

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY)
PACIFICORP DBA UTAH POWER & LIGHT) **CASE NO. PAC-E-05-2**
COMPANY OF ITS 2004 ELECTRIC)
INTEGRATED RESOURCE PLAN (IRP)) **NOTICE OF FILING**
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) **NOTICE OF**
) **COMMENT DEADLINE**

YOU ARE HEREBY NOTIFIED that on January 21, 2005, PacifiCorp dba Utah Power & Light Company (PacifiCorp; Company) filed its 2004 Integrated Resource Plan (IRP) with the Idaho Public Utilities Commission (Commission). The Company's filing is pursuant to a biennial requirement established in Commission Order No. 22299, Case No. U-1500-165. PacifiCorp states that its IRP provides a framework for the prudent future actions required to ensure that PacifiCorp continues to provide reliable, least cost service with manageable and reasonable risk to its customers. The 2004 IRP provides guidance and rationale for significant resource procurements over the next several years. The IRP was developed in a collaborative public process with considerable involvement from customer interest groups, regulatory staff, regulators and other stakeholders.

PacifiCorp serves approximately 1.6 million retail customers in a service territory comprising about 136,000 square miles in portions of 6 western states: Utah, Oregon, Wyoming, Washington, Idaho and California. This service territory has diverse regional economies ranging from rural, agricultural and mining areas to urban, manufacturing and government service centers.

Since the filing of the Company's 2003 IRP in January 2003, PacifiCorp has procured two natural gas resources via the issuance of supply-side solicitations, issued a request for proposal (RFP) for renewable resources, and selected three new cost-effective programs from a demand-side management (DSM) RFP. Looking forward, PacifiCorp expects its obligations to provide electricity to its customers will continue to grow, while at the same time its existing resources will diminish. The 2004 IRP proposes a number of diverse actions over the first 10 years of the 20-year study horizon aimed to close the gap. Not taking action to close this gap,

the Company contends, would expose PacifiCorp and its customers to unacceptable levels of cost, reliability and market risk.

Regarding new resource needs, the Company's Preferred Portfolio proposes the addition of 177 MW of Class 1 DSM and 2,629 MW of thermal generation capacity. In addition to the resources identified in the Preferred Portfolio, PacifiCorp will continue to procure up to 1200 MW of shaped capacity through front office transactions on a rolling forward basis, expects 100 MW of capacity through qualified facilities (QF) contracts, and will continue to procure the 1400 MW of economic renewable resources which were first identified in the 2003 IRP. Furthermore, PacifiCorp will procure 250 MWa of base Class 2 DSM and pursue an additional 200 MWa of cost-effective DSM for a potential total for 450 MWa over the ten year horizon.

Results and key findings in the Company's IRP include:

- The 2,629 MW of thermal generation capacity consists of four thermal units in the east (two fueled with coal and two with natural gas) and one natural gas unit in the west.
- The most robust resource strategy relies on total resources creating a diverse portfolio of resources including renewables and demand-side management combined with natural gas and coal-fired generating resources.
- Two major issues hang over the most significant resource choices that PacifiCorp must make: (i) the future cost of natural gas and (ii) the future cost of or constraints on air emissions and carbon dioxide emissions in particular. PacifiCorp believes it has adequately addressed these risks in the analysis, based on its current understanding of these issues.
- Demand-side management continues to be an important and cost-effective resource for PacifiCorp. DSM additions resulted in new generating resources being delayed. The first two east side resources are delayed one year each, and a west side resource is delayed two years – pushing it beyond the 10-year portfolio planning window.
- The present value revenue requirement (PVRR) for the group of lowest-cost, risk-adjusted portfolios differed by only \$48 million or 0.4%. This narrow cost range indicates a degree of flexibility in specifying and procuring needed resources during the Action Plan time horizon.
- In response to stakeholder comments, a detailed study was conducted to determine the optimal planning margin for the PacifiCorp system. The results in this study found the optimal planning margin for the PacifiCorp system to be 15%.

- Also in response to stakeholder comments, an evaluation of the wind resources providing energy to PacifiCorp's system was conducted to determine what the appropriate contribution to planning margin should be for these resources. The evaluation resulted in a 20% contribution to planning margin by wind resources.

