



Integrated Resource Plan 2003

Assuring a **bright**
future for our customers



As your energy provider, we know it's important to provide a safe, reliable source of energy when and where you need it. We also know that other factors are important in providing you energy including keeping costs down and 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 meet that balance today and into the future. Together, we consider both the need for energy in the long-term and the optimal mix of resources to best meet that need while keeping down your costs and exposure to risk.

We file Integrated Resource Plans (IRP) with regulators to demonstrate our plans to secure and deliver a safe, reliable, low-cost source of power to our customers. This plan is a long-term cooperative vision spanning 20 years that includes an action plan for meeting the near-term needs.

Want to know more about how we're planning to serve you into the future?

Analyzing needs

How much power will you use tomorrow? What about in 2015? Chances are you have a better idea about the near-term than the long-term. We do, too. A number of factors can change the amount of energy needed to power homes and businesses in our region.

Among the factors affecting how much energy is needed 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 model the likelihood of change in these and other factors. We test and challenge our assumptions and come to a projected need.

The 2003 IRP shows a need across PacifiCorp for an additional 4,000 megawatts (MW) of capacity by 2014.

Testing resources

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

- traditional investment in plants
- power purchase contracts
- transmission upgrades
- renewable resources
- demand-side management
- market purchases
- newer financial and physical risk-mitigation instruments

Not all energy resources are the same. Some sources, such as coal-fired plants, come in large quantities and cannot be shaped easily to meet specific load. Other resources, such as wind, provide environmental benefits but are not always consistent generating resources.

The resource planning effort employs sophisticated software to model complex factors including the need for energy, market conditions, new legislation and requirements, plant output, weather and others 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 we're managing to keep them 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 costs of energy and planning for contingencies to meet those needs. 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
- weather
- load patterns
- changes in demand for energy

Planning to serve

PacifiCorp's IRP includes a diverse resource mix to meet the projected need. Included are:

- Up to 450 average MW provided through demand-side management programs
- 1,400 MW of renewable energy
- 2,100 MW of new base load energy – large, efficient generation that operates continuously
- 1,200 MW of peaking resources – generation that can quickly meet energy needs during highest-use periods, typically during periods of extreme heat or cold
- 700 MW of shaped resources – contracts or resources that fill specific needs

Our plans include asset-backed power supplies. PacifiCorp has generated the majority of power our customers use for nearly 100 years. Between owned resources and long-term, asset-backed contracts, PacifiCorp is able to secure reliable and low-cost supply of energy that has limited exposure to much of the volatility the region has faced.

Remaining flexible

A near-term action plan highlights immediate peaking resources and calls for continued work on permitting and preparation for potential plants. The company will also gain valuable information on the use and integration of renewable energy in its overall mix.

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, load 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.

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



825 NE Multnomah, Suite 300
Portland, OR 97232
www.pacificcorp.com
www.pacificpower.net
www.utahpower.net