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

May 7, 2007

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 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 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 January 31, 2007, 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. Additional detail is provided below:

1. GRID Model Release

The current GRID model is Release 6.1. This is unchanged from the January 2007 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 January 2007 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 are:-

- (1) IPP 3 - 340 MW (June 1, 2012),
- (2) 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 527 MW coal-fired resource located in Utah as the "proxy" resource (Jim Bridger 5); noting that a 340 MW coal-fired resource located in Utah (IPP 3) has already been displaced by currently known potential resources.

4. Proxy Wind Resource

The proxy wind resource is Marengo Wind; a 140.5 MW 35% capacity factor wind resource located near Dayton, Washington and scheduled to be on-line by August 1, 2007. The resource is unchanged from the January 2007 filing, although the scheduled on-line date has shifted from "before July 2007" to "August 1, 2007".

5. 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 January 2007 filing. The updates reflect a decrease of approximately \$3.24/MWh on a 20-year nominal levelized basis. Please note that avoided costs presented in **Appendix B** were calculated assuming a 477 MW 100% capacity factor QF resource, which reflects resources previously displaced. Avoided costs for smaller QF resources would be higher than those shown in **Appendix B**. For projects greater than 477 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

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)