

1 **Q. Please state your name, business address and present position with Rocky**  
2 **Mountain Power (the Company), a division of PacifiCorp.**

3 A. My name is A. Robert Lasich. My business address is 1407 West North Temple,  
4 Suite 320, Salt Lake City, Utah. My position is president of PacifiCorp Energy.

5 **Qualifications**

6 **Q. Please briefly describe your education and business experience.**

7 A. I have a bachelor of arts degree from Indiana University, a master's degree in  
8 business administration from the University of Cincinnati and a law degree from  
9 Indiana University. I joined MidAmerican Energy Company in October 1997 and  
10 have held positions of increasing responsibility, including senior attorney, vice  
11 president, gas supply and trading and vice president, MidAmerican Energy  
12 Holdings Company, responsible for integration and transition matters related to  
13 the acquisition of PacifiCorp. Prior to that, I was with the law firm of Dale & Eke  
14 P.C., where I focused on real estate and corporate law. Prior to admission to the  
15 practice of law, I held several accounting and financial positions with Cabot  
16 Corporation and its successor organizations. I was appointed president of  
17 PacifiCorp Energy in August 2007 after 1 1/2 years as vice president and general  
18 counsel, and was elected to the PacifiCorp board of directors in March 2006. As  
19 president, I have responsibility for the electric generation, commercial and energy  
20 trading, and coal-mining operations of the Company.

21 **Q. What is the purpose of your testimony?**

22 A. The purpose of my testimony is to demonstrate the prudence of major supply-side  
23 resource additions and the planned increases to generation related operation and

24 maintenance (O&M) expenses included in the this application. The new supply-  
 25 side resources included in this case are described in the table below.

Resource Name	Location	In-Service Date	Capital Cost	O&M Included in GRC
Glenrock III	Converse County, Wyoming	December 31, 2008	\$87.2 Million	\$0.8 Million
Rolling Hills	Converse County, Wyoming	December 31, 2008	\$206.5 Million	\$1.9 Million
Seven Mile Hill II	Carbon County, Wyoming	December 31, 2008	\$45.7 Million	\$0.4 Million
High Plains	Albany County and Carbon County, Wyoming	June 1, 2009	\$245.5 Million	\$0.4 Million
Chehalis	Lewis County, Washington	September 15, 2008	*	*

26 \*See Mr. Steven R. McDougal Testimony, Confidential Exhibit RMP\_\_\_(SRM-  
 27 3) for pertinent information.

28 **Q. Please briefly explain how you will support the prudence of supply-side**  
 29 **resources in your testimony.**

30 A. I will start by describing the integrated resource plan (IRP) and how that strategic  
 31 tool is utilized to assist the Company in identifying and quantifying the need and  
 32 timing of new supply-side resources. I will also provide an overview of the  
 33 relevant MidAmerican Energy Holdings Company (MEHC) transaction  
 34 commitments. I will conclude with a description of each resource acquired by the  
 35 Company and the decision-making process that led to the acquisitions.

36 **Integrated Resource Plan**

37 **Q. Please briefly describe the integrated resource plan.**

38 A. The integrated resource plan (IRP) is a strategic planning tool that presents a  
39 framework of future actions to ensure the Company continues to provide reliable,  
40 low-cost service with manageable and reasonable risk to its customers. The IRP  
41 builds on the Company's prior resource planning efforts and reflects significant  
42 advancements in portfolio modeling and risk analysis.

43 **Q. What is the main purpose of the IRP?**

44 A. The mandate for an IRP is to assure that the company has, on a long-term basis,  
45 an adequate and reliable electricity supply at the lowest reasonable cost and to  
46 ensure that such supply is provided or fulfilled in a manner consistent with the  
47 long-run public interest. The main role of the IRP is to serve as a strategic  
48 roadmap to assist the Company in determining and implementing the Company's  
49 long-term resource strategy. In doing so, it accounts for state commission IRP  
50 requirements, a current view of the planning environment, corporate business  
51 goals and MEHC transaction commitments that are related to IRP activities, such  
52 as the acquisition of renewable resources.

