

Exhibit No. ___(MRT-2)
Docket No. UE-03_____
2003 PP&L Rate Case
Witness: Mark R. Tallman

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

Docket No. UE-03_____

PACIFICORP

EXHIBIT OF MARK R. TALLMAN

PacifiCorp Request for Proposals Electric Resources

December 2003



PacifiCorp

Request for Proposals

Electric Resources

ISSUED: September 21, 2001

Pre-Bid: October 09, 2001

DUE DATE: October 19, 2001

Contact:

PacifiCorp, Major Projects
Attention: Lisa Lynch
700 N.E. Multnomah Street, Suite 700
Portland, Oregon 97232

Phone: 503-813-5669
Fax: 503-813-6820
e-mail: lisa.lynch@pacificorp.com

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Overview

The regulated merchant arm of PacifiCorp is requesting proposals from entities who are capable of supplying electric resources delivered to PacifiCorp's Eastern electrical control area. Responses to this Request for Proposals ("RFP") are due prior to 2:00 p.m. Pacific prevailing time on October 19, 2001.

Electric Resources Requested

The types of resources requested by this RFP are primarily resources capable of being scheduled for delivery on a day-ahead and/or hour-ahead basis. Both supply-side and demand-side resources are welcome to bid under this RFP. Resources that are not capable of being scheduled for delivery in advance are welcome to bid under this RFP, however, they will not be prescribed the same value as resources who are capable of meeting their pre-scheduled amount with a high level of consistency. Conversely, resources capable of accepting schedule changes during the day and/or hour of delivery will be ascribed the highest value.

In addition, resources that are capable of providing either the spinning or non-spinning component of operating reserves are also encouraged to bid under this RFP. Any resource desiring to supply the non-spinning component of operating reserves must be capable of reaching the full MW amount within a contractually pre-agreed number of minutes following the receipt of a phone call from PacifiCorp's dispatchers.

Types of contractual structures that PacifiCorp is willing to consider include, but are not limited to:

- Fixed capacity and energy price,
- Variable capacity and/or energy price,
- Physical tolling arrangements (PacifiCorp supplies the gas),
- Virtual tolling arrangements (PacifiCorp does not supply the gas),
- Exchanges (based on time, delivery point, and/or product),
- Call options¹ by increasing generation, decreasing load, or scheduling the receipt of power (monthly, daily, and/or hourly), and/or
- Put options² by decreasing generation, increasing load, or scheduling the delivery of power (monthly, daily, and/or hourly).

¹ Such options could be based or struck at a fixed electricity price, a variable electricity price or at a price based on natural gas prices.

² Such options could be based or struck at a fixed electricity price, a variable electricity price or at a price based on natural gas prices.

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Amount

Any resource bidding under this RFP must be capable of delivering at least 25 MWh/hour during the prescribed hour of delivery. Depending upon the point of delivery, some resources may trigger the need for additional transmission analysis. Resources greater than 100 MW in size are encouraged to contact PacifiCorp prior to the RFP due date to ascertain the practicalities of sinking the output into PacifiCorp's Eastern control area.

PacifiCorp is willing to consider delivery schedules that include the pre-defined delivery hours of:

- "Flat" (7x24),
- "HLH" (6x16 as defined by NERC), and/or
- "Super Peak" (8 contractually pre-agreed upon hours/day).

Verifiability

Any resource considered pursuant to this RFP must be capable of clearly verifying the time and amount the resource was delivered by virtue of metering or other measurement means as found to be acceptable to PacifiCorp including, but not limited to, metering on less than or equal to an hourly basis.

Environmental Attributes

Any resource considered pursuant to this RFP that has any environmental attributes associated with it, and that a subsequent definitive agreement is executed for, shall transfer title to all such environmental attributes, including any future yet to be defined attributes, to PacifiCorp in the definitive agreement unless otherwise mutually agreed. The definition of "environmental attributes" will be mutually agreed upon by the parties via the definitive agreement.

