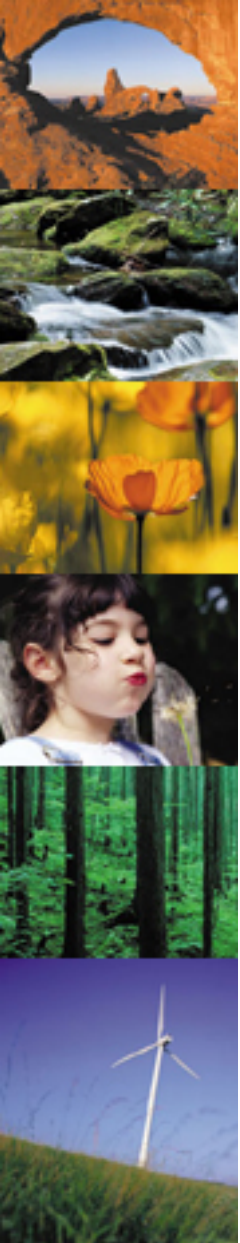
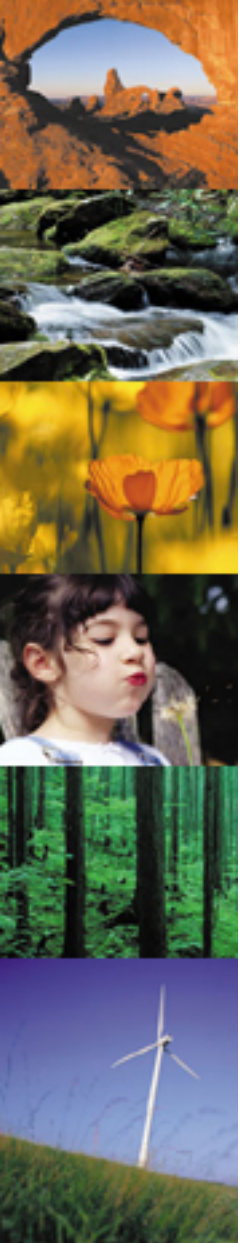


Oregon Blue Sky Program Update Year End 2006

Prepared by Pacific Power

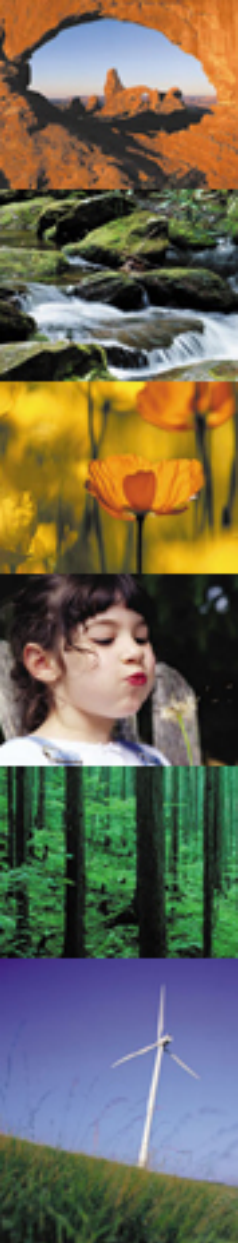




Top Marketing Mechanism by enrollment amounts 1/1/06 through 12/31/06 (all three renewable options)



- Bangtails – 2,605 Enrollments
- Direct Mail – 1,829 Enrollments
- Education Mailing – 1,626 Enrollments
- Event & Outreach – 699 Enrollments
- Bill Insert – 526 Enrollments



Residential Customer Participation Rates for Select Large Communities (as of 12/31/2006)



