



201 South Main, Suite 2300
Salt Lake City, Utah 84111

August 3, 2007

***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 – Quarterly Compliance Filing – Avoided Cost Input Changes
Utah Public Service Commission (the Commission)**

It is stated, in Commission's Orders dated October 31, 2005 and February 2, 2006 in Case No. 03-035-14, that 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 the Company to 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 May 7, 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; unchanged from the last filing.
2. **GRID Model Data Updates**
A number of data and modeling assumption updates have occurred in the GRID model since the last filing. **Appendix A** provides a summary of those updates.

3. Proxy / Partial Displacement Differential Revenue Requirement

Avoided Cost Methodology

Avoided cost modeling has been revised to be consistent with the Company's 2007 Integrated Resource Plan (2007 IRP); a brief overview of which is provided in **Appendix A**. For more detailed information, refer to the 2007 IRP documents entitled "2007 Integrated Resource Plan" and "2007 Integrated Resource Plan Appendices", as filed with the Commission on May 30, 2007.

The Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodology requires that a resource be identified as the proxy thermal resource for displacement purposes. To be consistent with the Company's 2007 IRP, the Company has updated the Proxy / Partial Displacement Differential Revenue Requirement (PDDRR) spreadsheet to reflect a West Side 602 MW CCCT (Wet "F" 2x1) gas-fired resource located in Oregon or Washington as the "proxy" resource. This resource is anticipated to be on-line in 2011.

4. Proxy Wind Resource

The selection of Marengo Wind as the proxy wind resource is unchanged from the last filing, although modeling has been revised to include an expansion to 210.4 MW 35% capacity factor in June 2008.

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 last filing. The updates reflect a increase of approximately \$3.03/MWh on a 20-year nominal levelized basis. Avoided costs presented in **Appendix B** are calculated assuming a 472 MW 100% capacity factor QF resource. Avoided costs for smaller QF resources would be higher than those shown in **Appendix B**. For projects greater than 472 MW, avoided cost prices would be based on the next 2007 IRP deferrable resource.

6. Load Forecast Impact on Avoided Cost Prices (\$/MWh)

Provided as **Appendix C** is a \$/MWh impact study on the new load forecast included in this filing, compared to the load forecast included in the Company's Quarterly Report for the period ended December 2006. The new load forecast increased avoided cost prices by \$9.72/MWh on a 20-year nominal levelized basis. The Company is not providing a comparison to the load forecast used in the Quarterly Report for the period ended March 2007, because the load forecast in this case supersedes that forecast.

7. AMP Resources (Cove Fort) LLC (Cove Fort Geothermal Project)

In this filing, the Company has included AMP Resources (Cove Fort) as a potential contract. The Company and the developer are in ongoing negotiations and it is anticipated that a purchase power agreement will be in place in the near future representing a commencement date of December 31, 2009 with a nameplate of 20 MW.

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)