

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFICORP d/b/a PACIFIC POWER
& LIGHT COMPANY

Petitioner,

DOCKET UE-15_____

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

1 In accordance with WAC 480-107-002(3) and WAC 480-07-370(b), Pacific Power & Light Company, a division of PacifiCorp (Company), petitions the Washington Utilities and Transportation Commission (Commission) for a waiver of certain requirements related to requests for proposals (RFP) contained in WAC Chapter 480-107 (Petition).

2 The Company is an electric company and public service company in the State of Washington within the meaning of RCW 80.04.010, and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Washington. The Company provides electric service to approximately 132,000 retail customers in Washington and approximately 1.8 million total retail customers in Washington, California, Idaho, Oregon, Utah, and Wyoming.

3 PacifiCorp's name and address:

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

Dustin T. Till
Senior Counsel
PacifiCorp
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
dustin.till@pacificorp.com

I. INTRODUCTION AND BACKGROUND

4 On two separate occasions, the Commission has waived certain requirements of
WAC 480-107 with respect to the Company's acquisition of capacity resources identified
in an Integrated Resource Plan (IRP).

5 On September 6, 2011, in Docket UE-111418, the Company filed an Amended
Petition for Waiver of Certain Requirements Related to Requests for Proposals Contained
in WAC 480-107 (2011 Petition). The 2011 Petition requested waiver of certain
requirements of WAC 480-107 with respect to the acquisition of capacity resources
identified in the Company's 2011 Integrated Resource Plan (2011 IRP). On October 14,
2011, in Order 01, the Commission granted the Company's waiver requests made in the
2011 Petition.

6 On September 5, 2013, in Docket UE-131670, the Company filed a Petition for
Waiver of Certain Requirements Related to Requests for Proposals Contained in WAC
480-107 (2013 Petition). The 2013 Petition requested waiver of certain requirements of
WAC 480-107 with respect to the acquisition of capacity resources identified in the
Company's 2013 Integrated Resource Plan (2013 IRP). The 2013 Petition was very
similar, and in most cases identical to the waiver requested in the 2011 Petition. On
October 10, 2013, in Order 01, the Commission granted the Company's waiver requests
made in the 2013 Petition.¹

7 On March 31, 2015, in Docket UE-140546, the Company filed its 2015 integrated
resource plan (2015 IRP) pursuant to WAC 480-100-238. The 2015 IRP preferred
portfolio identifies resources needed to serve customers over the next three years.

¹ Following approval of the Company's 2013 Petition, the Commission approved the Company's 2013
Market RFP. Order 01, Docket UE-132094 (Jan. 30, 2014).

Table 8.7 of the 2015 IRP, included here as Attachment 1, provides detail on the preferred portfolio resources by east and west region, resource type, and the year the resource is required. The 2015 IRP preferred portfolio shows the need for a mix of resources, which through 2018 includes front office transactions (FOTs) at liquid hubs from existing or new generation sources, demand-side management (DSM), and Oregon solar resources. The west-side capacity resources identified in the 2015 IRP preferred portfolio are similar to those that were identified in the 2013 IRP preferred portfolio.² Accordingly, the Company is now requesting the waiver of the same requirements of WAC 480-107, based on the same rationale, for the 2015 IRP that the Commission granted for the 2011 and 2013 IRPs.

8 For each identified resource, the Company has procurement processes in place that are tailored to efficiently and effectively acquire each resource identified in the west region from 2016 through 2018. For reasons explained below, these processes are the most efficient mechanism, from the perspective of the Company and bidders, to procure the type of resources needed. However, in each instance, the process identified as the most efficient deviates from the RFP process as explicitly contemplated by the Commission's rules in WAC 480-107. In each case, the Company seeks waiver of the relevant rules in order to effectively procure each resource in the most efficient and cost-effective manner. This waiver request is 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. Depending on the resource, the Company seeks either a waiver of the entire WAC Chapter 480-107 or a

² The 2013 Petition included waiver requests related to turbine upgrades and biomass combined heat and power. These resources were not identified as part of the 2015 IRP preferred portfolio and accordingly no waiver requests are include for those resources in the Petition.

limited waiver of certain sections of WAC Chapter 480-107. Discussed below are a description of each resource, the procurement process for acquiring each resource, a description of how and whether each procurement process complies with the requirements of WAC 480-107, and an explanation of why a waiver of certain requirements of WAC 480-107 is in the public interest.

