

SCOTT WOODBURY
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0320
BAR NO. 1895

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Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

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).)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notice of Filing and Notice of Comment Deadline issued on June 30, 2005, submits the following comments.

BACKGROUND

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 six 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 (dispatchable load control) 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 1,200 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 1,400 MW of economic renewable resources which were first identified in the 2003 IRP. Furthermore, PacifiCorp will procure 250 MWa of base Class 2 DSM (conservation) 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%.

STAFF ANALYSIS

Staff participated in many public input meetings held throughout the yearlong IRP development process. Staff commends PacifiCorp for its diligent efforts and its thorough analysis. Each IRP the Company prepares is more extensive than the one before. The 2004 IRP is no exception. Staff also commends the Company for its willingness to consider input from interested parties, but also for its conviction in standing firm in response to what have frequently been extremely divergent interests of various stakeholders involved in the process.

As in its previous IRP, the process employed by PacifiCorp in the development of this IRP was very thorough. Staff believes the analysis conducted by the Company exceeds that of the other electric utilities regulated by the Commission. PacifiCorp considered a broad array of potential new resources, including DSM, to meet future load requirements. The Company also performed a comprehensive risk analysis examining such factors as changes in gas and electric prices, changes in loads, variations in hydro conditions, and possible thermal outages. Additional risks that could not easily be quantified through numerical analysis, such as changes in air emissions requirements, hydro relicensing, and possible renewable portfolio standards, were also considered. Staff is satisfied that the risk analysis performed by the Company encompassed all likely future risks and was comprehensive enough to insure that risk was fairly balanced against cost in selecting the preferred new resource portfolio.

The preferred resource portfolio selected in the IRP consists of a blend of thermal plants, gas-fired plants, renewables, load control programs and DSM. Except for 1,100 MW of wind generation that the Company is currently trying to acquire, this remaining blend of resource types was the natural result of the analysis, not due to a preconceived belief by the Company that a diverse mix of resource types would be preferable. Staff believes that this natural result is significant. Each new resource type offers its own unique advantages, and in combination, creates the preferred set of resources. PacifiCorp's preferred resource portfolio is summarized below.

PacifiCorp Preferred Portfolio

Control Area	Unit Type	Region	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total MW
East	Brownfield Coal	Utah - S						575					575
	Brownfield Coal	WY									383		383
	Dry Cool CCCT w/DF	Utah - S				525							525
	Wet Cool CCCT w/DF	Utah - N								560			560
	DSM Summer Load Control	East								44			44
	DSM Summer Load Control	East				44							44
West	Dry Cool CCCT w/DF	WMAIN							586				586
	DSM Summer Load Control	West								45			45
	DSM Summer Load Control	West				44							44

Wind RFP

In the 2004 IRP, PacifiCorp began by sticking to its plans developed in the previous IRP to acquire up to 1,400 MW of renewables generation over the next 10 years. The Company did no new analysis to confirm whether 1,400 MW was still a reasonable target, whether its cost assumptions were still accurate, or whether 1,400 MW could be acquired given the current political and economic climate. Staff strongly believes that each new biennial IRP cycle presents both an opportunity and an obligation to refresh assumptions, incorporate new information, consider different alternatives and change course if necessary.

In any case, PacifiCorp issued an RFP in February 2004 seeking to acquire up to 1,100 MW of renewable generation (most likely wind). To date, the Company has successfully negotiated only one contract for the Wolverine Creek project in Idaho, representing only 64.5 MW. PacifiCorp has cited the delay in renewing the federal production tax credit, and its short extension (December 2005), as one of the problems affecting the acquisition of renewable resources. In addition, PacifiCorp attributes the delay to higher steel prices and the weakness of the dollar in relation to the Euro, which in turn, have caused steep increases in equipment prices. It is uncertain as to whether there are any other reasons for the delay that are within the control of PacifiCorp. It is also unclear how much longer it will be before PacifiCorp is able to secure firm commitments for its targeted amount of renewables. Finally, it is currently unknown as to whether the Company will be able to acquire the quantity it is seeking and whether the price it will be required to pay will be consistent with its IRP assumptions.

