

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

August 12, 2008

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)**

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.

This filing reports changes since the Company's last compliance filing dated June 27, 2008.

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 Data Updates

The Company made limited updates to GRID Modeling Assumptions. The Company updated market and natural gas prices to the June 2008 official price forecast (0608) and updated short term firm transactions as of July 2, 2008.

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 2007 Integrated Resource Plan (2007 IRP); a brief overview is provided in **Appendix A**. 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 continues to use a West Side 602 MW CCCT (Wet "F" 2x1) gas-fired resource located in Oregon or Washington as the "proxy" resource.

3. Proxy Wind Resource

The selection of Marengo 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 \$14.15 /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 major changes are: (1) the update to the most recent Official Price Forecast and (2) all other changes to the model. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

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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 Hui Shu at (503) 813-5540.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

Enclosure

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