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June 29, 2012

***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: Gary Widerburg
Commission Secretary

Re: **Docket No. 03-035-14 – Quarterly Compliance Filing – 2012.Q2 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 March 7, 2012, Docket No. 03-035-14.

PacifiCorp (dba Rocky Mountain Power) hereby respectfully submits an original and five copies of this compliance filing to address this requirement. An electronic copy of this filing will be provided to psc@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 2011 Integrated Resource Plan Update (2011 IRP Update) which was filed with the Commission on March 30, 2012. During the period 2013 through 2015 the proxy will be third quarter high load hour only front office trades and starting June 2016 the proxy is a 597 MW combined cycle combustion turbine (CCCT). Both proxy resources are listed in Table 5.5 of the 2011 IRP Update.

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 decrease of \$2.83/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 major changes since the prior study were the update to the most recent Official Forward Price Curve, updated resources consistent with the 2011 IRP Update and the incorporation of other modeling updates. Also provided in **Appendix C** is the incremental impact of each change from the prior step.

5. Illustrative Wind Avoided Costs

Provided as **Appendix D** is illustrative wind avoided costs calculated using the Proxy and PDDRR method described in the Commission's order in Docket 03-035-14 dated October 31, 2005, applicable to wind QFs exceeding the IRP target amount of wind. The Company has exceeded the 1,400 MW wind target listed in the October 31, 2005, order and the next deferrable IRP resource is not a wind resource; consequently, "wind QF indicative pricing is based, as it is for non-wind QFs, on the Proxy and PDDRR methods used for non-wind QFs...with a few distinctions."

6. Wind Integration Cost

Provided as **Appendix E** is the cost of wind integration. The Company calculated this value based on the reserve requirements developed in the 2011 IRP Wind Integration study and using a similar wind integration methodology as used in the current Utah General Rate Case, Docket No. 11-035-200. The Company calculated this value in place of the 2011 IRP Wind Integration study \$/MWH to reflect impact of changes in forward market prices.

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

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Informal inquiries may be made to Brian Dickman at (503) 813-6484 or Laren Hale at (503) 813-6054.

Very truly yours,

Jeffrey K. Larsen

Vice President, Regulation & Government Affairs

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