Consequently, the significant delay and uncertainty in filling what amounts to one of the single largest portions of PacifiCorp's portfolio going forward is troublesome. It indicates to Staff that perhaps wind generation, in spite of its recognized advantages, is contingent upon so many factors outside of the control of the utility and the developers that upfront costs and development risks are being underestimated. The difficulties being experienced call into question whether it is wise to rely so heavily on quick acquisition of resources with so much development uncertainty. In its comments on the 2003 IRP, Staff expressed concern about whether the aggressive pace and quantity of wind acquisition envisioned by PacifiCorp could be realized. Staff recommends that for its next IRP, PacifiCorp incorporate what it is learning now and fully review and refresh its planning assumptions for wind. A more explicit contingency plan would also be desirable, explaining what actions the Company will take if planned resources cannot be acquired in the time frame or at the price envisioned. As it turns out, PacifiCorp is fortunate that it does not have to have the entire 1,100 MW it is attempting to acquire available for several more years in the future.

Renewables, specifically wind and perhaps geothermal to the extent it is available, offer price stability due to the absence of fuel costs and associated fuel price risk. However, wind resources, by themselves, cannot meet all of PacifiCorp's needs because they cannot be counted on to deliver capacity during all the hours when capacity will be needed. In addition, Staff is uncertain about how much new wind generation can be economically developed, particularly if production tax credits are not renewed, and whether PacifiCorp will be competing with other utilities for a limited resource.

Ongoing Resource Procurement Activities

In addition to the renewable resources the Company is currently seeking to acquire, the 2003 IRP identified the need to procure two gas-fired supply side resources. The Currant Creek and the Lakeside projects were selected through RFP processes. Both projects are under construction. The Currant Creek facility is nearly complete while the Lakeside project is expected to be operational in the summer of 2007.

PacifiCorp previously indicated that it intended to keep the Commission and Staff apprised of key resource activities, including progress on the Procurement Program. The Company anticipated providing Procurement Program status reports approximately every six months. However, no such reports have ever been provided. Staff once again recommends that PacifiCorp

keep the Commission and Staff informed as to its activities and progress on any requests for proposals that are issued or on any generation projects the Company is pursuing.

Gas Price Assumptions

The IRP Base Case analysis utilized a June 2004 gas price forecast. Gas prices have generally increased since the June 2004 forecast was completed. Use of a more recent gas forecast would have increased the estimated costs for gas-fired generation, and consequently could have changed the composition of the Preferred Portfolio. However, the Company states, use of a more recent gas forecast would not have changed the choice of a gas-fired CCCT (combined cycle combustion turbine) as the first supply side resource in 2009. Moreover, despite using the June 2004 forecast, PacifiCorp did perform sensitivity analysis use a range of natural gas forecasts that Staff believes adequately encompasses the higher, more recent gas forecast. The simple fact that gas prices change unpredictably is precisely why a reasonable range of gas price futures is examined in sensitivity analysis. In addition, Staff believes that it would be unrealistic to expect the Company to redo its very extensive analysis using a more recent forecast and still be able to abide by its schedule for completing and submitting the Plan.

Transmission

Although PacifiCorp gives some consideration to transmission constraints and the cost of adding or upgrading transmission when evaluating generation alternatives, Staff is hopeful that a more comprehensive examination of transmission could be included in future IRPs. While not a resource itself, transmission can provide access to a greater variety of market purchases and to lower cost generation alternatives. Staff recognizes the FERC restrictions utilities face in communicating with their respective transmission sectors, and is also cognizant of the emergence and ongoing fluctuation of various regional transmission project initiatives and transmission organizations. Staff also realizes that non-firm transmission is difficult to incorporate in resource planning. Nevertheless, Staff encourages the Company to continue to strive to improve its ability to address the relative costs and risks of transmission investments, and align its transmission planning and generation resource planning efforts. Staff notes that PacifiCorp has included coordination with other regional entities to develop Grid West and participation in regional transmission initiatives as an item in its IRP Action Plan.

