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May 11, 2012

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, Utah 84114

Attn: Gary Widerburg  
Commission Secretary

**RE: Docket No. 11-035-200**  
**In the Matter of the Application of Rocky Mountain Power for Authority to Increase Its Retail Electric Utility Service Rates in Utah and for Approvals of Its Proposed Electric Service Schedules and Electric Service Regulations**

In accordance with the Direct Testimony of Company Witness, Gregory N. Duvall, and the Commission's scheduling order in this docket, the Company hereby submits its updated net power costs (NPC) for the test period ending May 31, 2013 ("NPC Update"). The Company previously provided interim lists of corrections and updates to the Commission on April 10, 2012 and April 27, 2012. Herewith is the complete list of corrections and updates that the Company is aware of at this time. The cumulative impact of corrections and updates identified is reflected in the enclosed NPC Update. As a result of the NPC Update, test period NPC are reduced from \$1,499.5 million to \$1,479.2 million on a total Company basis, and from \$644.7 million to \$636.0 million on a Utah-allocated basis. An original and ten hard copies of the confidential summary are provided for the docket file (in addition to parties on the service list). The supporting information, including the impact of individual corrections or updates, workpapers and associated GRID database, are provided on the enclosed confidential CD.

### **Explanations for Updates and Corrections**

#### **Correction 1 — SCL Stateline Exchange Reserve and Non-owned Reserve**

The Company inadvertently overstated the operating reserves SCL provides under the contract by 5 MW and over-stated the non-owned contingency reserve requirement.

#### **Correction 2 — SMUD Monthly Take Inputs**

The Company inadvertently included incorrect values in its calculation of the SMUD monthly generation shape.

#### **Correction 3 — Swift 2 Forced Outages**

The Company inadvertently included a portion of a forced outage at Swift 2 that was outside the 48 month historical period, thus overstating the normalized forced outages.

**Update 1 — Troutdale-Alvey Wheeling**

The Company entered into a new PTP wheeling agreement with Bonneville Power Administration, enabling dynamic transfers of Lewis River Resources to the Company's Southern Oregon retail loads.

**Update 2 — Goodnoe Hills Wheeling**

The Company entered into a new PTP wheeling agreement with Bonneville Power Administration, increasing the Company's long-term wheeling rights to match the capacity of the Goodnoe Hills facility.

**Update 3 — Centralia Wheeling Resassignments**

The Company entered into contracts to temporarily reassign a portion of its Centralia PTP wheeling rights during the test period. The Company's existing Centralia point-to-point wheeling contract expires June 30, 2012.

**Update 4 — Chehalis Pipeline Expense for Northwest Pipeline Tariff Rate**

The natural gas transportation expense for Chehalis is set by the Northwest Pipeline tariff. Northwest Pipeline has filed a rate settlement with FERC in Docket RP12-490 for rates effective January 1, 2013.

**Update 5 — Threemile Canyon Wind QF**

The existing QF contract with Threemile Canyon has been amended to extend through September 30, 2012.

**Update 6 — Small Qualifying Facilities**

Since the initial filing, the Company has entered into seven agreements with small qualifying facilities with commercial operation dates prior to the end of the test period. In addition, the Company has terminated an agreement with one small qualifying facility.

**Update 7 — Short Term Firm Transactions**

New wholesale sales and purchase contracts are included for electricity and natural gas, for both physical and financial products, done through May 1, 2012. Please note, the Company's previous update included new wholesale sales and purchase contracts through April 1, 2012.

**Update 8 — Chehalis Pipeline Lateral Expense**

Northwest Pipeline's 2012 cost-of-service billing rate for the Company's Chehalis lateral has been incorporated.

**Update 9 — PGE Cove Expense**

A new monthly accrual for PGE Cove takes effect in March 2012.

**Update 10 — Pioneer Wind I Project**

The Pioneer Wind I project failed to achieve commercial operation by March 31, 2012, as previously anticipated; consequently the project has been removed from the test period.

**Update 11 — Hermiston Pipeline Expense**

Transportation costs to supply natural gas to the Hermiston plant are reduced from historical levels due to the expiration of components of the gas supply and transportation agreements for the plant and changes in tariff rates effective January 1, 2012. Hermiston pipeline expenses in the Company's original filing are based on actual costs incurred in the base period.

**Update 12 — Official Forward Price Curve**

The December 30, 2011 official forward price curve used in the original filing has been updated to the Company's latest official forward price curve dated March 30, 2012.

**Update 13 — Biomass Non-Generation Agreement**

On April 20, 2012, the Company signed a non-generation agreement with the Biomass qualifying facility.

**Update 14 — Douglas PUD Preliminary Pro-forma**

This update incorporates the fiscal year September 1, 2012 – August 31, 2013 preliminary pro-forma published by the Douglas Public Utility district on April 30, 2012.

**Update 15 — Coal Cost**

The Company's coal costs have been updated to encompass the reduced coal requirements per the updated NPC study and updated coal and transportation contract pricing. Mine plans for the Company's captive mines have not changed from the original filings; however, coal deliveries were adjusted to support the reduced thermal requirements.

**System balancing impact of all adjustments**

This NPC Update recalculates net power costs based on the inclusion of all updates listed above, along with the final screening of gas-fired units.

It is respectfully requested that all formal correspondence and requests for additional information regarding this filing be addressed to the following:

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Informal inquiries may be directed to Dave Taylor, Utah Regulatory Affairs Manager, at (801) 220-2923.

Sincerely,

Jeffrey K. Larsen  
Vice President, Regulation & Government Affairs

Enclosures

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 11<sup>th</sup> day of May, 2012, a true copy of the foregoing document was sent via E-mail to the following:

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