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Salt Lake City, Utah 84116

December 30, 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.Q3 Avoided Cost Input Changes**
Docket No. 16-035-29 – 2016 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 September 26, 2016.

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

1. Routine GRID Update – Update the GRID model to include input assumptions based on information available as of October 20, 2016.
2. Official Forward Price Curve – Update to the curve dated October 12, 2016 (“161012 OFPC”).
3. QF Queue – Update the QF queue to reflect current signed and potential QFs. The QF queue was 2,273 MW nameplate in the 2016.Q2 filing and was revised to 3,533 MW nameplate in this filing.

4. Potential Wind Modeling – Starting in December 2013, the 2013.Q4 Compliance filing, existing wind and solar generation has been modeled with an hourly profile using an actual generation shape from a historical year. Potential resources were also modeled hourly when data was provided by the project developer. In this filing, all potential wind generation profiles have been shaped to an hourly profile using 2015 wind generation experienced by nearby PacifiCorp wind resources. Shaping does not alter the 12x24 wind generation profile. This change was made to make potential wind modeling more consistent with existing wind modeling. This change increased avoided cost by \$0.08/MWh.

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 ("FOT"). For 2028 and 2029, the proxy will be a combination of FOT and a 477 MW combined cycle combustion turbine (CCCT). Starting January 2030, 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 decrease of approximately \$3.53/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

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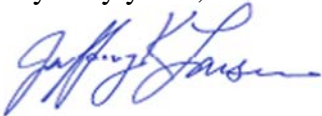
It is respectfully requested that all formal correspondence and requests regarding this compliance filing be addressed to:

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)