Planning Reserve Margin

PacifiCorp has based its IRP analysis on a planning margin of 15%. Currently however, the Company's planning margin is significantly less. Building to meet a 15 % reserve margin, obviously, would be more expensive than meeting a lower margin. The planning margin is expected to cover WECC operating requirements (6-7%), regulating margin (1-2%), deviations in expected load, and unplanned outages. In its work on the 2004 IRP, the Company conducted fairly extensive analysis, both internally and using an external consultant, to determine an appropriate reserve margin. Staff believes that a 15% planning reserve margin is reasonable.

Carbon Dioxide Regulatory Cost Assumptions

All participants involved in the IRP process, including PacifiCorp, seem to agree that there is significant risk surrounding potential CO₂ regulations that warrants continued consideration in planning. Many parties are unable to agree, however, on the magnitude of those risks and the assumptions that should be made for the IRP analysis, particularly for the base case. Clearly, it is appropriate to analyze the effect of a reasonable range of CO₂ regulatory costs. Staff believes the Company's assumptions encompass a reasonable range of likely future costs. Staff also agrees with the Company's decision to include CO₂ regulatory costs in its base case assumptions despite the fact that no CO₂ legislation has yet been passed. Although the exact level and form of CO₂ regulatory costs is still not known, it seems almost certain that there will eventually be some CO₂ regulatory costs. Thus, Staff believes it is appropriate to include CO₂ costs in the base case. Furthermore, Staff believes that the level of CO₂ costs assumed for the base case is reasonable.

2011 Brownfield Coal Plant

Probably the single most controversial element of the 2004 IRP is the Company's plan to procure 575 MW of coal generation in 2011. The plan consists of an additional generating unit at an existing plant (i.e., "brownfield"), most likely at the Hunter plant in Utah. The IRP Preferred Portfolio also includes a second brownfield coal plant in Wyoming in 2014. Coal generation has the advantage that PacifiCorp currently owns or controls existing thermal sites with room for expansion and can make use of existing transmission corridors. The Company also has experience with building, owning and operating thermal facilities. Coal currently has a cost advantage over other types of base load generation, and exhibits less fuel cost risk than gas. However, the risks and

costs associated with the possible impact of future environmental legislation must be balanced against the advantages of coal. Staff believes that PacifiCorp has fairly weighed the positive and negative aspects of coal, and that coal generation is an important and appropriate piece of the Company's Preferred Portfolio.

Cleaner Coal Technologies, IGCC

While Staff believes that coal generation is an important and appropriate piece of the Company's Preferred Portfolio, Staff also recognizes that cleaner coal technologies, and IGCC (integrated gasification combined cycle) in particular, are rapidly emerging technologies. As IGCC technology matures, its cost may come down. Yet even if IGCC costs continue to exceed pulverized coal technology, customers may be willing to pay a premium for resources that are more environmentally benign. Staff recommends that PacifiCorp continue to evaluate and investigate IGCC in its next IRP. It is Staff's understanding that the Company has already commissioned a detailed study of this resource to determine the viability of the technology.

Gas-Fired Generation

Despite recent substantial increases in the price of natural gas, PacifiCorp's IRP analysis confirms that gas-fired generation still has a role to play for some applications. The Preferred Portfolio includes two gas-fired plants on the east side of the Company's system—one in 2009 and another in 2013. One gas-fired unit would be added on the west side of the system in 2012.

Gas-fired generation is less capital intensive, quick to construct and relatively easy to site, but is subject to fuel cost volatility. Staff believes that PacifiCorp fairly weighed the tradeoffs associated with gas-fired generation in its IRP analysis. Gas-fired generation occupies a substantial share of the Preferred Portfolio, but significant amounts of low fuel risk coal and no fuel risk renewables balance the portfolio.

Demand Side Management

Demand Side Management (DSM) programs, while comprising a smaller part of the portfolio, are nevertheless an important piece. PacifiCorp intends to procure 200 aMW of Class 2 DSM (non-dispatchable conservation) over the next 10 years, in addition to the 250 aMW of

conservation programs the Company is already pursuing as a result of the 2003 IRP. The Company plans to expand its offering of conservation programs in Idaho to be comparable to those in other states.

Dispatchable load control (Class 1 DSM), while a relatively small part of the Preferred Portfolio, is still important because it satisfies very short-term needs that are otherwise extremely expensive to meet. The Preferred Portfolio includes 88 MW of load control in 2008 and an additional 89 MW in 2013. These load control programs would most likely be associated with summertime air conditioning. The Company plans to continue its highly successful irrigation load control program in Idaho.

