

March 3, 2011

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

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 – 2011.Q1
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.

This filing reports changes since the Company's last compliance filing dated November 30, 2010, Case No. 03-035-14. In this filing we are revising the Compliance Filing number to reflect the quarter in which the filing is made (2011.Q1) rather than the quarter just ended (2010.Q4).

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 mlivingston@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**

The Proxy used in the Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost methodology is consistent with the Company's 2008 Integrated Resource Plan Update (2008 IRP Update) which was filed with the Commission on March 31, 2010. During the period 2012 through 2017 the proxy will be third quarter high load hour only front office trades and starting June 2018 the proxy is a 536 MW combined cycle combustion turbine (CCCT). Both proxy resources are listed in table ES.1 of the 2008 IRP Update. The use of the 2018 CCCT as the proxy resource is a change from the prior filing. This change is being made because the company contracted for the construction of the Lake Side II CCCT which replaces the 2015 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 an increase of \$0.04 /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. Study Methodology Changes

The 2015 IRP 607 MW CCCT was removed and replaced by the Lake Side II 637 MW CCCT which is available in 2014.

5. Major Changes from the 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: the use of the latest long-term load forecast, the update to the most recent Official Forward Price Curve, the transition from the 2015 CCCT to the 2018 CCCT as the proxy resource and all other changes to the model. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

6. Proxy Wind Resource

The selection of Dunlap I Wind as the proxy wind resource is unchanged from the Company's 2009.Q4 Compliance Filing dated March 9, 2010.

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 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

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