53 As a strategic business planning tool, the IRP supports informed decision-  
54 making on resource procurement by providing an analytical framework for  
55 assessing resource investment tradeoffs. As an external communications tool, the  
56 IRP engages numerous stakeholders in the planning process and guides them  
57 through the key decision points leading to the Company's preferred portfolio of  
58 generation, demand-side management activities and transmission resources.

59           The emphasis of the IRP is to determine the most robust resource plan for  
60 a reasonably wide range of potential outcomes, as opposed to the optimal plan for  
61 some expected view of the future. The modeling is intended to inform and support  
62 the expert judgment of the Company's decision-makers. The preferred portfolio is  
63 not intended to be static, but rather is expected to evolve as part of the ongoing  
64 planning process as new information becomes available and new circumstances  
65 evolve. As a multi-objective planning effort, the IRP must balance several  
66 priorities and account for diverse and sometimes conflicting stakeholder views.  
67 However, the IRP cannot be all things to all people. As the owner of the IRP, the  
68 Company is uniquely positioned to determine the resource plan that best  
69 accomplishes IRP objectives on a system-wide basis, and meets customer,  
70 community and investor obligations collectively.

71 **Q.    What is the outcome of the IRP process?**

72 A.    The result is a preferred portfolio that represents a balance of resource additions  
73 that meet future customer needs, minimize cost, balance diverse stakeholder  
74 interests and address environmental concerns.

75           To follow through on the findings of the resource plan, the Company's  
76 IRP includes an action plan that is intended to inform and provide guidance for  
77 the Company's resource procurement activities over the next few years.

78 **Q.    Is there participation by others in the creation of the Company's IRP?**

79 A.    Yes. Customer interest groups, regulatory staff, regulators and other stakeholders  
80 provide considerable guidance and input into the development of the IRP. The  
81 analytical approach used conforms to all state standards and guidelines.

82 **Q. How did the most recent IRP address renewable resources?**

83 A. Action item one of the 2007 IRP is to acquire 2,000 MW of renewable resources  
84 by 2013 and, in addition, to seek to add transmission infrastructure and flexible  
85 generating resources, such as natural gas, to integrate new wind resources.

86 **Q. Please describe the Company's other activities to implement item 1 of the**  
87 **2007 IRP action plan.**

88 A. The Company is currently implementing two renewable resource requests for  
89 proposals (RFPs). These RFPs are designated 2008R and 2008R-1. On  
90 January 31, 2008, the Company issued an RFP 2008R for long-term renewable  
91 resources less than 100 MW in generating capability, or alternatively, for a term  
92 less than five years if greater than 100 MW in generating capability to be in  
93 operation prior to December 31, 2009. The deadline for submission of bids under  
94 RFP 2008R was March 31, 2008. Developers submitted proposals in the form of a  
95 power purchase agreement or build-own-transfer agreement. The Company will  
96 not have a benchmark or other Company-owned alternative in this process. The  
97 Company has completed the evaluations for the 2008R RFP and is currently in  
98 negotiations with the final shortlist of bidders. The Company expects to finalize  
99 the agreements with project developers by September 30, 2008.

100 In addition, the Company filed the draft 2008R-1 RFP in Oregon and  
101 Washington on April 28, 2008. The 2008R-1 RFP is for system wide renewable  
102 resources which are limited in size to no more than 300 MW, which is the upper  
103 project size limit permitted by Utah Senate Bill 202.<sup>1</sup> The Oregon Commission

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<sup>1</sup> Utah Senate Bill 202 requires the Company to issue a public solicitation of bids for a renewable energy source up to 300 MW in size each year in which it reasonably anticipates that it will need to acquire or

104 selected Boston Pacific as the independent evaluator for the 2008R-1 RFP and the  
105 Utah Commission has selected Merrimack Energy as its consultant. As a part of  
106 this RFP, the Company is proposing a process that will allow the Company to re-  
107 issue the solicitation in subsequent time periods to call for new bidders or updated  
108 bids on an as-needed basis. This ability to periodically re-issue solicitations will  
109 provide needed flexibility in the procurement of renewable resources. The  
110 Company anticipates that it will re-issue the renewable RFP annually as long as it  
111 requires additional renewable resources.