Staff believes that PacifiCorp's plans for DSM are reasonable. Staff is encouraged by the Company's commitment to introduce a level of DSM program offerings in Idaho that is comparable to other states within its service territory.

Action Plan

PacifiCorp's IRP Action Plan is summarized on the following page. The Action Plan describes efforts and activities the Company expects to undertake within the next 10 years. Included in the Plan is continuation of efforts to meet its 1,400 MW target for new renewables, procurement of a gas-fired resource in Utah for the summer of 2009, and procurement of a coal resource in 2011. The Plan also includes efforts to acquire additional amounts of summer load control, as well as unknown amounts of distributed resources. Staff believes the Action Plan is appropriate given the conclusions reached in the IRP.

PacifiCorp Action Plan for Preferred Portfolio

Action Item	Addition Type	Resource Type	Timing	Size (rounded to the nearest 50 MW)	Location	IRP Resource Evaluated	Action
1	Supply-Side	Renewables	FY 2006 - 2015	1,400	System	Wind	Continue to aggressively pursue cost-effective renewable resources through current and future RFP(s).
2	DSM	Class 2	FY 2006 - 2015	450 aMW	System	100 MW Decrements at various load shapes	Use decrement values to assess cost-effective bids in DSM RFP(s). Acquire the base DSM (PacifiCorp and ETO combined) of 250 MWa and up to an additional 200 MWa if cost-effective programs can be found through the RFP process.
3	Distributed Generation	CHP	FY 2010 (summer of CY 2009) and FY 2012 (CY 2011)	n/a	System	Two 45 MW units using NREL cost estimates	Include CHP as eligible resources in supply-side RFPs.
4	Distributed Generation	Standby Generators	FY 2010 (summer of CY 2009) and FY 2012 (CY 2011)	n/a	Utah	75 MW in Utah	Include a provision for standby generators in supply-side RFPs. Investigate, with air quality officials, the viability of this resource option.
5	DSM	Class 1	FY 2009 (summer of CY 2008)	50	Utah	Irrigation Load Control	Procure cost-effective summer load control program in Utah by the summer of 2008.
6	DSM	Class 1	FY 2009 (summer of CY 2008)	50	OR/WA/CA	Irrigation Load Control	Procure cost-effective summer load control program in Oregon, Washington, and/or California by the summer of 2008.
7	Supply-Side	Flexible, gas resource	FY 2010 (summer of CY 2009)	550	Utah	CCCT	Procure a flexible resource in or delivered to Utah by the summer of CY 2009.
8	Supply-Side	Coal resource	FY 2012 (summer of CY 2011)	600	Utah	Pulverized Coal Plant	Procure a high capacity factor resource in or delivered to Utah by the summer of CY 2011.
9	Transmission	Regional Transmission	FY 2013 and beyond	n/a	System	Transmission from Wyoming to Utah	Continue to work with other regional entities to develop Grid West. Continue to actively participate in regional transmission initiatives (e.g., RMATS, NTAC).
10	IRP Process	Modeling	2006 IRP	n/a	n/a	n/a	Incorporate Capacity Expansion Model into portfolio and scenario analysis.

Acknowledgement

Staff believes it is very important to recognize that integrated resource planning is an ongoing process. New plans are to be prepared and filed at two-year intervals. Consequently, this IRP represents PacifiCorp's best effort to plan according to what is known at this point in time. Staff fully expects that as conditions change and as new and better information becomes available, future IRPs will change accordingly. PacifiCorp acknowledges that the Action Plan is subject to change as new information becomes available or as circumstances change. In fact, the Company has expressed its intention to revisit and refresh the Action Plan no less frequently than annually. The reality of integrated resource planning is that for most utilities, particularly PacifiCorp, by the time one plan is submitted to the Commission for acknowledgement, it is almost time to begin another planning cycle. Thus, Staff advises that if any other party in this case objects to some portion of the IRP, it express its concerns and seek to influence the next IRP to be filed in 2005.