Term

PacifiCorp is willing to consider a variety of terms depending upon the resource and scheduling characteristics being offered. Examples of terms/products that respondents may want to consider proposing are:

- The three month summer period of July, August, and September starting July 1, 2002 and continuing for anywhere from 3-months up to as long as 10-years.
- The two month summer period of July/August starting July 1, 2002 and continuing for anywhere from 2-months up to as long as 10-years.
- Annual proposals beginning as early as June 1, 2002 and lasting no longer than through the year 2014.

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[**note:** annual proposals with a higher degree of dispatch flexibility and/or lowering of minimum monthly/hourly purchase amounts, during the months other than June, July, August, and September, will be valued the greatest.]

Pricing Options

PacifiCorp is willing to consider a variety of pricing options including, but not limited to, fixed and/or variable capacity prices, fixed and/or variable energy prices, and flat or escalating prices. PacifiCorp will evaluate the pricing structure proposed by bidders in comparison to the structure of the electric resource being provided and the sharing of risk between the parties.

Point(s) of Delivery

This RFP is requesting resources that are capable of delivering to PacifiCorp's Eastern control area. Specifically, the point(s) of delivery of primary interest to PacifiCorp are:

- Within the Eastern Control Area – The point of interconnection between the resource, or the electrical system to which the resource is connected, and PacifiCorp's electrical facilities such that any cost required to upgrade PacifiCorp's electrical infrastructure is considered in the overall economics of the resource.
- Mona 345 kv [**note:** PacifiCorp's transmission function has broken Mona into three distinct delivery points. These three points are "MLDP" (IPP-Mona from the LADWP control area), "MDGT" (Bonanza-Mona within the PACE control area), and "PACE-Mona" (all other lines into Mona within the PACE control area). In order for PacifiCorp to properly incorporate deliveries at Mona as a network generation resource, the respondent must indicate which point at Mona deliveries will be made from.]
- Gonder 230 kv
- Glen Canyon 230 kv
- Nevada/Utah border on the Sigurd-Harry Allen 345 kv ("NUB")
- Located in Nevada – PacifiCorp is willing to purchase capacity and associated energy that is delivered in Nevada; provided, PacifiCorp or the selling entity is able to purchase firm transmission from the point of delivery to either Gonder or NUB.

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PacifiCorp is not interested in resources delivered to Four Corners unless the scheduling of such a resource is at PacifiCorp's option. PacifiCorp is also not interested in resources located in Wyoming unless the resource electrically resides South of the Naughton-Monument 230 kv line. Lastly, PacifiCorp is not interested in resources delivered to Borah, Brady, or Kinport unless such resource is physically located and capable of delivery directly to PacifiCorp's Southeast Idaho electrical system (generally described as load connected to PacifiCorp owned transmission lines near the Goshen substation and with a voltage below 230 kv).

Network Resource Requirement

It is PacifiCorp's intent to add any generation resource purchased as a result of this RFP to the existing transmission agreement between PacifiCorp's merchant function and PacifiCorp's transmission function as a network generation resource. As such, the purchase of any generation resource considered as part of this RFP process shall be contingent upon PacifiCorp being able to add, and maintain, the resource as a network generation resource. Consequently, for resources being imported into the Eastern control area via a scheduled interchange, the resource being offered must utilize firm transmission to the point of delivery and have operating reserves associated with it.

RFP Schedule

This RFP is being issued as of September 21, 2001. The anticipated schedule will be:

Date	Event
RFP Issued	September 21, 2001
Pre-bid Conference	October 09, 2001
Intent to bid form due	October 04, 2001
Responses Due	October 19, 2001
Evaluation Complete	November 12, 2001
Short List Announced	November 19, 2001
Definitive Agreement(s)	February 15, 2002

Any potential bidder who would like to attend the pre-bid conference should contact PacifiCorp to receive the date, time, and location scheduled for the conference.