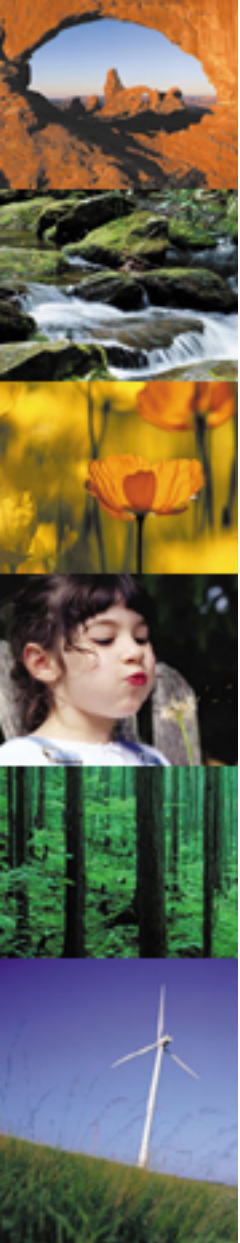
- Corvallis – 13.83%
- Portland – 13.48%
- Hood River – 10.5%
- Bend – 8.4%
- Astoria – 5.6%
- Lincoln City – 4.3%
- Medford – 3.7%
- Grants Pass – 2.8%

Oregon Total – 5.7%

General Enrollment Findings



- Strong program growth and increased retention throughout 2006.
 - ✓ Participation has risen statewide by 21% since January 1, 2006.
 - ✓ We have greater retention, as drops as a percentage of total enrollments have gone down by 22% since January 1, 2006.



Transfers & The Move Process

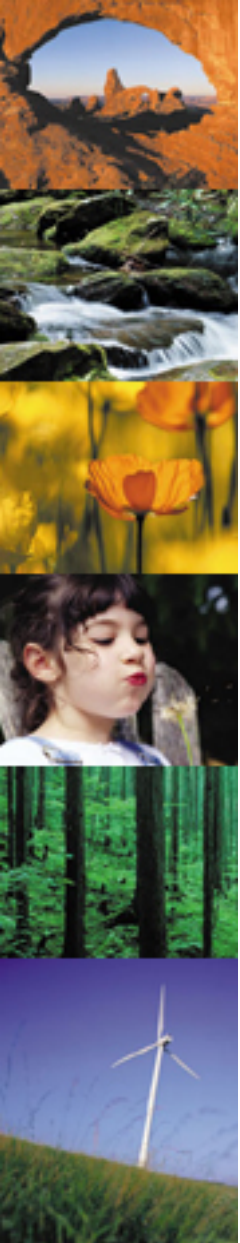


- Calendar Year 2006:
 - Gross Adds = 8,372
 - Gross Drops = 3,579
 - Transfers = 901
 - Net Adds = 7,471
 - Net Drops = 2,678
- Move process:
 - *Now, in all cases, if a Blue Sky customer moves within the company's six state service area they will automatically continue with Blue Sky (process worked manually off a report generated monthly) for all Blue Sky options.*

Upcoming Initiatives



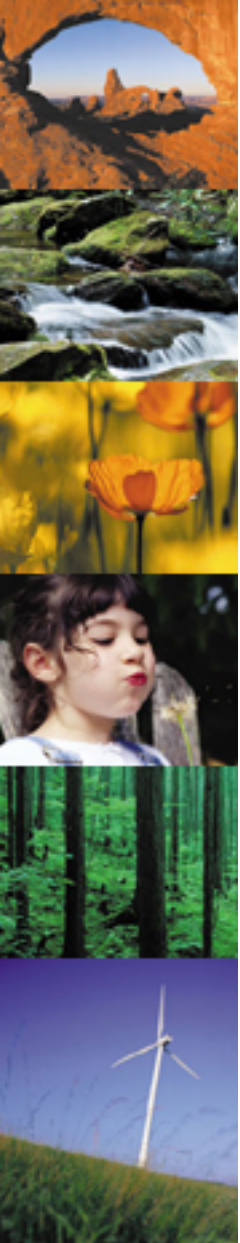
- Lincoln City, Cannon Beach, and Pendleton are pursuing city purchases and/or Community Challenges
- PacifiCorp expects to continue their top five ranking in NREL's 2005 survey
- The Blue Sky Annual Report will be mailed to all participants enrolled as of 12/31/2006 in January 2007. The Annual Report provides participants with total kWhs purchased on their behalf in 2006.