II. FRONT OFFICE TRANSACTIONS

Overview

9 FOTs are proxy short-term firm market purchases that represent procurement activity made on a forward basis to help the Company cover short energy or capacity positions. As proxy resources, firm FOTs represent a range of purchase transaction types. They are usually standard products, such as forward heavy load hour (HLH), light load hour (LLH), and super peak forward purchases that typically rely on standard enabling agreements as a contracting vehicle. Firm FOT prices are determined at the time of transaction, usually via an exchange or third party broker. When procuring FOTs via an RFP, pricing provided by bidders are compared to the then-current forward market price for power, which is informed by pricing available via an exchange or third party broker. Solicitations for firm FOTs can be made years, quarters or months in advance, however, most transactions made to balance PacifiCorp's system are made on a balance of month, day-ahead or hour-ahead basis. Annual firm FOT transactions are available up to three or more years in advance depending on the liquidity and market depth of the product being provided. Seasonal firm FOT transactions are typically delivered during quarters and are often available from one to three years or more in advance. The terms, points of delivery, and products all vary by individual market point.

10 Two FOT products were included in the 2015 IRP portfolio analysis: an annual firm FOT flat product and a third-quarter firm FOT HLH product.³ An annual firm FOT flat product reflects energy provided to PacifiCorp at a constant delivery rate over all the hours of a year. Third-quarter HLH firm FOT transactions represent purchases received 16 hours per day, six days per week from July through September. Accordingly, for the three year energy transaction period (ETP) from 2016 through 2018, the Company intends to seek FOT products for up to a three year maximum duration within the ETP. In no event will FOTs be sought for a time period greater than four years during the ETP.

11 The 2015 IRP preferred portfolio includes firm FOTs to address the majority of resource needs within the next three years. The 2015 IRP considered maximum FOT quantities from the following market hubs:

- California Oregon Border (COB), Flat firm Annual and 3rd Quarter HLH—400 MW of total capacity;
- Mid-Columbia, Flat firm Annual and 3rd Quarter HLH—775 MW of total capacity;
- Southern Oregon / Northern California, 3rd Quarter HLH—100 MW of total capacity; and
- Mona, 3rd Quarter HLH—300 MW of total capacity.

For planning purposes, the Company develops its FOT limits based upon its active participation in wholesale power markets, its view of physical delivery constraints, market liquidity and market depth, and with consideration of regional resource supply. Prices for firm FOT purchases in the IRP are associated with specific market hubs and are set to the relevant forward market prices, time period, and location, plus appropriate wheeling charges, as applicable.

³ On average 2015 IRP preferred portfolio FOTs are down 17% from the 2013 IRP preferred portfolio over the 2016 – 2018 timeframe.

12 Firm FOT purchases allow the Company to procure short-term firm market products from existing generating resources or new firm resources. The Company's resource need requirements may vary from year-to-year due to the fluctuation in load and generation or due to planned and forced maintenance assumptions on existing resources. The Company does not plan to enter into long-term transactions unless a long-term resource need is identified in the IRP preferred portfolio. Long-term resource needs are typically identified in the IRP only after lower cost, lower risk short-term opportunities, such as FOTs, are exhausted such that a long-term resource is required to meet customer load requirements. In this way, the Company can tailor the firm energy/capacity FOT products it procures on a short-term basis to meet its peak needs as well as account for load forecast deviations to effectively manage costs without over committing. Firm FOTs allow the Company to determine its resource requirements on a year-by-year, quarterly, monthly, and daily basis instead of committing to new long-term resources.

13 Although from a planning perspective the 2015 IRP uses specific types of resources as proxy resources in the preferred portfolio, these should not be considered to be the only resource types or technologies that PacifiCorp is willing to consider to meet its resource needs. For example, to the extent a firm physical or financial toll or a qualifying facility (QF) is proposed that provides either an annual or third quarter product, the Company would compare the costs of all the proposals to each of the proposals received to evaluate the economics of each of the resources. Furthermore, the Company may opt to contract for more or less power, depending on such items as the quality of bids received, updates to the Company's forecasts, regional transmission availability and timing, and changes in wholesale energy market conditions.

Procurement Process (Market RFP)

14 The Company procures firm FOTs primarily through brokered transactions and through exchanges in which the broker or exchange provides the service of finding a competitive price. PacifiCorp can also procure FOTs through an RFP. To satisfy requirements under WAC 480-107, the Company will issue a Market Request For Proposals (Market RFP) that solicits bids for firm energy products for specified time periods and points of delivery. The Market RFP is specifically designed to procure the type of firm FOTs needed consistent with the 2015 IRP with bids measured against then-current forward market price for firm energy to meet capacity requirements at liquid trading hubs in the west. The Market RFP is less complex than an RFP used to procure long-term capacity from new or existing generating facilities and/or long-term stand-alone power purchase agreements. The Market RFP seeks FOTs that that are contracted under standard terms and conditions under umbrella agreements (Edison Electric Institute (EEI), Western Systems Power Pool (WSPP), International Swaps and Derivatives Association (ISDA)).

