, Walla Walla WA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	100
Growth Resource, Oregon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	100
Growth Resource, Yakima WA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	107
Annual Additions, Long Term Resources	154	217	187	776	232	749	136	437	902	330	332	339	338	344	345	242	241	248	246	245	351	351
Annual Additions, Short Term Resources	350	1,240	1,429	1,190	1,149	775	822	987	695	995	711	845	931	1,000	1,296	1,467	1,613	1,725	1,900	2,013	-	-
Total Annual Additions	484	1,457	1,616	1,966	1,381	1,524	958	1,404	1,597	1,325	1,043	1,184	1,269	1,344	1,542	1,719	1,855	1,970	2,146	2,165	-	-

1/ Front office transaction and growth resource amounts reflect one-year transaction periods, and are not additive. Front office transactions are reported as a 20-year annual average. Growth resources are reported as a 10-year average.
 2/ PacificCorp excluded from the portfolio new programs under a five-megawatt implementation feasibility threshold. The programs excluded consist of direct load control programs for Washington, Oregon, and California.