



201 South Main, Suite 2300  
Salt Lake City, Utah 84111

November 30, 2010

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

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City, UT 84111

Attn: Julie P. Orchard  
Commission Secretary

Re: **Docket No. 03-035-14 – Quarterly Compliance Filing – 2010.Q3  
Avoided Cost Input Changes**

Commission Orders dated October 31, 2005 and February 2, 2006 in Case No. 03-035-14 state that the Company is required 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.

This filing reports changes since the Company's last compliance filing dated August 27, 2010, Case No. 03-035-14.

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original of this compliance filing to address this requirement. An electronic copy of this filing will be provided to [psc@utah.gov](mailto:psc@utah.gov). 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 Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodology is consistent with the Company's 2008 Integrated Resource Plan Update (2008 IRP Update) which was filed with the Commission on March 31, 2010. During the period 2012 through 2014 the proxy will be third quarter high load hour only front office trades and starting June 2015 the proxy is a 607 MW combined cycle combustion turbine. Both proxy resources are listed in table ES.1 of the 2008 IRP Update.

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

Provided as **Appendix B** is a \$/MWh impact study of the above mentioned updates, together with a comparison to the last filing. The updates reflect a decrease of \$5.68 /MWh on a 20-year nominal levelized basis. Avoided costs presented in **Appendix B** were calculated assuming a 100 MW 85% capacity factor QF resource.

**4. Study Methodology Changes**

Three avoided cost methodology changes have been implemented with this study.

Additional reserve requirements for integrating wind resources into the Company's resource portfolio are modeled in GRID. This change reduces avoided costs by \$0.86/MWH on a 20-year nominal levelized basis.

The market depth in GRID is based on 48 months of historical short term firm sales on a high load hour / low load hour basis, netted by the short term firm sales that the Company has entered into for the study period. Previously, the market caps were for graveyard hours and limited to historical spot sales only. This change increases avoided costs by \$0.43/MWH on a 20-year nominal levelized basis.

Variable wheeling costs of non-firm transmission are removed from the non-firm transmission links modeled in GRID, and are included with other firm wheeling costs because the Company purchases non-firm transmission in the same way as the short-term firm transmission so that the expenses are incurred whether the amount of transmission capacity purchased is fully utilized or not. This change has no impact on avoided costs on a 20-year nominal levelized basis.

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

Provided as **Appendix C** is a \$/MWh step impact study of the major changes from the prior study. Identified as the major changes are: the use of the latest long-term load forecast, the update to the most recent Official Forward Price Curve, the update to the most recent coal price forecast, the three study methodology changes listed above and all other changes to the model. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

**6. Proxy Wind Resource**

The selection of Dunlap I Wind as the proxy wind resource is unchanged from the Company's 2010.Q1 Compliance Filing dated June 14, 2010.

03-035-14 2010.Q3 Compliance Filing  
Avoided Cost Input Changes  
November 30, 2010  
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](mailto:datarequest@pacificorp.com)  
   [dave.taylor@pacificorp.com](mailto:dave.taylor@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 Laren Hale at (503) 813-6054 or Hui Shu at (503) 813-5540.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation

cc: Service List in Docket No. 03-035-14