

## Appendix A

### PacifiCorp

#### Avoided Cost (GRID and Differential Revenue Requirement) Model Updates from April 2007 through July 2007 Case No. 03-035-14

**GRID Project Name:** Avoided Costs – 2007 Jul.

**Official Market Price Forecast:** Updated to June 2007 (Gas and Market Prices).

**Load Forecast (Retail):** Updated to 20-Year load forecast dated June 24, 2007.

**Fuel Prices (Coal):** Updated to reflect coal prices for (1) Jan 2007 through Dec 2007 – from Idaho GRC, (2) Jan 2008 through Dec 2008 – from Oregon TAM July 2007 filing, (3) Jan 2009 through Dec 2017 – from 10-Year plan dated February 2007, and (4) thereafter IRP Coal Forecast dated April 2006.

**IRP Resource Expansion Plan:** IRP resources have been updated to reflect the Company's 2007 IRP filed with the Utah Public Service Commission (Commission) on May 30, 2007. The 2007 IRP assumes:-

**Thermal Resources** – (1) CCCT West (602 MW), (2) Pulverized UT (340 MW), (3) CCCT East (548 MW), (4) CHP East (25 MW), (5) CHP West (75 MW), (6) Pulverized WY (527 MW), and (7) CCCT East (357 MW),.

**DSM Resources** – (1) DSM East Irrigation Ld Control, (2) DSM East Summer Ld Control, and (3) DSM West Irrigation Ld Control

**Front Office Trade (FOT) Resources** – (1) FOT Four Corners, (2) FOT Mid-C, and (3) FOT West Main

**Wind Resources** – (1) Wind Mid-C, (2) Wind Walla Walla, (3) Wind Wyoming SE, (4) Wind Wyoming SW, and (5) Wind Yakima

**Proxy Resource (Thermal) for Displacement Purposes** – West Side 602 MW CCCT (West “F” 2x1) gas-fired resource located in Oregon or Washington

**IRP Partial Displacement Thermal Resource :** In the Base Case, prior to the inclusion of the avoided cost resource, Four Corners FOT is partially displaced by 130 MW in 2010, and the proxy resource is partially displaced by 130 MW starting 2011. The potential qualifying facility (QF) resources included in the Base Case are DG Lakeview, Holly Refinery, Trans-Jordan, and Hampton Forest Products. In the Avoided Cost study, which includes a 472 MW avoided cost resource, Four Corners FOT is fully displaced by 393 MW, the West Main FOT is partially displaced by 209 MW, and the proxy resource is fully displaced by 602 MW.

The last filing was based on RFP resources suggested by the Commission (such as IPP 3 (340 MW – June 2012), and Jim Bridger 5 (527 MW – June 2013). FOT (from the 2004 IRP Update (4 Corners, Mona and West Main) were modified to expire in June 2012 and a new FOT was added (833 MW in June 2012)). Comparison to the last filing is not straight-forward due to the change in IRP resources. However, in the last filing, prior to the inclusion of the avoided cost resource, FOT were partially displaced and IPP 3 was fully displaced by 390 MW of potential qualifying facility (QF) resources (DG Lakeview, FMC Green River Soda, Hampton Forest Products and Holly Refinery). With the inclusion of the avoided cost resource (477 MW), FOT was partially displaced and Jim Bridger 5 along with IPP 3 were fully displaced.

**IRP Partial Displacement Wind Resource:** A total of 1,600 MW of wind is included in the 2007 IRP by 2013. IRP wind resources are partially displaced by 741 MW of existing and potential wind QFs (Goodnoe, Marengo, Glenrock, Power County, Seven Mile, Bridger Butte and RAAM Wind). Wind partial displacement was 688 MW in the last filing, and was based on RFP wind resource assumptions suggested by the Commission.

**Size of the Avoided Cost Resource:** In docket 03-035-14, the docket where the Commission approved the partial displacement revenue requirement method, the size of the avoided cost resource was 525 MW which was the size of the next deferrable base load thermal resources.

In the current case, the avoided cost resource is 472 MW [based on a West Side 602 MW CCCT (Wet “F” 2x1) gas-fired resource, less 130 MW of potential QF resources]. In the last filing, the avoided cost resource was 477 MW [based on a 340 MW (IPP-3) plus 527 MW (Bridger 5) less 390 MW of potential QF resources].

**Transfer Capability:** Updated to reflect 2007 IRP transmission upgrades (1) Colorado --> Utah North, (2) Jim Bridger --> Utah North, (3) Mona --> Utah North, (4) Path C --> Utah North, (5) Utah South --> Four Corners, (6) Walla Walla --> Yakima, (7) West Main --> Walla Walla, and (8) Wyoming --> Utah North.

**Thermal Resources:** Lake Side inception date revised from June 30, 2007 to July 22, 2007. Gas Sales and Gas Swaps updated. Updates to planned outages, heat rate coefficients and EFOR/derates for thermal resources.

**Long-Term Contracts:** AMP Resources (Cove Fort), Blanding Purchase, Glenrock Wind, Power County Wind, Seven Mile Wind and TransAlta Exchange p371343/s371344 added as new resources. BPA Hermiston Losses included; previously assumed to be incorporated into load forecast. Roseburg Forest Products (CA) removed.

**Long-Term Contracts Removed:** None.

**Long-Term Contract Modeling Updates :** All market indexed contracts updated to reflect June 2007 official forward price curve. Marengo updated to include expansion to 210.4 MW in June 2008. Grant Reasonable, Grant Meaningful Priority, Fort James/Camas Cogen, Black Hills,

BPA Peaking, BPA Wind Sale/Foote Creek 1, Clark S&I/Storage and Integration, and Schwendiman QF.

**Potential Thermal QF Contracts:** Trans-Jordan added as a potential thermal QF resource. Coyote Wind, Bear Lake 1, Wyoming Sugar and FMC Green River Soda removed as potential thermal QF resources.

**Potential Wind QF Contracts:** Bridger Butte and RAAM Wind added as potential wind QF resources.

**Transmission:** Minor updates to firm wheeling costs and transfer capability.

**Short-Term Firm (STF) Transactions:** Updated to include all executed STF contracts as of June 29, 2007 (Extract 253).