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

June 26, 2007

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

Attention: Julie P. Orchard, Commission Secretary

Re: Docket 06-999-03
Energy Policy Act 2005 Amendments to PURPA
Rocky Mountain Power Comments on Division of Public Utilities'
Recommendations Concerning Fossil Fuel Energy Efficiency Standard

On May 18, 2007, the Division of Public Utilities (Division) submitted a memo to the Public Service Commission of Utah outlining its recommendations regarding the Public Utilities Regulatory Policies Act (PURPA) Fossil Fuel Energy Efficiency Standard enacted by the Energy Policy Act of 2005. On May 29, 2007, the Commission issued an invitation to interested parties to submit written comments responding to the Division's recommendations. Rocky Mountain Power appreciates the opportunity to respond to the Division's memo and submits the following comments for consideration. The Company will also provide an electronic version of this filing to mlivingston@utah.gov.

Recommendation

In its memo, the Division recommends:

“...adoption of the standard as written. This recommendation does not assume any specific plan.

The DPU recommends that a specific fossil fuel efficiency 10 year plan be included in each IRP. ...”

Rocky Mountain Power agrees with the Division's recommendation that the proposed PURPA standard should be adopted as written. In addition, Rocky Mountain Power has provided the recommended section that details the fossil fuel efficiency plan in the 2007 Integrated Resource Plan and agrees to provide similar information in future Integrated Resource Plans.

Background

The intent of the revised PURPA standard is to improve the thermal efficiency of fossil generation units. Rocky Mountain Power is very supportive of and committed to this objective. Economics drive the Company toward continuous improvement of efficiency for existing units. New units added to the fleet will have improved heat rates and the retirement of old units will always improve the fleet average. In general, the efficiency of our generation units should always be improving.

In reference to this standard, thermal efficiency should be measured in terms of heat rate as measured in units of BTU/KWh. The standard does not require that efficiency improve every year, but rather requires a plan to increase efficiency over a ten year period. Rocky Mountain Power agrees with this approach as the heat rate of coal-fired units is difficult to measure accurately over short periods of time due to variability of heat content of coal and due to difficulty of accurately weighing fuel. The accuracy of the average heat rate improves when measured over longer periods of time. In addition, should the adoption of clean air initiatives or other constraints reduce the efficiency in a particular year, the Company can explain that in the Integrated Resource Plan.

As was referenced on page 3 of the DPU memo to the Commission, at the October 17, 2006 Technical Conference on this matter, the Company made the following comment: "The overall emphasis should be on having a plan and on obtaining continuous improvement over a ten year period. The emphasis should not be on an exact execution of a plan on a year to year basis because flexibility is needed to respond to changing market and system conditions." Rocky Mountain Power is pleased that the DPU agrees with this assessment.

Conclusion

Rocky Mountain Power agrees with the Division's recommendation that the proposed PURPA standard should be adopted as written. Rocky Mountain Power has provided a discussion of the Fossil Fuel Generation Efficiency Standard in Chapter 3 of the 2007 Integrated Resource Plan and has provided a brief description of the fuel efficiency plan and a 20 year projection of the Fleet Average Fossil Fuel Heat Rate Annual Trend by Generator Type in Chapter 7, Figure 7-34, of the 2007 Integrated Resource Plan. Rocky Mountain Power agrees to continue to provide information on the ongoing fossil fuel efficiency plans in future integrated resource plans.

It is respectfully requested that all formal correspondence and staff requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon, 97232

By fax: (503) 813-6060

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Informal questions should be directed to Dave Taylor at (801) 220-2923.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

cc: Division of Public Utilities
Committee of Consumer Services