15 In order to ensure bids submitted in response to the Market RFP are aligned with ever-changing market conditions, the Company will require that bidders keep pricing open for up to 2 hours on the day bids are due, which will require execution of a potential transaction to be completed within a very short timeframe.

16 The Market RFP will be issued to all WSPP members via an email, sent as blind carbon copy to all Western Electricity Coordinating Council (WECC) market participants. The Company maintains and updates a record of market participant contact information, including contact information for utilities, power marketers and developers.

When issuing the Market RFP, and prior to the due date, the Company describes the desired enabling agreement and/or confirmation that will be used to document any consummated transactions. Historically, the enabling agreements used have been WSPP agreements, ISDA agreements or EEI agreements which set forth the standard non-price terms and conditions governing any transaction. Bidders providing responses to the Market RFP are requested to have at least one of these agreements already in place for the Company prior to accepting a firm bid, however, this is not a mandatory requirement.

Overview of WAC Chapter 480-107

17 The rules established under WAC 480-107 require utilities to solicit bids, rank project proposals, and identify any bidders that meet minimum selection criteria.⁴ These rules do not establish the sole procedures utilities must use to acquire resources. Utilities may also construct electric resources, operate conservation programs, purchase power through negotiated contracts, or take other action to satisfy their public obligations.⁵ A utility must submit to the Commission a proposed RFP and accompanying documentation no later than 135 days after the utility's integrated resource plan is due to be filed with the Commission.⁶

18 The Company sets forth below the requirements of WAC 480-107 and explains how the Market RFP complies with the rules set forth in that chapter, and why a waiver of certain requirements of WAC 480-107 is in the public interest. The discussion below excludes certain administrative rules of WAC 480-107; the Company is not seeking

⁴ WAC 480-107-001(1).

⁵ *Id.*

⁶ PacifiCorp filed the Market RFP and Petition for Waiver on August 13, 2015, within the 135-day window. WAC 480-107-015(3)(b).

waiver of any of these rules.⁷

WAC 480-107-015—The Solicitation Process

19 *WAC 480-107-015(1)-(2)*. This rule states that:

Any owner of a generating facility, developer of a potential generating facility, marketing entity, or provider of energy savings may participate in the RFP process. Bidders may propose a variety of energy resources including: Electrical savings associated with conservation; electricity from qualifying facilities; electricity from independent power producers; and, at the utility's election, electricity from utility subsidiaries, and other electric utilities, whether or not such electricity includes ownership of property. Qualifying facility producers with a generation capacity of one megawatt or less may choose to participate in the utilities' standard tariffs without filing a bid.

20 Consistent with the first requirement of this section, the Company would receive and consider proposals from a variety of energy resources, as long as they meet the solicitation product requirements identified in the Market RFP. The Company does not need to limit its consideration of bids to market purchases and therefore is able to comply with this requirement. Similarly, the Company will comply with WAC 480-107-015(2), which requires that RFPs include a declaration of utility or affiliate participation in the bidding process, because the Market RFP will contain information about whether a utility or its affiliate/subsidiaries may participate.⁸

21 *WAC 480-107-015(3)*. This rule states that:

(3) Timing of the solicitation process.

(a) The rules in this section do not apply when a utility's integrated resource plan, prepared pursuant to WAC 480-100-238, demonstrates that the utility does not need additional capacity

⁷ The following sections are not discussed in detail herein because they are discussed elsewhere in the Petition or are administrative in nature: 480-107-001 (Purpose and Scope); 480-107-002 (Application of Rules); 480-107-004 (Additional Requirements); 480-107-006 (Severability); 480-107-145 (Filings – Investigations); 480-107-999 (Adoption by Reference); 480-107-007 (Definitions).

⁸ The Company does not plan to allow utility, affiliate or subsidiary participation in the Market RFP.

within three years.

(b) A utility must submit to the commission a proposed request for proposals 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. Interested persons will have sixty days from the RFP's filing date with the commission to submit written comments to the commission on the RFP. The commission will approve or suspend the RFP within thirty days after the close of the comment period.

(c) A utility must solicit bids for electric power and electrical savings within thirty days of a commission order approving the RFP.

(d) All bids will remain sealed until expiration of the solicitation period specified in the RFP.