112 **Q. How did the 2007 IRP address other resources?**

113 A. The system resource needs assessment conducted for the 2007 IRP showed the  
114 Company's incremental peak capacity need as over 2,400 MW by 2012. The  
115 2007 IRP identified a need for a west-side combined cycle combustion turbine in  
116 2011, high-capacity-factor resources in the east in 2012 and 2014 and east-side  
117 combined cycle combustion turbines in 2012 and 2016.

118 **Q. Please describe the Company's current activity with respect to other  
119 resource RFPs.**

120 A. In July 2006, the Company filed a proposal seeking approval of a proposed  
121 solicitation for an RFP for the 2012 – 2014 period (2012 RFP) which solicited up  
122 to 1,700 MW. The Company recently disclosed that the maximum resource  
123 outcome of the 2012 RFP will be well short of the intended target and a large  
124 system-wide shortfall will remain. As a result, the Company continues to pursue  
125 cost-effective resources through the ongoing RFP process and with opportunity

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commence construction of a renewable energy resource. (Utah Code 54-17-502(2)(a)(i))

126 purchases such as the Chehalis plant.

127 **MEHC Transaction Commitments**

128 **Q. Please provide an overview of the MEHC transaction commitments related**  
129 **to the acquisition of renewable resources.**

130 A. As part of the regulatory approvals related to the acquisition of the Company,  
131 MEHC and the Company committed to:

- 132 • Bring at least 100 MW of cost-effective wind resources in service within one  
133 year of the close of the transaction;
- 134 • Have 400 MW of cost-effective new renewable resources in the Company's  
135 generation portfolio by December 31, 2007, and
- 136 • Reaffirm the Company's commitment to acquire 1,400 MW of cost-effective  
137 new renewable generation resources.

138 The resources described below have been acquired consistent with these  
139 commitments.

140 **Supply-Side Resources**

141 **Q. Please describe the benefits of these renewable resources to Utah customers.**

142 A. Utah customers benefit from these renewable resources because it is more  
143 economical for the Company to generate electricity with these resources than to  
144 purchase it in the open market. The 2004 and 2007 IRPs specify that renewable  
145 resources (using wind resources as a proxy) are steadily added to the system with  
146 the target of reaching 1,400 MWs or more of renewable resources.

147 **Q. How else will these renewable resources benefit Utah customers?**

148 A. These renewable resources further benefit Utah customers by providing the  
149 Company with (i) a zero incremental cost fuel source (thus reducing commodity  
150 risk exposure), (ii) multi-shafted generation resources (thus diversifying the

151 impact of individual generator failures), and (iii) additional valuable ownership  
152 and operational experience with utility scale wind projects. These projects utilize  
153 General Electric Company wind turbines, thus giving the Company the  
154 opportunity to use valuable experience from other General Electric based projects  
155 and spare parts optimization. Further, as a result of long-term planning and the  
156 reasonable expectation that additional state and/or federal renewable portfolio  
157 standards will be established, the Company is expecting to have a robust need for  
158 renewable resources in the coming years.

159 **Q. What factors does the Company consider before acquiring new generation**  
160 **resources?**

161 A. Upon reviewing a detailed overview of the project including the contract support  
162 and counterparty guarantees, the risks, the need as established by the IRP, the  
163 financial assessment, and the justification of the project, Company executives  
164 make a decision as to whether it is in the best interests of our customers to  
165 proceed with the acquisition of a resource. The Company followed this process in  
166 determining that the resources discussed in the following paragraphs are prudent  
167 and in the public interest to pursue.

168 **Glenrock III**

169 **Q. Please describe the size and location of the Glenrock III resource.**

170 A. The Glenrock III wind project is a 39 MW wind energy generation facility  
171 comprised of 26 ~ 1.5 MW GE wind turbines. The project is currently being  
172 constructed on the Company's Glenrock wind site (portions of which were  
173 previously utilized for coal mining for the Dave Johnston power plant) located

174 approximately 25 miles east of Casper in Converse County, Wyoming. Exhibit  
175 RMP\_\_\_(ARL-1) shows a map of the plant location. The Glenrock III wind  
176 project is will reside adjacent to the Glenrock wind site and interconnect to the  
177 collector substations being constructed for the Glenrock and Rolling Hills wind  
178 projects.

