



1407 W. North Temple
Salt Lake City, Utah 84116

June 29, 2016

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attn: Gary Widerburg
Commission Secretary

Re: **Docket No. 03-035-14 – Quarterly Compliance Filing – 2016.Q1 Avoided Cost Input Changes**
Docket No. 15-035-56 – 2015 Avoided Cost Input Changes Quarterly Compliance Filing

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original and ten copies of its quarterly Schedule 38 compliance filing. An electronic copy of this filing will be provided to psc@utah.gov.

Commission orders dated October 31, 2005, and February 2, 2006, in Docket No. 03-035-14 require the Company to keep a record of any changes, including data inputs, made to the Proxy and GRID models used in calculating avoided costs. The orders further require the Company to notify the Commission and Division of Public Utilities of updates made to the models used in the approved Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodologies. The Commission order dated June 9, 2015 in Docket No. 14-035-140 requires the Company to identify routine and non-routine updates or modeling changes. Non-routine updates will become effective in three weeks if the update is unchallenged by any party or upon resolution by settlement or Commission action if challenged by any party.

No comments were filed challenging the Company's previous compliance filing, which was submitted on March 11, 2016.

The Company identifies four routine updates to its avoided cost inputs since the previous filing:

1. Official Forward Price Curve – Update to the curve dated December 31, 2015 (“1603 OFPC”).
2. QF Queue – Update the QF queue to reflect current signed and potential QFs. The QF queue was 1,250 MW nameplate in the 2015.Q4 filing and was revised to 1,344 MW nameplate in this filing.
3. Routine GRID Update – Update the GRID model to include input assumptions based on information available as of April 18, 2016.

4. 2015 IRP Update – Update the GRID model to include input assumptions based on information contained in the 2015 IRP Update.

Included in the “QF Queue” update is a set of potential QF projects located in an area that PacifiCorp Energy Supply Management (ESM), in its merchant capacity, is aware has significant transmission constraints, and the indicative avoided cost pricing provided to these projects reflected the impact of the transmission constraints. For example, the pricing reflected only projected delivered output from the potential projects, as well as a preliminary projected level of potential curtailment of that output, subject to further analysis.¹ The projects’ capacity deferral was also restricted based on the available transmission capacity.

The Company has not identified any non-routine updates in this filing.

Additional detail is provided below:

1. **GRID Model Data Updates**

A number of data and modeling assumption updates have occurred in the GRID model since the last filing. **Appendix A** provides a summary of those updates.

2. **Proxy / Partial Displacement Differential Revenue Requirement Avoided Cost Methodology**

The Proxy used in the PDDRR avoided cost methodology is consistent with the Company’s 2015 IRP Update filed with the Commission on March 31, 2016. During the period 2016 through 2027 the proxy will be third quarter heavy load hour only front office transactions. Starting January 2028 the proxy will be a 635 MW combined cycle combustion turbine (CCCT).

3. **Impact to Avoided Cost Prices (\$/MWh)**

Provided as **Appendix B** is the \$/MWh impact of the above mentioned updates on avoided costs, compared to the last filing. The updates reflect a total increase of approximately \$0.31/MWh. Avoided costs presented in **Appendix B** were calculated assuming a 100 MW 85% capacity factor QF resource.

4. **Major Changes from the Prior Study**

Provided as **Appendix C** is a \$/MWh step impact study of the routine updates from the prior study. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

The Company has also provided calculations with additional details on the following:

- Current QF queue and partial displacement adjusted for solar degradation
- Front Office Trade partial displacement

¹ The Company provided avoided cost pricing reflecting likely curtailments when output exceeds the Company’s transmission rights, in accordance with the amended Network Operating Agreement between PacifiCorp ESM and PacifiCorp Transmission, approved by FERC on May 21, 2015.

Public Service Commission of Utah

June 29, 2016

Page 3

It is respectfully requested that all formal correspondence and requests regarding this compliance filing be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By Regular Mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Informal inquiries may be made to Bob Lively at (801) 220-4052, or Dan MacNeil at (503) 813-5523.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

cc: Service List (Docket No. 03-035-14)