The Company has submitted for approval its Market RFP concurrently with this waiver request. The Company will solicit bids within thirty days of a Commission order approving the Market RFP in accordance with WAC 480-107-015(3)(c). The Company will then work with the Commission and other interested persons to ensure that adequate time is given for review of the Company's proposed Market RFP. However, because the bids are faxed and/or emailed to the Company and are reviewed and evaluated within a two-hour timeframe, the bids are not sealed. The Company therefore requests waiver of WAC 480-107-015(3)(d) in order to not require sealed bids. This waiver is consistent with the public interest because it allows the Company to ensure bid prices are aligned with ever-changing market conditions, which benefits its customers by attempting to capture attractive market pricing and opportunities.

22 *WAC 480-107-015(4)-(5)*. The Company will comply with WAC 480-107-015(4), as it allows utilities, at their discretion, to issue an RFP that limits project proposals to resources with specific characteristics as well as to issue RFPs more frequently than required by this rule. WAC 480-107-015(5) does not apply to the

Company in that it provides a mechanism for interested persons to receive notice from the Commission of a utility's RFP filings.

480-107-025—Contents of the Solicitation

23 *WAC 480-107-025(1)*. This rule states that:

The RFP must identify the resource block, consisting of the overall amount and duration of power the utility is soliciting, the initial estimate of avoided cost schedule as calculated in WAC 480-107-055 Avoided cost schedule, and any additional information necessary for potential bidders to make a complete bid.

The Company's 2015 Market RFP was filed concurrently with this waiver request. The Market RFP identifies each of these items: 1) the minimum bid of 25 MW in 25 MW increments for Standard On-Peak (6x16) products that will allow acquisition of the overall amount solicited over the duration the Company is soliciting; and 2) a schedule of estimated avoided costs for the state of Washington, as the initial estimate of avoided cost for which bids will be evaluated against. In addition, the Market RFP also includes any specified resource terms, including but not limited to, firmness of energy, capacity amount, delivery requirements, eligible points of delivery, and scheduling requirements.

24 *WAC 480-107-025(2)-(5)*. The Market RFP contains all of the content required by these rules. It documents that the size of the resource block is consistent with the range of estimated new resource needs identified in the utility's IRP in accordance with WAC 480-107-025(2). It explains the general evaluation and ranking procedures the utility will use in accordance with WAC 480-107-035 project ranking procedure, and includes additional minimum eligibility criteria, in accordance with WAC 480-107-025(3). The additional minimum eligibility requirements include the Company's credit requirements as the selection of bids are contingent on Company credit approval which is

dependent on the bidder's credit rating, notional dollar amount of specified transaction, and the term of specified transaction. The Market RFP also includes the due date and time of bid response and due date and time of completed evaluation in accordance with WAC 480-107-025(4). Further, the Market RFP contains all of the security requirements and rationale for them, as required by WAC 480-107-025(5).

25 WAC 480-107-025(6). This rule encourages utilities to consult with Commission staff during the development of the RFP. The Company has done this, and will continue to do so.

WAC 480-107-035—Ranking Procedures

26 WAC 480-107-035(1). This rule states that the procedures and criteria the utility will use in its RFP to evaluate and rank project proposals are subject to Commission approval. The Company acknowledges this and has submitted its ranking procedures for Commission review with its submittal of the Market RFP.

27 WAC 480-107-035(2). This rule states:

At a minimum, the ranking criteria must recognize resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, credit and financial risks to the utility, the risks imposed on ratepayers, public policies regarding resource preference adopted by Washington state or the federal government and environmental effects including those associated with resources that emit carbon dioxide. The ranking criteria must recognize differences in relative amounts of risk inherent among different technologies, fuel sources, financing arrangements, and contract provisions. The ranking process must complement power acquisition goals identified in the utility's integrated resource plan.

The Company evaluates the results of the Market RFP based on price in comparison to the Company's current forward market curve. The forward market curve reflects the then-current, competitive forward market price for energy/capacity to ensure

that the Company procures the optimal amount of energy/capacity at the lowest reasonable cost, adjusted for risk. To the extent bidders provide resource options other than energy and capacity resources from the market then the Company will evaluate those proposals using a ranking criteria which will include any benefits, costs or risks associated with the resource as it pertains to the Company's dispatch rights of the resource, land ownership, development risk if any and other risks that may be imposed on customers which may include the impact, if any, of carbon dioxide.

28 WAC 480-107-035(3)-(5). The Company will retain each proposal, a summary of the proposal pricing, and the final ranking of all proposed projects available for public inspection in accordance with WAC 480-107-035(3). Further, the Company acknowledges that it may reject bids on the grounds set forth in WAC 480-107-035(4)-(5).

29 WAC 480-107-035(6). This rule allows competing bidders to request an independent evaluation of the bid if the utility, or the utility's affiliate or subsidiary submits a bid in response to an RFP. This rule will not apply to the proposed Market RFP because the Company does not plan to allow its subsidiaries or affiliates to bid in the Market RFP.

WAC 480-107-045—Pricing and Contracting Procedures

30 WAC 480-107-045(1). This rule states that:

Once project proposals have been ranked in accordance with WAC 480-107-035 Project ranking procedure, the utility must identify the bidders that best meet the selection criteria and that are expected to produce the energy, capacity, and electrical savings as defined by that portion of the resource block to which the project proposal is directed.

The bidders' proposals will be due within 10 business days of when the Market RFP is issued. If a bid meets the selection criteria, that bid is selected and the transaction

will be completed on the Market RFP due date. The Company will confirm the transaction terms on the same day via a recorded phone line within approximately 2 hours of receiving bids to execute the transaction. This verbal execution is then followed up with a written confirmation, which documents the agreed-upon price terms and conditions.

31 WAC 480-107-045(2). This rule states that the project proposal's price, pricing structure, and terms are subject to negotiation. The Company acknowledges that these items are negotiable.

WAC 480-107-055—Schedules of Estimated Cost

32 WAC 480-107-055(1). This rule states that a utility must file annually a schedule of estimated avoided cost for the energy and capacity associated with the resource block the utility solicited in its most recent RFP filed pursuant to WAC 480-107-025. The Company intends to file this schedule in the fourth quarter of 2015.

33 WAC 480-107-055(2). This rule states that:

Schedules of estimated avoided cost are to be based upon:

(a) The most recent project proposals received pursuant to an RFP issued under these rules;

(b) Estimates included in the utility's current integrated resource plan filed pursuant to WAC 480-100-238;

(c) The results of the utility's most recent bidding process; and

(d) Current projected market prices for power. The utility must file documentation supporting its schedule of estimated avoided cost.

The Company estimates its avoided costs consistent with this rule. The Company's avoided cost is calculated based on its Schedule 37 (for QFs 2 MW or less) or market price (for QFs larger than 2 MW). Schedule 37 avoided cost prices are prepared

using the Generation and Regulation Initiative Decision Tools (GRID) model runs to determine the value of the avoided energy during the sufficiency period and the all-in cost of a combined cycle combustion turbine for the deficiency period where the sufficiency and deficiency period is determined based on the load and resource plan for the west BAA. Schedule 37 avoided cost prices have traditionally been updated and filed every year in the fourth quarter covering a ten-year period and are available for QF projects for up to a five-year term. For QFs greater than 2 MW, the Company offers projected market prices for power at its avoided cost consistent with the definition of avoided costs contained in WAC 480-107-007.⁹ The Company addresses these large QFs on an individual basis and provides avoided cost market prices specific to the timing and characteristics of the proposed resource.

34 WAC 480-107-055(3)-(4). To the extent that the Company revises its estimated avoided cost schedule, it will file such revisions with the Commission along with documentation supporting the revision as required by WAC 480-107-055(3). The Company also acknowledges that the schedule of estimated avoided cost provides only general information to potential bidders about the costs of new power supplies; it does not provide a guaranteed contract price for electricity, in accordance with 480-107-055(4).

⁹ “Avoided costs” means the incremental costs to a utility of electric energy, electric capacity, or both, that the utility would generate itself or purchase from another source, but for purchases to be made under these rules. A utility's avoided costs are the prices, terms and conditions, including the period of time and the power supply attributes, of the least cost final contract entered into as a result of the competitive bidding process described in these rules. If no final contract is entered into in response to a RFP issued by a utility under these rules, the utility's avoided costs are the lesser of:

(1) The price, terms and conditions set forth in the least cost project proposal that meets the criteria specified in the RFP; or

(2) Current projected market prices for power with comparable terms and conditions.

WAC 480-107-065—Eligibility for Long-Run Conservation Purchase Rates

35 WAC 480-107-065(1)-(2). These rules solely apply to conservation suppliers. Because conservation bids are required by WAC 480-107-065(2)(a) to be over a time period greater than five years, the Company does not expect to receive any eligible conservation bids in response to its Market RFP. Therefore, the Company does not expect that the requirements of these rules will apply with respect to the Market RFP issued to procure FOTs as identified in the 2015 IRP.