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PacifiCorp Contact and RFP Response Submittal

All potential bidders should direct all communications and questions with respect to this RFP to:

PacifiCorp, Major Projects
Attention: Lisa Lynch
700 N.E. Multnomah Street, Suite 700
Portland, Oregon 97232

Phone: 503-813-5669
Fax: 503-813-6820
e-mail: lisa.lynch@pacificorp.com

It is PacifiCorp's preference to receive responses to this RFP via U.S. mail or courier. Responses are due prior to 2:00 p.m. Pacific prevailing time on Friday October 19, 2001. However, PacifiCorp will also accept faxes and e-mails; provided, PacifiCorp shall not be responsible to non-delivery due to the failure of a fax machine or computer system to accept such transmittal. Any response sent via fax or e-mail shall also send an original response via U.S. mail or courier.

Responses should be addressed to "PacifiCorp, Major Projects, Attention: September 21, 2001 RFP". Any item contained within the response that is not on standard 8.5" X 11" paper, or that is not easily copied (such as bound responses) should have at least 10 copies of that item included in the response.

Respondents who intend to be considered as part of this RFP process shall return the attached "Intent To Bid Form" to PacifiCorp no later than close of business on October 4, 2001. Respondents who do not return the "Intent to Bid Form" prior to such time may not, at PacifiCorp's sole discretion, be considered pursuant to this RFP.

Affiliate Intent to Bid

Affiliate companies of PacifiCorp may respond to this RFP and will be required to meet all of the requirements specified in this document. Any affiliate company responding to this RFP will receive no preferential treatment. In order to assure that no preferential treatment is provided to an affiliate company, PacifiCorp will retain the services of an independent consultant who will be responsible for certifying that the assumptions and evaluation methodology used to evaluate a bid by an affiliate are consistent with those used to evaluate non-affiliate bids for a like resource product and scheduling characteristics.

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Confidentiality

PacifiCorp will attempt to maintain the confidentiality of all bids submitted to the extent allowed by law. Bidders are encouraged to clearly mark any information supplied they deem to be confidential. All information supplied to PacifiCorp, or generated internally by PacifiCorp, shall remain the property of PacifiCorp and shall not be available to any entity before, during, or after this RFP process.

Evaluation Process

PacifiCorp intends to evaluate each bid received in a consistent manner by breaking the resource and price characteristics of the structure being proposed into individual components. Each component will be evaluated separately and recombined to determine the bundled evaluated cost of the resource. PacifiCorp intends to pursue definitive agreements with entities that provide PacifiCorp with the best combination of resource characteristics and evaluated resource cost, including credit risk factors.

Credit

PacifiCorp reserves the right to require, in PacifiCorp's sole opinion, adequate credit assurances which may include, but may not be limited to, a corporate parental guaranty and/or a letter of credit in a form, amount, and from a financial institution acceptable to PacifiCorp. In the event PacifiCorp anticipates that additional credit assurances may be required from a respondent, PacifiCorp reserves the right to request that the respondent respond in writing of its intent to provide such adequate credit assurances prior to the beginning of negotiations with respect to a definitive agreement(s).

Obligation to Purchase

PacifiCorp shall have no obligation to enter into a definitive agreement with any bidder to this RFP and may terminate or modify this RFP at any time without liability or obligation to any bidder. In addition, this RFP shall not be construed as preventing PacifiCorp from entering into any agreement that PacifiCorp deems prudent, in PacifiCorp's sole opinion, at any time before, during, or after this RFP process is complete.

Appendix A

Notice of Intent to Propose

This is to declare that the undersigned intends to respond to PacifiCorp's:

**REQUEST FOR PROPOSAL FOR ELECTRICAL RESOURCES
DELIVERABLE TO PACIFICORP'S EASTERN ELECTRICAL CONTROL
AREA.**

Please include:

Company _____

Mailing Address/Phone/Fax/Email _____

Contact Person _____

Authorized Signature and Date _____

Return by mail or fax by October 4, 2001 to:

Lisa Lynch, Major Projects
PacifiCorp
700 NE Multnomah Avenue, Suite 700
Portland, Oregon 97232
503 813-5669 voice
503 813-6820 fax
lisa.lynch@pacificorp.com