RMS/Supplier RFP – The Respondents



- 3 Phases Energy – San Francisco, CA
- Sterling Planet – Atlanta, GA

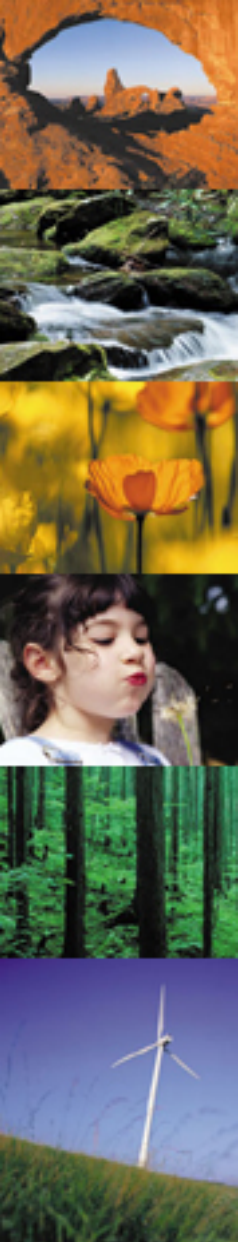


Evaluation Criteria and Scores



Scoring	Weight	3 Phases Energy	Sterling Planet
Overall price for Green Tags and RMS	35%	20	26
Quality of RMS	30%	27.5	18
Source for Green Tags	25%	27	16
Demonstration of Experience	5%	25	17
Market Risk and Exposure	5%	13	10
Total	100%	23.9	19.85

** Rated on a 1 – 5 scale, with 5 being high. Six reviewers from various departments. Total scores then multiplied by the percentage weighting to achieve a total score.*



3 Phases Energy is the Chosen Respondent

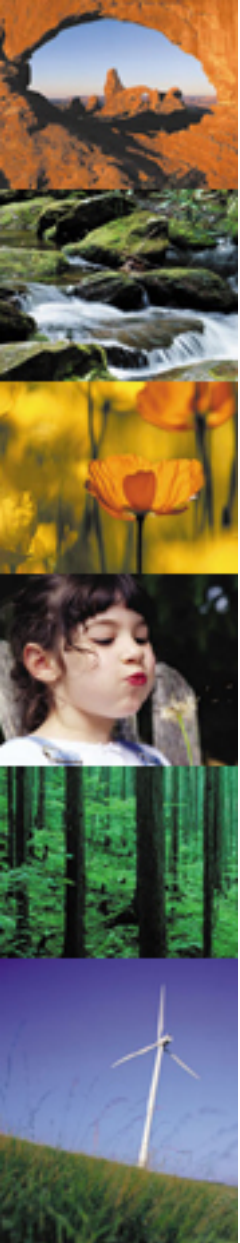


Why 3 Phases Energy:

- Strong marketing plan with understanding of rural service area
- 61% Wind, 38% Biomass, and 1% Solar
- Excellent references
- Diverse renewable content reflecting Pacific Power Oregon service area (i.e., Wind, biomass, solar)
- They realize community importance

Why Not Sterling Planet:

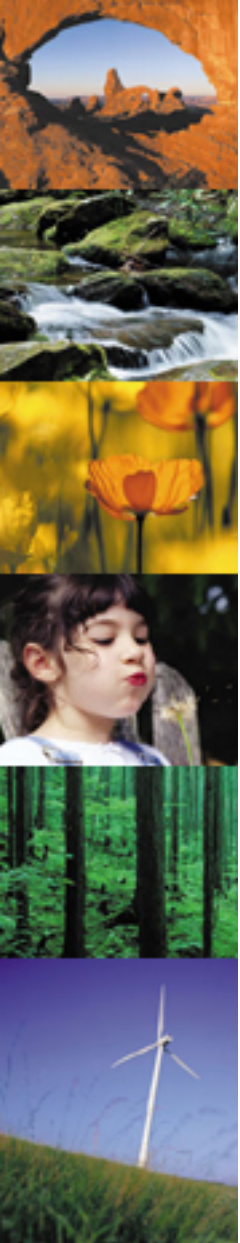
- Relatively weak marketing plan and use of consultants and external partners for marketing portion of RFP
- 99% Wind and 1% Solar
- Sourced within the WECC
- References cited disappointment in marketing outreach
- Minimal West coast presence
- More limited renewables mix that is not as reflective of our service area and desire to source locally