WAC 480-107-075—Contract Finalization

36 WAC 480-107-075(1)-(5). The rules of this section govern the potential development of a final contract with any bidder. WAC 480-107-075(1) grants a utility discretion to decide whether to enter into a final contract. As mentioned above, the Company confirms transaction terms on the same day bids are due via a recorded phone line within approximately 2 hours and then documents the terms of the agreed-upon transaction with a written confirmation, which includes price, terms and conditions. However, in the event the Company receives proposals for resources other than energy or capacity resources that meet the criteria set forth in the RFP, the Company would consider whether or not to enter into a final contract. In the event the Company and the bidder opt to enter into a final contract, the Company will follow the requirements set forth in WAC 480-107-075(2)-(5).

WAC 480-107-085—Obligations of Generating Facilities to the Utility

37 WAC 480-107-085(1)-(3). The rules of this section set forth the obligations of the utility and an owner or operator of a generating facility purchasing or selling electricity under this chapter. Given the short-term nature of the resources solicited in the

Market RFP, the Company does not expect to receive proposals for new generating assets, which may take 36 to 42 months to engineer, procure, and construct. Therefore, the Company does not expect that the requirements of these rules will apply with respect to the Market RFP issued to procure FOTs as identified in the 2015 IRP. In the event the Company receives a proposal for a new generating asset from an eligible bidder that meet the requirements of the solicitation, the Company will follow the requirements set forth in 480-107-085(1)-(3).

**WAC 480-107-095—Obligations of the Utility to Qualifying Facilities and
WAC 480-107-105—Rates for Sales to Qualifying Facilities**

38 These sections govern certain aspects, including rates and services provided, of the Company’s relationship with QFs. The Company currently follows these rules with respect to its relationship with existing QFs. To the extent a QF is a winning bidder resulting from the issuance of the Market RFP, the Company will continue to comply with these rules with respect to those QFs.

**WAC 480-107-115—System Emergencies and
WAC 480-107-125—Interconnection Costs**

39 These sections address requirements for generating facilities. The Company currently follows these rules with respect to existing generating facilities. Given the short-term nature of the resources solicited in the Market RFP, the Company does not expect to receive proposals for new generating assets, which may take 36 to 42 months to engineer, procure, and construct. Therefore, the Company does not expect that these requirements will apply with respect to the Market RFP issued to procure FOTs as identified in the 2015 IRP. In the event the Company receives a proposal for a new generating asset from an eligible bidder that meet the requirements of the solicitation, the Company will follow the requirements set forth in these sections.

WAC 480-107-135—Conditions of Purchase of Electrical Power or Savings from a Utility, a Utility’s Subsidiary or Affiliate

40 This section sets forth the requirements for a utility, its subsidiary or affiliate participation in the utility’s bidding process. This requirement will not apply to the Company because the Market RFP will not allow the utility, subsidiaries or affiliates to bid.

III. Other West BAA Resources

Overview

41 In addition to FOTs, Table 8.7 of the 2015 IRP identifies DSM and solar resources as needed resources in the west BAA in the next three years. For each of these resources the Company has established procurement processes in place to effectively acquire each resource. These are described below. In addition, the Company provides an explanation of why each requested waiver is in the public interest.

Class 2 DSM

42 The preferred portfolio identifies Class 2 DSM resources, which represent energy efficiency programs, such as refrigerator recycling, low-income weatherization services, residential equipment and appliance efficiency upgrades, residential dwelling energy efficiency improvements, and commercial/industrial process, equipment and lighting efficiencies. These programs are secured utilizing Washington tariff Schedules 107, 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 at the following link:

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

The Company also acquires resources through a residential home energy report

program (non-tariffed program) and market transformation efforts associated with its sponsorship of the Northwest Energy Efficiency Alliance (NEEA). NEEA leverages its strong regional partnerships to effect market transformation by accelerating the adoption of energy-efficient products, services and practices. Since these programs are sponsored by NEEA, they are not procured directly through the Company. Accordingly, the Company does not issue RFPs associated with these resources.

43 WAC 480-107-015(3)(b), as discussed above, requires a utility to submit a proposed RFP to the Commission for approval no later than 135 days after the utility's IRP is due to be filed with the Commission. The Company seeks a waiver of this rule for the Class 2 DSM resources described above. With respect to Class 2 DSM, the Company has Commission-approved tariffs or other processes in place to procure these resources. Conducting an RFP process for these resources would therefore unnecessarily create additional administrative burden and potential confusion to entities wishing to provide these resources.

