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Salt Lake City, Utah 84111

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

January 31, 2007

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: **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 dated October 30, 2006, Case No. 03-035-14.

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](mailto:mlivingston@utah.gov). Additional detail is provided below:

**1. GRID Model Release**

The current GRID model is Release 6.1. This is unchanged from the October 2006 filing.

**2. GRID Model Data Updates**

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

**3. Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) Avoided Cost Methodology**

In the Commission's Order, dated December 21, 2006 (Case No. 05-035-47, page 26), the Commission suggested that the company modify the November Draft 2012 Request for Proposal (RFP) for Base Load Resources to solicit bids to contract for power up to 1,700 MW through 2014. Avoided cost modeling has been revised to be consistent with the Commission's suggestion; therefore IRP resources have been replaced with RFP resources. The resource benchmarks that equate to the 1,700 MW are:-

- (1) IPP 3 - 340 MW (June 1, 2012),
- (2) expansion of Blundell Geothermal – 50 MW (June 1, 2012),
- (3) front office transactions - 208 MW (June 1, 2012),
- (4) Hunter 4 - 575 MW (June 1, 2013), and
- (5) Jim Bridger 5 - 527 MW (June 1, 2013).

The Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodology, requires that a resource be identified as the "proxy" resource to be displaced. For this purpose, the company has updated the Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) spreadsheet to reflect a 340 MW coal-fired resource located in Utah as the "proxy" resource (IPP 3).

**4. Proxy Wind Resource**

The company's most recently acquired wind resource is Marengo Wind, a 140.5 MW 35% capacity factor wind resource located near Dayton, Washington and scheduled to be on-line before July 2007. The company proposes to update the avoided cost "proxy" wind resource from Wolverine Creek to Marengo Wind. **Appendix B** provides updated wind resource pricing, based on Marengo Wind.

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**5. 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 October 2006 filing. The updates reflect an increase of approximately \$7.01/MWh on a 20-year nominal levelized basis. Please note that avoided costs presented in **Appendix C** were calculated assuming a 164 MW 100% capacity factor QF resource, which reflects resources previously dispatched. Avoided costs for smaller QF resources would be higher than those shown in **Appendix C**. For projects greater than 164 MW, avoided cost prices would be based on the next RFP deferrable resource.

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)

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,

Jeffrey K. Larsen  
Vice President, Regulation

Enclosure

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