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MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Philip Powlick, Director
Energy Section
Artie Powell, Manager
Abdinasir Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

Date: February 23, 2009

Ref: Docket No. 08-999-02, Re: 03-035-14. Quarterly Compliance Filing – Avoided Cost Input Changes

RECOMMENDATIONS (Accept as in Compliance)

The Division recommends that the Commission accept the Company's filing as in compliance with the Commission Order in Docket No. 03-035-14.

BACKGROUND AND DISCUSSION

In an Order in Docket No. 03-035-14 dated October 31, 2006, the Commission ordered PacifiCorp dba Rocky Mountain Power (RMP or the Company):

To keep a record of any changes, including data inputs, made to the Proxy and GRID models used in this case. The Company shall notify the Commission and Division of any updates they make to the models used in the approved Proxy and PDDRR methods.

In compliance with the above Commission Order, on December 17, 2008, RMP filed its Quarterly Compliance – Avoided Cost Input Changes since the Company's last

compliance filing dated August 12, 2008. In this filing the avoided cost modeling and assumptions as well as the GRID modeling assumptions remain unchanged from the August 12, 2008 filing. However, the Company proposed to update the avoided cost proxy wind resource from Marengo Wind to Three Buttes Wind. Three Buttes is the Company's most recent wind resource located in Converse County, Wyoming. The Company also filed, as Appendix A, updated wind resource pricing based on Three Buttes Wind. The data used in this pricing exercise were based on and is with respect to what was known in the fourth quarter of 2008.

In its filing, the Company indicated that it intends to update the GRID Model assumptions early in 2009 by updating the resource expansion plan to be consistent with 2008 IRP, including the Chehalis plant, and including the GRID model updates ordered by the Commission in Docket No. 07-035-93. The Division expects the Company to also make the appropriate changes in relation to the Company's recent actions regarding Lakeside 2 and the bridging resources.

The Division has reviewed the avoided cost compliance filing and the accompanying updated wind resource pricing based on Three Buttes Wind and concluded that it is in compliance with Commission Order in Docket No. 03-035-14.

CC: Rea Petersen, DPU
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