



Pacific Power | Utah Power
Rocky Mountain Power
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Portland, Oregon 97232

April 13, 2006

**VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY**

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

Attn: Julie P. Orchard
Commission Secretary

Re: **Case No. 03-035-14 - Application of PacifiCorp for Approval of an IRP-Based
Avoided Cost Methodology for Qualified Facility (QF) Projects Larger than One
Megawatt (1 MW) Compliance Filing**

As part of the Commission's Orders dated October 31, 2005 and February 2, 2006 in Case No. 03-035-14, the Commission ordered the Company to (1) notify the Commission and the Division of Public Utilities (DPU) of changes made to the GRID model used in calculating avoided costs, (2) provide reasonable training on the Avoided Cost Methodology models, and (3) demonstrate the inclusion of non-firm transmission in the GRID model.

PacifiCorp hereby respectfully submits an original and five (5) copies of this compliance filing to address these requirements, and provides additional detail below:

1. PacifiCorp's Avoided Cost Model Assumption Updates

In the Commission's Orders referenced above, the Commission ordered 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 that the Company notify the Commission and Division of Public Utilities (DPU) of updates made to the models used in the approved Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodologies.

In accordance with this requirement, please refer to **Appendix A** which provides modeling assumption and update information through April 3, 2006, together with a \$/MWH impact study of these updates, as compared to Exhibit GND-1 (Docket No. 03-035-14); an increase of approximately \$0.52/MWH on a 20-year nominal levelized basis.

2. Avoided Cost Modeling Technical Conference

In the Commission's Order dated October 31, 2005, the Commission ordered the Company to provide reasonable training on the models used in the Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodologies. Accordingly, the Company has provided training as requested, and has met with the Division of Public Utilities (DPU) on February 24, 2006, and will continue to provide training as necessary.

3. PacifiCorp's Non-Firm Transmission GRID Modeling

In the Commission's Orders dated October 31, 2005 and February 2, 2006, the Commission ordered the Company to include 48 months of non-firm transmission in the GRID model, to be developed in a manner similar to that for market caps. The Orders further required that the Company specify the level of non-firm transmission included, provide support for the selected level, explain all changes made to the model and its inputs to incorporate non-firm transmission and explain any resulting impacts on the output of the model.

The Company's record keeping system did not contain sufficient detail to provide the historic non-firm transmission data requested prior to 2004 and it was not a requirement for FERC Form 1 reporting. Starting in 2004, FERC required the Company to classify wheeling, including the designation of non-firm wheeling, and PacifiCorp's transaction capture system began tracking transmission data in sufficient detail. The addition of non-firm transmission increased avoided costs by about \$0.07 /MWH on a 20-year nominal levelized basis.

In accordance with this requirement, please see **Appendix B** for non-firm transmission data for 2004 and 2005.

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 Fax : (503) 813 6060

By Regular Mail : Data Request Response Center
PacifiCorp,
825 NE Multnomah Street, Suite 300
Portland, OR 97232

Informal inquiries may also be made to Laren Hale at (503) 813-6054 or Mark Widmer at (503) 813-5541.

Very truly yours,

D. Douglas Larson
Vice-President, Regulation

Enclosure

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