Blue Sky Block Available Funds



- Earlier this year, the company released a Request for Proposals seeking tags from new wind facilities in Utah. As a result, Blue Sky Block customers will play a role in helping the first commercial scale wind facility in Utah go online in 2008 (Spanish Fork).
- The Salt Palace Convention Center 20 kw solar array represents the successful application of renewable energy in a Utah community. It was partially funded by Blue Sky customers.
- In the summer of 2006, the company created a working group to identify new renewable community-based energy projects throughout the company's six state service area in order to increase the benefits extended to Blue Sky Block program customers and the communities in which they live, while also educating customers on renewable energy technologies.



Blue Sky Block Available Funds Project Selection Team



- Formed on July 28, 2006 to evaluate projects and allocate funds to qualifying projects.
- The mission of the selection team is to help customers grow the renewable energy market and develop local community-based renewable energy projects within the company's service area.
- The focus is on smaller community based projects bringing strong environmental and economic benefit to local communities the company serves.
- Funds have accumulated over the life of the Blue Sky Block option program. These funds have accrued as a result of declining tag costs, growing revenue, and marginal changes in fixed costs.

Blue Sky Block Available Funds Dollar Allocation



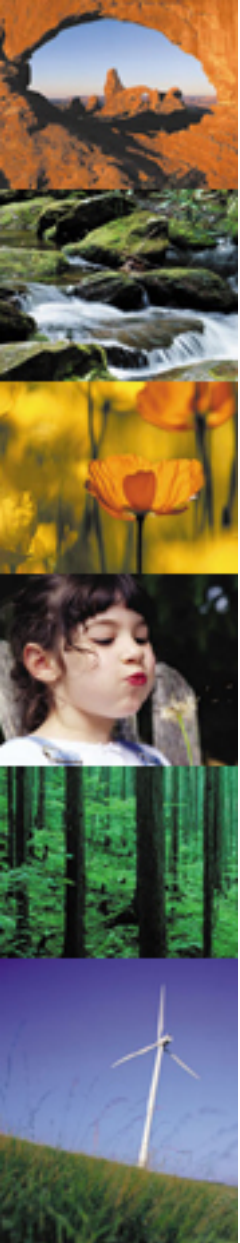
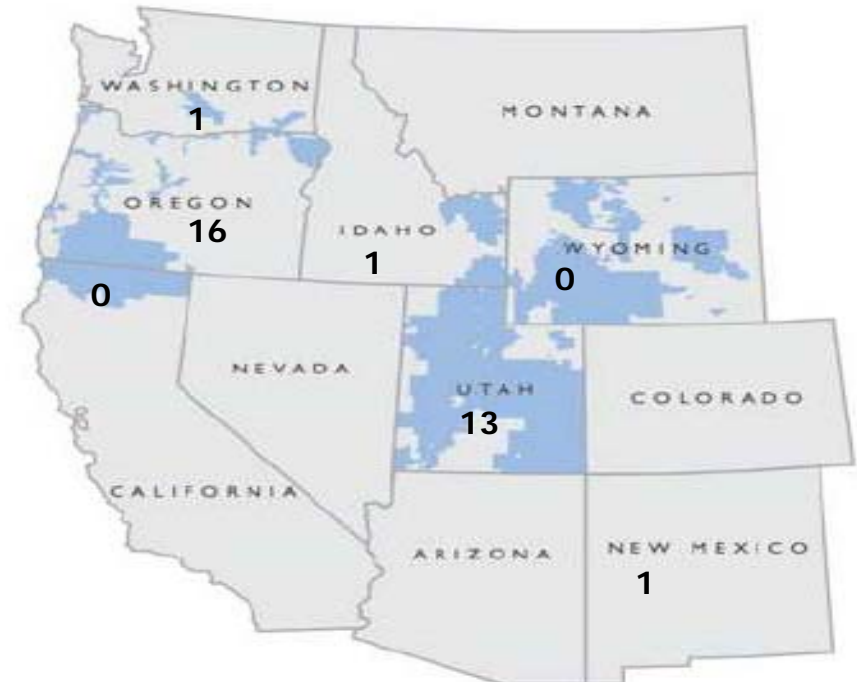
- Dollars are allocated based on the percent of block sales by each state:
 - Oregon = 20% of customers and 35% of sales
 - Utah = 63% of customers and 52% of sales
 - Washington = 5% of customers and sales
 - California = 2% of customers and 1% of sales
 - Idaho = 3% of customers and 2% of sales
 - Wyoming = 7% of customers and 5% of sales
- 2006 Fund Allocation:
 - Utah Spanish Fork Wind Project = \$900,000 (41%)
 - Utah Salt Palace Solar Project = \$100,000 (4%)
 - Utah Projects = \$437,500 (20%)
 - Oregon Projects = \$770,000 (35%)
 - Total Funds Allocated = \$2,207,500
 - Remaining Balance = \$250,000 (as of year-end 2006)