179 **Q. What investment related to the Glenrock III project is included in the**  
180 **revenue requirement?**

181 A. The Company has included \$87.2 million for the Glenrock III plant in this  
182 application. The O&M costs included in this case associated with Glenrock III are  
183 approximately \$1.5 million to cover wind turbine-generator maintenance  
184 agreement, permitting obligations, local levy tax and land royalties and  
185 easements.

186 The Glenrock III plant is scheduled to begin operating on  
187 December 31, 2008. As discussed in Mr. Gregory N. Duvall's testimony, the  
188 Company's net power cost calculation reflects the inclusion of Glenrock III. Mr.  
189 McDougal's testimony includes the revenue requirement calculations associated  
190 with the inclusion of this resource.

191 **Rolling Hills**

192 **Q. Please describe the size and location of the Rolling Hills resource.**

193 A. The Rolling Hills wind project is a 99 MW wind energy generation facility  
194 comprised of 66 ~ 1.5 MW GE wind turbines. The project is being constructed on  
195 Company land adjacent to the Glenrock wind site. Exhibit RMP\_\_\_(ARL-2)  
196 shows a map of the plant location. The Rolling Hills wind project resides within

197 the boundaries of the land owned by the Company and interconnect to the  
198 collector substations being constructed for the Glenrock and Rolling Hills wind  
199 projects.

200 **Q. What investment related to the Rolling Hills project is included in the**  
201 **revenue requirement?**

202 A. The Company has included \$206.5 million for the Rolling Hills project in this  
203 application. The O&M costs included in the case associated with the Rolling Hills  
204 resource are approximately \$3.9 million to cover wind turbine-generator  
205 maintenance agreement, permitting obligations, and local levy tax.

206 The Rolling Hills project is expected to begin operating by  
207 December 31, 2008. As discussed in Mr. Duvall's testimony, the Company's net  
208 power cost calculation reflects the inclusion of Rolling Hills. Mr. McDougal's  
209 testimony includes the revenue requirement calculations associated with the  
210 inclusion of this resource.

211 **Seven Mile Hill II**

212 **Q. Please describe the size and location of the Seven Mile Hill II resource.**

213 A. The Seven Mile Hill II wind project is a 19.5 MW wind energy generation  
214 facility, comprised of 13 ~1.5 MW GE wind turbines, constructed on leased land  
215 located approximately three miles northwest of Medicine Bow in Carbon County,  
216 Wyoming. The Seven Mile Hill II wind project will reside adjacent to the Seven  
217 Mile Hill wind project site and will interconnect to the collector substation being  
218 constructed for the Seven Mile Hill wind project. Exhibit RMP\_\_\_(ARL-3) shows  
219 a map of the plant location.

220 **Q. What investment related to the Seven Mile Hill II project is included in the**  
221 **revenue requirement?**

222 A. The Company has included \$45.7 million for the Seven Mile Hill II project in this  
223 application. The O&M costs included in this case associated with the Seven Mile  
224 Hill II resource are approximately \$0.8 million to cover the wind turbine-  
225 generator maintenance agreement, permitting obligations, local levy tax, and  
226 landowner payments.

227 The Seven Mile Hill II project is expected to begin operating by  
228 December 31, 2008. As discussed in Mr. Duvall's testimony, the Company's net  
229 power cost calculation reflects the inclusion of Seven Mile Hill II. Mr.  
230 McDougal's testimony includes the revenue requirement calculations associated  
231 with the inclusion of this resource.

232 **High Plains**

233 **Q. Please describe the size and location of the High Plains resource.**

234 A. The High Plains wind project is a proposed 99 MW wind energy generation  
235 facility, comprised of 66 ~1.5 MW GE wind turbines, located on leased land  
236 approximately five miles south of Rock River in Albany County and Carbon  
237 County in Wyoming. Exhibit RMP\_\_\_(ARL-4) shows a map of the plant location.

