



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

August 14, 2009

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

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 – 2009.Q2 Supplemental  
Avoided Cost Input Changes**

Commission Orders dated October 31, 2005 and February 2, 2006 in Case No. 03-035-14 state 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.

The Company prepared a quarterly compliance update to be filed April 3, 2009 (2009.Q1). The 2009.Q1 filing was inadvertently mislaid. The Company made a filing for the current quarter on July 14 (2009.Q2) and referenced the 2009.Q1 filing. The DPU noticed the missing filing and requested that the Company provide the missing update. The Company filed the 2009.Q1 update on July 28.

This is a supplemental update to the 2009.Q2 filing made by the Company on July 14, 2009.

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original of this compliance filing to address this requirement. An electronic copy of this filing will be provided to [jwatts@utah.gov](mailto:jwatts@utah.gov). Additional detail is provided below:

**1. 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.

**2. Proxy / Partial Displacement Differential Revenue Requirement  
Avoided Cost Methodology**

Avoided cost modeling is consistent with the Company's 2008 Integrated Resource Plan (2008 IRP); a brief overview is provided in **Appendix A**.

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 2008 IRP, the proxy thermal resource is an East Side 570 MW CCCT (Wet "F" 2x1) gas-fired resource located in Utah available in 2014.

**3. Proxy Wind Resource**

The selection of Three Buttes Wind as the proxy wind resource is unchanged from the last filing.

**4. 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 an increase of \$14.63 /MWh on a 20-year nominal levelized basis. Avoided costs presented in **Appendix B** are calculated assuming a 100 MW 85% capacity factor QF resource.

**5. Major Changes From Prior Study**

Provided as **Appendix C** is a \$/MWh step impact study of the major changes from the prior study. Identified as the major changes are: (1) the use of the latest long-term load forecast, (2) the update to the most recent Official Price Forecast, (3) the update in fixed costs (capacity payment) included in the 2008 IRP and (4) all other changes to the model. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

**6. 2008 Integrated Resource Study**

Many of the assumptions in this quarterly compliance filing have been taken from the 2008 IRP. Provided in Appendix D is a copy of Volume 1 of the 2008 IRP as filed with the Commission on May 8, 2009..

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 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 Hui Shu at (503) 813-5540.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation