

### **Description of Procedures Used in Exhibit UP&L\_\_\_\_(DLT-1R).**

Tab 1.0 of Exhibit UP&L\_\_\_\_(DLT-1R) is a single page that summarizes the analysis, tab 1.1 shows the calculations of the unit cost of service by season and by monthly usage level, tab 1.2 contains the summer season load factor data used in the analysis, and tab 1.3 to 1.7 provide relevant sections from the cost of service study that are used to separate the cost of service between seasons. The analysis is developed using the functionalized cost of service and unit cost results from the PacifiCorp State of Utah Cost Of Service Study for the 12 Months Ending September 2007 presented in this case by Karl D. Anderberg in Exhibit UP&L \_\_\_\_ (KDA-3). The cost of service results have been adjusted to reflect the stipulated revenue requirement.

Tab 1.0, line 2 shows the annual average, summer period average, and winter period average cost of service for all kWh. Lines 3 to 5 break out the customer related component. Note this includes all of the customer related costs, not just those allowed in the customer charge. Lines 6 to 11 then shows the summer period costs by kWh range. Lines 12 to 20 show this same information assuming a \$3.40 customer component with the remaining customer related costs spread across all kWh.

In tab 1.1 the annual cost of service results are apportioned between the five month summer period and the seven month winter based on the allocation procedures used in the filed cost of service study. For example, the generation demand related cost of service, as shown on page 2 of tab 1.1, are assigned 51.25% to the summer period and 48.75% to the winter period. This is based ratio of the seasonally weighted coincident peaks for the residential class for the summer and winter periods to the sum of the 12 monthly values as shown in tab 1.3. Similar calculations are made for generation energy

related costs, transmission costs, distribution costs, retail costs and miscellaneous costs using the monthly net power costs (tab 1.4), weighted distribution peaks (tab 1.5), non coincident peaks (tab 1.5), or monthly kWh as appropriate for the particular cost category.

Non customer related unit cost per kWh are derived for customers with monthly usage levels in the range of the current Schedule 1 energy blocks. Demand related costs are first calculated as a cost per monthly coincident peak kW, monthly distribution peak, or monthly non coincident peak as appropriate for the cost category. The monthly peak costs are then converted to a per kWh costs using the relevant summer period load factors found in tab 1.2 for each monthly usage level and cost category.

Tab 1.2 contains the monthly coincident peak, non-coincident peak, and distribution peak load factors for each usage level. Load factors are shown for each of the five summer months as well as the average monthly load factors for the summer period.