238 **Q. What investment related to the High Plains project is included in the revenue**  
239 **requirement?**

240 A. The Company has included \$245.5 million for the High Plains project in this  
241 application. The O&M costs included in this case associated with the High Plains  
242 resource are approximately \$2.9million to cover the wind turbine-generator

243 maintenance agreement, permitting obligations, local levy tax, and landowner  
244 payments.

245 The High Plains project is expected to begin operating by June 1, 2009. As  
246 discussed in Mr. Duvall's testimony, the Company's net power cost calculation  
247 reflects the inclusion of High Plains. Mr. McDougal's testimony includes the  
248 revenue requirement calculations associated with the inclusion of this resource.

249 **Other Supply-Side Resources**

250 **Q. Are there other Supply-Side Resources that the Company has acquired since**  
251 **the last rate case?**

252 A. Yes. The Company is currently seeking approval with the Public Service  
253 Commission of Utah, in Docket No. 08-035-35, of the Company's purchase of the  
254 Chehalis combined cycle plant located in Chehalis, Lewis County, Washington.  
255 Exhibit RMP\_\_\_(ARL-5) shows a map of the plant location. Generally,  
256 Chehalis is an approximately 500 MW natural gas-fueled electric generation  
257 facility.

258 The Commission has not yet issued its order in Docket No. 08-035-35  
259 approving the acquisition of Chehalis and the motion for an accounting order filed  
260 in that docket regarding the \$8.7 million payment the Company was required to  
261 make for the exclusive right, for a period of time, to negotiate for and acquire  
262 Chehalis. The Company desires to incorporate in this case the evidence presented  
263 by the Company in Docket No. 08-035-35. For purposes of this case, the  
264 Company believes the Commission will approve the Company's purchase of  
265 Chehalis. In the event the Commission does not approve the Company's purchase

266 of Chehalis in Docket No. 08-035-35, the Company requests that the Commission  
267 take notice of the evidence presented in that docket in order to approve recovery  
268 in rates of the \$8.7 million exclusivity payment in this case which will be paid by  
269 the Company to the seller should the transaction not close. Recovery in that event  
270 should be allowed because the payment was necessarily incurred in an effort to  
271 attempt to acquire a favorably-priced generation asset for the benefit of  
272 customers.

273 **Q. Please describe the benefits of this resource to the Company's Customers.**

274 A. The Chehalis combined cycle plant will add additional flexibility to the overall  
275 system and represents a low-cost resource when compared to other gas-fueled  
276 resources and the current cost to construct, own, and operate a similar resource.

277 **Q. What investment related to the Chehalis combined cycle plant is included in  
278 the revenue requirement?**

279 A. The Company has included the revenue requirement, including O&M costs, for  
280 the Chehalis combined cycle plant in Mr. McDougal's Testimony, Confidential  
281 Exhibit RMP\_\_\_(SRM-3). The O&M costs will be incurred as a result of labor  
282 required to operate the plant, chemical cost, maintenance materials and contracts,  
283 and other miscellaneous operating expenses (e.g. utilities, rents, leases, insurance  
284 premiums, etc.

285 As discussed in Mr. Duvall's testimony, the Company's net power cost  
286 calculation reflects the inclusion of the Chehalis combined cycle plant.

287 **Conclusion**

288 **Q. Please summarize your conclusions.**

289 A. The Company has included supply-side resources, including the investment,  
290 modeling of net power cost impacts, and associated expenses, with in-service  
291 dates prior to December 31, 2009, in its application. These projects represent  
292 significant investments the Company is making on behalf of its customers to meet  
293 their energy needs on a prudent and cost-effective basis. Customers will receive  
294 the output of these facilities during the rate-effective period and, therefore, should  
295 pay for the costs associated with the facilities. The Company has been prudent in  
296 securing these facilities for the benefit of its Utah customers and should be  
297 granted full cost recovery.

298 **Q. Does this conclude your testimony?**

299 A. Yes.