

July 20, 2007

Public Service Commission of Utah
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Julie P. Orchard
Commission Secretary

RE: Docket No. 03-035-14. Quarterly Compliance Filing – Avoided Cost
Response to Division of Public Utilities Memo

On May 7, 2007, Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or the “Company”), filed its quarterly compliance filing of avoided cost input changes. On July 13, 2007 the Utah Division of Public Utilities (“Division”) submitted to the Utah Public Service Commission (“Commission”) a Memorandum recommending that the Commission not acknowledge Rocky Mountain Power’s Quarterly Compliance filing. Supporting its recommendation the Division states:

“The Division is concerned about the use of the March 2007 load forecast. This forecast used a reduced growth rate for Utah and an increased growth rate for Wyoming. In the IRP process the Division raised concerns about the reduced growth rate in Utah, when the state economy is robust. The Company did not justify the reduction to the satisfaction of the Division. The Division does not think the impact of adopting the March 2007 load forecast on the coincident peak to be insignificant. ...

The Division concluded that all of the Company’s proposed input updates are reasonable except the load forecast. Therefore, since the impact of the load forecast is not insignificant, the Division recommends the Commission not acknowledge the filing.”

Rocky Mountain Power believes that the concerns raised by the Division have already been adequately addressed and do not form a sufficient basis to withhold acknowledgement of the filing. In late April 2007 the Committee of Consumers Services made a recommendation to the Commission that the Company should be required to explain and reconcile the 20-year IRP load forecast with the avoided cost update and 2007 IRP forecasts. The Committee also recommended that the Company should be required to justify the use of any new load forecasts in the avoided cost update and demonstrate the resulting impacts on avoided costs. The Company discussed the issue of addressing the recommendations in our last quarterly Avoided Cost Compliance Report with Becky Wilson of the Commission Staff. Ms. Wilson informed the Company that since the filing had already been prepared and that additional analysis would delay the filing that the Company should address the issues in its next quarterly compliance filing. Since the Division’s recommendation is related to the same topic discussed with Commission Staff, it does not make

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sense to withhold acknowledgement of the quarter ending March 2007 compliance filing. It should also be noted that significant analysis on the new load forecast was prepared and provided in Chapter 2, pages 62 through 68, of the Company's IRP report filed on May 30, 2007.

The Company has developed an updated load forecast dated June 2007, which will be used in the upcoming quarterly compliance filing. It does not make sense to do additional analysis on the previous load forecast used in our last compliance filing at this point. The Company believes the appropriate approach is for the Company to provide analysis on the new load forecast in the upcoming filing.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

cc: Division of Public Utilities
Committee of Consumer Services