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November 4, 2014

***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: Gary Widerburg  
Commission Secretary

Re: **Docket No. 03-035-14 – Quarterly Compliance Filing – 2014.Q3 Avoided Cost Input Changes**

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original and five copies of its quarterly Schedule 38 compliance filing. An electronic copy of this filing will be provided to [psc@utah.gov](mailto:psc@utah.gov).

Commission orders dated October 31, 2005, and February 2, 2006, in Docket No. 03-035-14 require the Company 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 2014.Q2 Quarterly Compliance Filing dated August 22, 2014. Noteworthy changes include an updated long term load forecast, the update to the Company's latest official forward price curve, and the addition of 822 MW of signed and potential qualifying facilities (QFs).

In the 2014.Q2 compliance filing, the Company calculated avoided costs using the official forward price curve adjusted to remove the assumed carbon tax. In the current filing, the Company is using its September 2014 official forward price curve which reflects regional compliance with the proposed Environmental Protection Agency regulation under §111(d) of the Clean Air Act in addition to the normal changes to the forecast prices.

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**

The Proxy used in the PDDRR avoided cost methodology is consistent with the Company's 2013 Integrated Resource Plan Update (IRP Update) filed with the Commission on March

31, 2014. During the period 2014 through 2029 the proxy will be third quarter heavy load hour only front office transactions. Starting January 2030 the proxy will be a 368 MW combined cycle combustion turbine (CCCT).

**3. 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 total increase of approximately \$0.09/MWh on a 20-year nominal levelized basis. Avoided costs presented in **Appendix B** were calculated assuming a 100 MW 85% capacity factor QF resource.

**4. Major Changes from the Prior Study**

Provided as **Appendix C** is a \$/MWh step impact study of the major changes from the prior study. The most significant changes since the 2014.Q2 study include a new long term coal price forecast, an updated long term load forecast, the update to the Company's latest official forward price curve and the addition of 822 MW of signed and potential qualifying facilities (QFs). Also provided in **Appendix C** is the incremental impact of each change from the prior step.

**5. Integration Costs**

Provided as **Appendix D** is the wind integration cost calculation, which is based on the reserve requirements developed in the draft 2014 Wind Integration Study and using the methodology approved in Docket No. 12-035-100. The study is updated to reflect the assumptions included in this 2014.Q3 Compliance Filing.

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 Dave Taylor at (801) 220-2923 or Brian Dickman at (503) 813-6484.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation

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