Viability Technologies



- Viable technologies include wind, solar, geothermal, biomass – demonstration projects, R&D, as well as already underway projects open to funding.
- 37 potential projects identified – 25 on the Pacific Power side and 12 on the Rocky Mountain Power side.
- 3 Phases Energy Onsite Division hired to assist in the review, analysis, and ranking of 32 projects providing an application for funds.
- 5 Utah projects selected (4 solar and 1 small wind).
- 4 Oregon projects selected (4 solar).

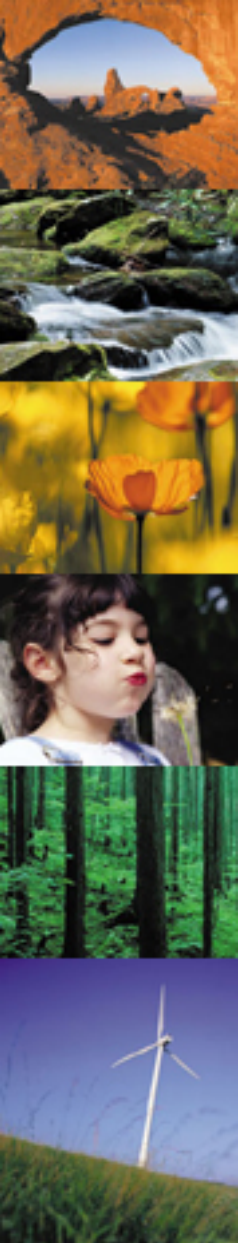
Technology	Projects
Solar	14
Wind	8
Mixed	4
Small Hydro	2
Biomass	1
Geothermal	1
Wave	1
Other	1



Evaluation Criteria



- **Site** - Can the site effectively host a renewable energy project? Is permitting required? Have rights, options, or leases been granted to secure site control? Likelihood of project being built?
- **Project Champion** - Is there a champion involved in the project that will work to overcome obstacles in making this happen? What is the experience of the developer?
- **Financing** - Is the customer or vendor a reliable business partner? Do they have longevity at the site or in the technology? Are there undue project risks which would put it at risk?
- **Additionality** - Can these funds be used to "make the difference" in bringing additional renewable resources on line?
- **Timeframe** - If the project passes all other tests, how quickly will it move forward? Can it be funded in the current year with reasonable assurance that it is a sound investment?
- **Fuel Source** - Does the fuel source comply with existing tariff language?
- **Technology** - Is product available in the current year?
- **Availability** - Are the green tags produced available for purchase?
- **Cost** - What is the cost for green tags purchased from the project?
- **Geography** - Proportional contribution to PacifiCorp service territories: OR, UT, WA, ID, WY, CA based on Blue Sky Block option customer subscription levels.
- **Community Benefit** - Can benefits be leveraged for the benefit of the community and Blue Sky customers?



Oregon Projects



- **Portland Public Schools Solar**
 - ✓ One solar PV system at each of the following four schools: Jefferson High School, Madison High School, Harriett Tubman Middle School, and Gregory Heights Middle School
 - ✓ 100 kW (four 25 kW solar PV systems)
 - ✓ \$140,000 fund award (\$35,000 for each solar PV system)
 - ✓ Estimated to be online in 2007
 - ✓ Partnering with ETO, BEF, Sustainable Solutions, etc.
- **City of Bend Solar**
 - ✓ Centennial Parking Plaza. Solar panels will be installed on the recently completed downtown four-level garage roof
 - ✓ 200 kW
 - ✓ \$400,000 fund award
 - ✓ Estimated to be online in 2007
 - ✓ Largest solar PV array in the Pacific Northwest
 - ✓ Partnering with ODOE, ETO, USDOE, etc.
- **City of Redmond Solar**
 - ✓ At the Redmond Municipal Airport, installation of 220 photovoltaic solar panels on the new concourse, along with an educational kiosk to highlight the benefits of solar energy
 - ✓ 57 kW
 - ✓ \$200,000 fund award
 - ✓ Estimated to be online in 2007-2008 timeframe
 - ✓ Partnering with ETO, ODOE, etc.
- **Hartman Ranch Solar**
 - ✓ Klamath Basin Irrigation Solar Pilot Project
 - ✓ 17 kW
 - ✓ \$30,000 fund award
 - ✓ Estimated to be online in 2007
 - ✓ Partnering with ETO, ODOE, USDA, etc.



Blue Sky Block Available Funds Process for 2007



- March/April – Notice out via press releases and web postings.
- May 1st – Applications due.
- June 15th – Review, score, rank, and present to selection team.
- June 20th – Management approval.
- June 30th – Notify recipients.
- July 15th – Acceptance letters received.
- August 15th – Funds released.

(A second round of funding would begin on July 1st if needed.)

**[This schedule is still tentative and subject to change.]*

Commerical and Residential Combined



	New Enrollments YTD								Total Active	New Enrollments YTD	Penetration Rate
	Bang Tail	Direct Mail	Bill Insert	New Accounts	Event/ Outreach	Web/ Mass Media	Education Mailing	Other/ Unknown			
Usage	1,515	1,038	336	231	538	84	1,161	454	15,780	5,357	2.90%
Habitat	331	322	76	104	101	19	301	41	3,742	1,295	0.69%
Block	759	469	114	unknown	60	11	164	252	6,340	1,829	1.16%
Time of Use	0	0	0	0	0	8	337	108	1,565	454	0.29%
TOTAL	2,605	1,829	526	335	699	122	1,963	855	27,427	8,935	5.04%

Residential (Schedule 4) Only

	New Enrollments YTD								Total Active	New Enrollments YTD	Penetration Rate
	Bang Tail	Direct Mail	Bill Insert	New Accounts	Event/ Outreach	Web/ Mass Media	Education Mailing	Other/ Unknown			
Usage	1,458	1,028	330	229	533	82	1,149	401	15,405	5,210	3.37%
Habitat	320	322	76	104	97	19	301	35	3,618	1,274	0.79%
Block	745	465	110	unknown	49	11	164	238	6,087	1,782	1.33%
Time of Use	0	0	0	0	0	8	310	100	1,162	418	0.25%
TOTAL	2,523	1,815	516	333	679	120	1,924	774	26,272	8,684	5.76%

Commercial Only

	New Enrollments YTD								Total Active	New Enrollments YTD	Penetration Rate
	Bang Tail	Direct Mail	Bill Insert	New Accounts	Event/ Outreach	Web/ Mass Media	Education Mailing	Other/ Unknown			
Usage	57	10	6	2	5	2	12	53	375	147	0.43%
Habitat	11	0	0	0	4	0	0	6	124	21	0.14%
Block	14	4	4	unknown	11	0	0	14	253	47	0.29%
Time of Use	0	0	0	0	0	0	27	8	403	36	0.46%
TOTAL	82	14	10	2	20	2	39	81	1,155	251	1.31%