

Integrated Resource Plan 2004



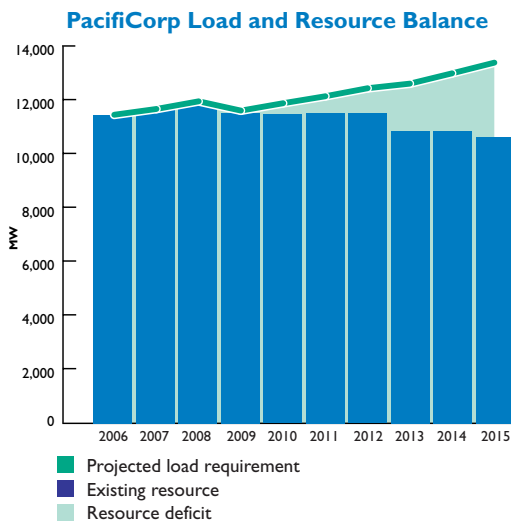
Assuring a **bright** future for our customers

We're planning today to meet your needs 10 years from now

As your energy provider, we know it's important to provide a safe, reliable source of low-cost electricity when and where you need it. We also know how important it is to fulfill that responsibility while balancing the needs of the state and region, the environment and future generations.

That balance is our responsibility, and we take it seriously. We work with others in the region including regulatory commissions, residential and consumer groups, energy experts, environmental agencies and others representing broad interests to ensure that our actions are appropriate for today and into the future. Together, we consider both the long-term need for energy and the optimal mix of resources to best meet that need while keeping your costs down and your exposure to risk low.

We file Integrated Resource Plans (IRP) periodically with regulators to share our vision to meet the growing demand for electricity. This plan contains a preferred portfolio of resource types and an action plan for acquiring specific resources to meet the needs of customers. Specific resources will be acquired as individual projects and, when appropriate, through a formal request for proposals (RFP) process.



Analyzing needs

How much power will you use tomorrow? What about 10 years from now?

Chances are you have a better idea about the near-term than the long-term. We do too. Many factors can change the amount of energy needed to power homes and businesses in our region. Among these are: population growth, increased reliance on electricity for everything from manufacturing to computers and changes in economic conditions. We work with the best information available to analyze the likelihood of change. We test and challenge our assumptions and come to a projected need.

The 2004 IRP shows a need across PacifiCorp for more than 2,700 megawatts of incremental capacity by 2014. Part of that will come from demand-side management initiatives that will include both voluntary direct load-control and energy efficiency programs. Much of it will come from approximately 2,600 megawatts of new resources.

Testing resource types

We looked at a number of different options for securing low-cost energy. The options included:

- Traditional investment in new thermal power plants by PacifiCorp
- Power purchase contracts or other contracts for resources
- Transmission line upgrades
- Renewable resources
- Demand-side management
- Purchases on the wholesale electricity market
- Newer financial and physical risk-mitigation instruments

Not all electricity resources are the same. Some sources, such as coal-fired plants, come in large quantities and cannot be shaped easily as customer demand varies throughout each day. Similarly, other resources like wind turbines provide environmental benefits but are not always consistent generating resources.

The resource planning effort employs sophisticated computer models to analyze the need for energy, market conditions, new legislation and requirements, plant output capability, weather impacts and other factors expected to impact the industry in the years to come.

Keeping costs low, mitigating risks

Part of our responsibility to serve our customers' energy needs includes a responsibility to keep costs in check. State regulatory commissions review our costs to ensure that they are as low as possible. Part of keeping costs down is managing risk. Two important aspects of managing risk are being aware of what could impact the cost of producing electricity and planning for contingencies to meet customer need. Some of the areas we are vigilantly monitoring for changes that may affect the type and timing of energy resources include:

- Market conditions
- New legislation and requirements
- Plant output
- Customer demand patterns and changes to those patterns



2015 Resource Composition

Renewables	3%
Purchases	10%
Hydro	6%
Coal	50%
Gas	27%
Demand Side Management	4%

Planning to serve

For nearly 100 years, PacifiCorp has generated the majority of power our customers use. Into the future, we will use a combination of power plants owned by the company, long-term contracts from power plants owned by others and purchases from the wholesale electricity market. In addition, we expect to make purchases from special smaller plants called "qualifying facilities." We'll continue programs that reduce the demand for electricity at peak times, as well as those that increase energy efficiency.

Remaining flexible

The IRP contains an action plan to acquire the types of resources indicated by the preferred portfolio. In the longer-term, the company has identified key decision points for bringing new resources on line and will use the most up-to-date information available including fuel and electricity prices, customer demand forecasts, existing plant performance, other plant additions in the region, and legislative outcomes to make resource decisions when they are required.

To account for changes in these and other areas, the action plan will be revised at least annually and decisions whether to build or buy will be made on a case-by-case basis. In total, PacifiCorp's IRP sets a path for securing resources to serve Pacific Power and Utah Power customers while keeping costs down and risks low.

Find PacifiCorp's Integrated Resource Plan at www.pacificcorp.com, News & Info.



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