PacifiCorp forecasts an average annual peak load growth rate of 3.8% in the east and 1.5% in the west, with a total peak growth of 3% per year over the forecast horizon. Given uncertainties of economic growth and other factors, the net system growth in PacifiCorp's load could vary. Over time, PacifiCorp expects its existing resources to diminish significantly concurrent with an expected increase in supply obligations. Load and system peak growth, hydro relicensing and contract expirations will increase the gap between demand and supply. Prompt and focused attention is needed to close this gap. Beginning in fiscal year 2009 the system becomes capacity deficient and the deficit steadily grows to approximately 2800 MW by fiscal year 2015.

The Company's IRP focuses on the candidate options that are considered realistic, feasible alternatives for balancing resource supply with electricity demand. Key resources that may be economical and could feasibly be procured by PacifiCorp to meet customer needs include:

- Demand-side management programs
- Distributed generation
- Standby generation
- Combined heat and power (CHP)
- Supply-side resources
- Renewables (wind-geothermal)
- Coal (pulverized and integrated gasification combined cycle)
- Natural gas (SCCT, CCCT with DF, IC aero SCCT)
- Compressed air energy storage
- Hydro pumped storage
- Market purchases
- Transmission

PacifiCorp intends to implement many elements of its Action Plan utilizing a formal and transparent procurement program. The IRP has determined a need for resources with considerable specificity, and identified the desired portfolio and timing of need. The IRP has not identified specific resources to procure, or even determined a preference between asset

ownership versus power purchase contracts. These decisions will be made subsequently on a case-by-case basis with an evaluation of competing resource options. These options will be fully developed using a robust procurement process, including, when appropriate, competitive bidding with an effective request for proposal (RFP) process.

Prior to the issuance of any supply-side RFP, PacifiCorp will determine whether the RFP should be "all-source" or if the RFP will have limitations as to amount, proposed structure(s), fuel type or other such considerations. Benchmarks will also be determined prior to an RFP being issued and may consist of the then-current view of market prices, a self-build option, a contractual arrangement, or such other benchmark alternatives. Externalities will be determined based on the form and format of each procurement process and it is anticipated that the assumptions utilized will be consistent with what is in the IRP unless such assumptions are not applicable or new-updated information becomes available to inform the process.

The combination of new resources identified in the Company's Preferred Portfolio and the existing and planned resources results in a more diversified resource portfolio for PacifiCorp. The capacity of PacifiCorp's existing, planned and IRP resources as a percent of peak obligation (peak load plus firm sales) for fiscal year 2015 is as follows: coal 50%, gas 27%, purchases 10%, hydro 6%, DSM 4%, and renewables 3%.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed PacifiCorp's filing in Case No. PAC-E-05-2 and finds it reasonable to establish the following schedule for comment on the Company's 2004 Integrated Resource Plan.

Friday, July 29, 2005 **Deadline for filing written comments**

All comments should contain the case caption and case number shown on the first page of this document.

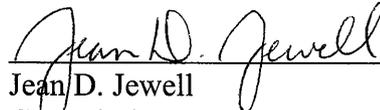
YOU ARE FURTHER NOTIFIED that written comments concerning the Company's filing should be mailed to the Commission and the Company at the address reflected below.

Commission Secretary	Melissa Seymour, Manager
Idaho Public Utilities Commission	Planning and Financial Analysis
PO Box 83720	PacifiCorp
Boise, ID 83720-0074	825 NE Multnomah, Suite 600
	Portland, OR 97232
Street Address for Express Mail:	E-Mail: melissa.seymour@pacificorp.com
472 W. Washington Street	
Boise, ID 83702-5983	

Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail address listed above.

YOU ARE FURTHER NOTIFIED that the Application and submitted documents are available for public inspection during regular business hours at the Commission's office and at the Idaho offices of PacifiCorp. The Company's 2004 IRP is also available at the Commission's Website at www.puc.idaho.gov under the "File Room" icon and then "Electric Cases."

DATED at Boise, Idaho this 30th day of June 2005.



Jean D. Jewell
Commission Secretary

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