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

October 30, 2006

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 – Quarterly Compliance Filing – Avoided Cost Input Changes**

As part of the Public Service Commission of Utah's (the "Commission") Orders dated October 31, 2005 and February 2, 2006 in Case No. 03-035-14, the company was 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 that the company 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 in April 2006.

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original and five (5) copies of this compliance filing to address this requirement. An electronic copy of this filing will be provided to mlivingston@utah.gov. Additional detail is provided below:

1. GRID Model Release

GRID has been updated from Release 5.3 to Release 6.1. **Appendix A** provides a summary of the model changes incorporated into Release 6.1.

2. GRID Model Data Updates

A number of data updates and modeling assumption updates have occurred in the GRID model. **Appendix B** provides a summary of the updates that have occurred since the company's April 2006 filing.

3. Proxy / Partial Displacement Differential Revenue Requirement (PDDRR)

Avoided Cost Methodology

In the Commission's Order, dated September 12, 2006 (Docket 06-035-T06, pages 7 and 10), the Commission required the company to use a supercritical coal-fired resource in the determination of Schedule 37 avoided costs. To be consistent with this decision, the company's has updated the Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) spreadsheet to reflect a supercritical coal-fired resource located in Utah. The spreadsheet had previously reflected a subcritical coal-fired resource located in Utah.

In the above referenced Order, the Commission also required the company to use actual natural gas contract prices in the GRID calculation of avoided energy costs. The company has updated the GRID energy net power cost spreadsheet to be consistent with this decision.

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

Provided as **Appendix C** is a \$/MWh impact study of the above mentioned updates, together with a comparison to the April 2006 filing (Docket No. 03-035-14). The updates reflect an increase of approximately \$2.18/MWh on a 19-year nominal levelized basis. Please note that avoided costs presented in Appendix C were calculated assuming a 525 MW QF resource. Avoided costs for smaller QF resources would be higher than those shown in Appendix C.

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 2000
Portland, OR 97232

Informal inquiries may 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)