In Idaho, as in most states, the Commission "acknowledges" rather than "approves" a utility's IRP. Other states where PacifiCorp serves have similar IRP requirements and provisions for acknowledgement; however, "acknowledgement" may be viewed differently in some states than in others. Staff believes it may be helpful to explain what it believes is meant by acknowledgement in Idaho. The following policy on integrated resource planning, adopted by the Commission in Order No. 25260, Case No. GNR-E-93-3 may help shed light on what is meant by acknowledgement:

POLICIES ADDRESSING INTEGRATED RESOURCE PLANNING. Each electric utility regulated by the Idaho Public Utilities Commission with retail sales exceeding 500,000 kilowatt hours in a calendar year shall employ integrated resource planning. Each electric utility's integrated resource plan must be updated on a regular basis (no later than biennially), must provide an opportunity for public participation and comment, and must be implemented. This plan constitutes the base line against which the utility's performance will ordinarily be measured. The requirement for implementation of a plan does not mean that the plan must be followed without deviation. The requirement of implementation of a plan means that an electric utility, having made an integrated resource plan to provide adequate and reliable service to its electric customers at the lowest system cost, may and should deviate from that plan when presented with responsible, reliable opportunities to further lower its planned system cost not anticipated or identified in new existing or earlier plans and not undermining the utility's reliability. In order to encourage prudent planning and prudent deviation from past planning when presented with opportunities for improving upon a plan, an electric utility's plan must be on file with the Commission and available for public inspection, but the filing

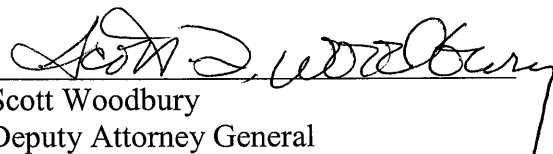
of the plan does not constitute approval or disapproval of the plan having the force and effect of law, and the deviation from the plan would not constitute violation of the Commission's orders or rules. The prudence of a utility's plan and the utility's prudence in following or not following a plan are matters that may be considered in a general rate proceeding or other proceeding in which those issues have been noticed.

Staff has always viewed "acknowledgement" as being closely related to the process of integrated resource planning, rather than the result. By acknowledging a utility's IRP, Staff believes the Commission is endorsing the process the utility followed in developing the plan, but not necessarily any actions called for in the plan. The process requires that the utility forecast loads, identify and evaluate possible resource options, analyze risk, fairly weigh the benefits of both supply and demand side options, and finally, to develop and implement an action plan. The results of the plan, including the actions the utility proposes to take and the specific resources chosen to meet load, will be scrutinized in due course when the utility seeks cost recovery. Presumably, if the utility has followed a fair and thorough planning process, it will lead to a prudent, least cost, least risk result that can be supported by the Commission.

CONCLUSIONS AND RECOMMENDATIONS

Staff believes that the process followed by PacifiCorp meets the Commission's requirements and that the end result of the IRP is reasonable. Staff recommends that PacifiCorp's 2004 Integrated Resource Plan, including the Action Plan, be acknowledged by the Commission. Staff also recommends that PacifiCorp provide regular progress reports to keep the Commission and Staff informed as to the Company's activities and progress on any requests for proposals that are issued or on any generation projects the Company is pursuing.

Respectfully submitted this 29th day of July 2005.


Scott Woodbury
Deputy Attorney General

Technical Staff: Rick Sterling

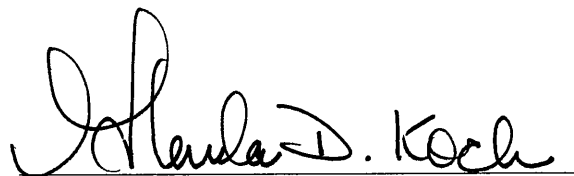
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29TH DAY OF JULY 2005,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE
NO. PAC-E-05-2, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE
FOLLOWING:

MELISSA SEYMOUR, MANAGER
PLANNING & FINANCIAL
PACIFICORP
825 NE MULTNOMAH STE 600
PORTLAND OR 97232

DATA REQUEST RESPONSE CENTER
PACIFICORP
825 NE MULTNOMAH SUITE 800
PORTLAND OR 97232
E-MAILED TO datarequest@pacificorp.com



SECRETARY

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