Solar

44 The preferred portfolio also identifies solar resources as needed in the west BAA within the next three years. The Solar Capacity Standard is an Oregon program 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 the Oregon Solar Capacity Standard, 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 following link:

<http://www.pacificpower.net/env/nmcg/osip.html>

45 With respect to the Oregon Solar Capacity Standard resource, the Company seeks
waiver of entire chapter WAC 480-107. As described above, the cost of this resource
will be fully assigned to Oregon and should therefore not be subject to Washington's
competitive bidding requirements.

Request for Waiver

46 WAC 480-107-002(3) allows the Commission to grant waivers of the
requirements of WAC Chapter 480-107 "if consistent with the public interest, the
purposes underlying regulation, and applicable statutes."

47 The Company's request is in the public interest. The procurement processes
described above are structured to effectively and efficiently acquire each particular
resource at the lowest reasonable cost, adjusted for risk. The content, timing, or
administration of these processes is not fully compatible with all of the requirements of
the RFP process as contemplated by the Commission's rules. As such, the identified
processes are in the public interest because they are specifically tailored to each resource
and to minimize procurement risks to the Company and its customers, while still
maintaining Commission oversight through existing tariffs and the submittal of the
Market RFP for Commission review.

48 The Company's request is also consistent with the purposes underlying the
regulations and applicable statutes. The purpose and scope section of WAC Chapter 480-
107 states that the "rules in this chapter do not establish the sole procedures utilities must
use to acquire new resources."¹⁰ This language acknowledges that a full bid solicitation
process may not always be the preferable mechanism for utilities to procure resources
and satisfy their public service obligations. Furthermore, with only one exception, the

¹⁰ WAC 480-107-001(1).

Company is seeking only a limited waiver of the Commission's rules. Where a waiver is sought, the Company has explained and demonstrated how such waiver allows the Company to efficiently and effectively procure the identified resources in accordance with the rules that remain applicable.

49 The Company's request is also consistent with other applicable statutes, including the Public Utility Regulatory Policies Act (PURPA). As fully explained above, the Company does and will continue to purchase energy and capacity from QFs in accordance with PURPA. Further, the Company does and will continue to estimate and calculate avoided costs and rates for QFs in accordance with the rules set forth in WAC Chapter 480-107.

50 The Company's request is also nearly identical to previous waiver requests the Commission granted in 2011 and 2013.¹¹

IV. Conclusion

51 Due to the foregoing, the Commission should grant the Company's petition for waiver for each of the 2015 IRP preferred portfolio resources listed below, specifically:

- Waiver of WAC 480-107-015(3)(d) with respect to FOTs;
- Waiver of WAC 480-107-015(3)(b) with respect to Class 2 DSM; and
- Waiver of entire WAC Chapter 480-107 with respect to solar.

52 The Company has submitted its 2015 Market RFP concurrently with this waiver request within 135 days of filing its 2015 IRP.

¹¹ Order 01, Docket UE-111418 (Oct. 14, 2011); Order 01, Docket UE-131670 (Oct. 10, 2013).

DATED: this 13th day of August 2015.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dustin T. Till", written over a horizontal line.

Dustin T. Till
Senior Counsel
Pacific Power & Light Company

Counsel for PacifiCorp

Attachment 1: Table 8.7 of the 2015 IRP

2015 IRP Preferred Portfolio

Preferred Portfolio (Case C05a-3Q)		Nameplate Capacity (MW)																				Resource Totals 1/			
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10-year	20-year		
East	Existing Plant Retirements/Conversions																								
	Hayden 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45)	-	-	-	-	(45)	
	Hayden 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33)	-	-	-	-	(33)	
	Hunter 2 (Coal Early Retirement/Conversions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(269)	-	-	(269)	
	Huntington 2 (Coal Early Retirement/Conversions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(450)	-	-	-	-	(450)	
	Carbon 1 (Coal Early Retirement/Conversions)	(67)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67)	(67)
	Carbon 2 (Coal Early Retirement/Conversions)	(105)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(105)	(105)
	Cholla 4 (Coal Early Retirement/Conversions)	-	-	-	-	-	-	-	-	-	-	(387)	-	-	-	-	-	-	-	-	-	-	-	-	(387)
	Dave Johnston 1	-	-	-	-	-	-	-	-	-	-	-	-	-	(106)	-	-	-	-	-	-	-	-	-	(106)
	Dave Johnston 2	-	-	-	-	-	-	-	-	-	-	-	-	-	(106)	-	-	-	-	-	-	-	-	-	(106)
	Dave Johnston 3	-	-	-	-	-	-	-	-	-	-	-	-	-	(220)	-	-	-	-	-	-	-	-	-	(220)
	Dave Johnston 4	-	-	-	-	-	-	-	-	-	-	-	-	-	(330)	-	-	-	-	-	-	-	-	-	(330)
	Naughton 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(156)	-	-	-	-	-	-	-	(156)
	Naughton 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(201)	-	-	-	-	-	-	-	(201)
	Naughton 3 (Coal Early Retirement/Conversions)	(50)	-	-	(280)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(330)	(330)
	Gadsby 1-6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(358)	-	-	-	(358)
	Coal Ret. AZ - Gas RePower	-	-	-	-	-	-	-	-	-	-	387	-	-	-	-	-	-	-	-	-	-	-	-	387
	Coal Ret. WY - Gas RePower	-	-	-	337	-	-	-	-	-	-	-	-	-	-	-	-	(337)	-	-	-	-	-	-	337
	Expansion Resources																								
	CCCT - Dlohn - F 1xl	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	313	-	-	-	-	-	-	-	313
	CCCT - Dlohn - J 1xl	-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	-	-	-	-	-	-	-	-	423
	CCCT - Utah-N - F 2xl	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	635	635	-	-	-	1,270
	CCCT - Utah-S - J 1xl	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	846	-	-	-	-	-	-	-	846
Total CCCT	-	-	-	-	-	-	-	-	-	-	-	-	-	423	-	1,159	-	-	635	635	-	-	-	2,852	
DSM, Class 1, UT-DLC-RES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.9	-	-	-	4.9	
DSM, Class 1 Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.9	-	-	-	4.9		
DSM, Class 2, ID	4	4	5	5	5	4	4	4	5	5	5	5	5	5	5	4	4	4	4	5	4	4	45	90	
DSM, Class 2, UT	69	78	84	86	92	81	84	90	91	93	75	76	80	80	77	75	72	72	73	70	70	70	847	1,596	
DSM, Class 2, WY	6	8	10	12	14	12	13	14	15	16	13	13	14	15	15	15	16	16	17	17	17	17	121	271	
DSM, Class 2 Total	79	90	99	102	111	97	101	108	110	114	92	94	99	99	97	94	93	92	94	92	92	92	1,012	1,958	
FOT Mona Q3	-	-	-	-	-	-	-	-	-	-	-	-	-	161	44	110	104	268	300	74	-	-	-	53	
West	Expansion Resources																								
	Oregon Solar Capacity Standard	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	7
	DSM, Class 1, OR-Curtail	-	-	-	-	-	-	-	-	10.6	-	-	10.6	-	-	10.6	-	-	-	-	-	-	-	10.6	31.8
	DSM, Class 1, OR-Irrigate	-	-	-	-	-	-	-	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.0	5.0
	DSM, Class 1 Total	-	-	-	-	-	-	-	5.0	10.6	-	-	10.6	-	-	10.6	-	-	-	-	-	-	-	15.6	36.8
	DSM, Class 2, CA	1	2	2	2	2	1	1	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	16	29
	DSM, Class 2, OR	44	39	36	33	29	27	25	25	23	23	21	22	22	22	21	21	20	21	20	20	20	303	511	
	DSM, Class 2, WA	8	9	10	10	11	9	10	10	11	11	9	9	9	9	9	8	8	8	8	7	7	98	181	
	DSM, Class 2 Total	54	49	47	44	42	38	36	36	36	35	31	32	32	32	31	30	29	30	28	28	28	417	721	
	FOT COB Q3	-	62	29	-	60	104	-	-	-	-	-	-	268	248	268	268	268	185	138	-	-	26	95	
	FOT MidColumbia Q3	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
	FOT MidColumbia Q3 - 2	227	375	375	370	375	375	269	291	261	254	271	292	335	375	375	375	375	375	375	375	375	317	335	
	FOT NOB Q3	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	Existing Plant Retirements/Conversions	(222)	-	-	57	-	-	-	-	-	-	-	-	-	-	(762)	-	(1,144)	(77)	-	(627)	-	-	-	-
	Annual Additions, Long Term Resources	133	146	146	146	153	135	137	149	157	149	123	137	130	555	139	1,284	122	122	762	755	-	-	-	
Annual Additions, Short Term Resources	727	937	904	870	935	979	769	791	761	754	771	792	835	1,304	1,167	1,253	1,247	1,411	1,360	1,087	-	-	-		
Total Annual Additions	860	1,084	1,050	1,016	1,088	1,113	906	941	917	903	893	928	965	1,859	1,305	2,537	1,369	1,533	2,123	1,841	-	-	-		

1/ Front office transaction amounts reflect one-year transaction periods, are not additive, and are reported as a 10/20-year annual average.