

PacifiCorp
Avoided Cost (GRID and Differential Revenue Requirement)
Model Assumptions and Updates
through April 3, 2006
Case No. 03-035-14

Appendix A

Project Name : Avoided Costs - DRR Methodology - 4.3.2006.

Official Price Projection : December 31, 2005 (Gas and Market Prices).

Retail Load : Retail loads 2006 through 2015 updated to March 2005 ten-year load forecast. Clark load forecast updated to be consistent with Utah GRC Case No. 06-035-21.

IRP Resource Expansion : Updated to IRP 2004 Update Expansion Plan; includes IRP Wind - 1300 MW by 2013, Foote Creek Wind Profile – 37.8% CF less 86.8 MW of potential wind QFs (Pioneer Ridge and Wasatch Wind), Utah Coal (575 MW Hunter 4) in 2012, Westside CCCT (561 MW) in 2012, Wyoming Coal (500 MW) in 2014 and AMPS Resources (Cove Fort) Geothermal.

IRP Demand Side Management (DSM) : Includes Irrigation 2008-2017 and Others 2013-2022 and 2023.

IRP Front Office Transactions (FOT) : Includes IRP levels – West Main and 4-Corners 500 MW, Mona 200 MW, 4-Corners and Mona - 3Q High Load Hours (HLH) Only – Dispatched by GRID - Priced at PV, West Main – Annual 7x24 flat – Modeled at IRP levels – Priced at Mid-C. FOT excluded in 2006 and 2007 as actual short-term firm (STF) transactions are included.

IRP Partial Displacement Resource: Revised to the Utah Coal and West Side CCCT (consistent with the 2004 IRP Update). The two resources are both available starting 2012 and are displaced based on capacity (50.6% Utah Coal and 49.4% West side CCCT). Front office trades are partially displaced starting in 2008 with high costs trades displaced first. The IRP Partial Displacement Resources are partially displaced by 298 MW of potential QFs (Tesoro QF, Kennecott QF, ExxonMobil, Holly Refinery and Utah Valley Energy).

Transmission Topology : 24 bubble topology.

Transfer Capability : Includes a 250 MW increase in firm transfer capability from Idaho to Goshen. Also includes 300 MW increase in firm transfer capability from Idaho to Utah North (2009 per contract letter).

Hydro Resources : Includes updates to Swift 1 and Swift 2, updated to reflect official hydro forecast with December forward price curve (FPC), updated Cowlitz Swift Return and Merwin Reserve Capability removed.

Thermal Resources : Updates Gas Transaction Data and Gas Swap Data (January 17, 2006) and correct thermal/gas generation section in Load & Resource (L&R) template. Thermal resources updated to reflect 2004 IRP Update, and updates to Currant Creek, Hermiston 2 Owned and Little Mountain.

New Contracts : Includes – Deseret G&T Expansion contract, PGE Cove Power Cost contract, Pipeline Currant Creek/Lakeside contracts, 2 UBS contracts, 3 Constellation contracts, 7 Morgan Stanley contracts, AMPS Resource contracts, DSM Cool Keeper Reserve contract, Clark Displacement contract, 2 PSCo (Exchange) contracts, Gas Swaps and a Weyerhaeuser Reserve Resource contract. Also includes new QF contracts - ExxonMobil QF, Wolverine Wind QF, and Schwendiman Wind QF.

Updated Contracts or Revised Modeling : Include - APS Exchange delivery split, Clark S&I, Clark River Road reserve, Cowlitz Swift deliver, DSM Idaho Irrigation, Desert Power QF Grant Reasonable, Tesoro QF, TransAlta, and Wolverine Creek.

Fuel Prices (Coal) : January 2006-September 2007 (Utah GRC), FY 2007-2008 (October 27, 2005), FY 2009-2025 IRP Coal Price Forecast (August 22, 2005) and FY 2026 escalated from FY 2025

Gas Plant Inception Date : Currant Creek inception date changed to March 22, 2006.

Transmission : Non-firm transmission included using 24 months (2004 through 2005). Updates to firm wheeling costs.

STF Transactions : Updated to February 15, 2006.

Market Caps : 12 months ended August 2005.

GRID Version : Updated to GRID version 5.3 from version 5.1.

Avoided Cost Prices \$/MWH
As Filed in Docket 03-035-14 Vs Updated to April 2006
525 MW Partial Displacement 100% Capacity Factor

Year	Updated to April 2006 (2)	Exhibit GND -1 as Filed (2)	Difference
2005		\$46.03	
2006	\$46.89	\$41.00	\$5.89
2007	\$31.75	\$30.96	\$0.79
2008	\$33.84	\$29.94	\$3.91
2009	\$32.57	\$41.07	(\$8.50)
2010	\$34.10	\$42.25	(\$8.15)
2011	\$35.12	\$40.27	(\$5.15)
2012	\$44.78	\$42.06	\$2.72
2013	\$45.66	\$43.46	\$2.20
2014	\$46.18	\$42.71	\$3.47
2015	\$47.96	\$42.20	\$5.76
2016	\$49.96	\$45.65	\$4.31
2017	\$52.98	\$50.04	\$2.94
2018	\$57.23	\$53.47	\$3.75
2019	\$60.68	\$57.18	\$3.50
2020	\$63.23	\$60.34	\$2.88
2021	\$67.03	\$66.71	\$0.32
2022	\$69.80	\$70.22	(\$0.42)
2023	\$72.61	\$75.37	(\$2.76)
2024	\$75.66	\$79.77	(\$4.10)
2025	\$78.73	\$83.75	(\$5.02)

20 Year Levelized Prices (Nominal) @ 7.20% Discount Rate (1) (3)
\$/MWH 47.14 46.62 0.52

Footnotes:

- (1) Discount Rate - 2004 IRP After Tax Weighted Average Cost of Capital
- (2) Total Avoided Costs with Capacity included at an 85% capacity factor
- (3) 20 Year NPC is 2006-2025

PacifiCorp
Non-Firm Transmission GRID Modeling
Case No. 03-035-14
April 2006

Appendix B

Until recently, the Company's record keeping system did not contain sufficient detail to enable the Company to accommodate the full extent of the Commission's requirement. However, a FERC reporting requirement does require the Company to classify wheeling, including a designation of non-firm, starting in 2004.

For the Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) modeling purposes, the Company averages the 2004 and 2005 data that is available by transmission link (transmission between two GRID bubbles). Transmission within a transmission bubble and transmission links below 1 aMW were excluded; the use of a 1 aMW minimum reduces the administrative burden of including non-firm transmission, eliminates links that are not material and reduces GRID computer run time. The non-firm transmission is included in both the base case and avoided cost GRID runs. As noted during the hearing, the avoided cost impact is pretty small.

Please see Page 2 for a table of non-firm transmission data (greater than 1 aMW) for 2004 and 2005.

**Non-Firm Transmission 2004-2005 (by GRID transmission link)
Excluding Intra-Transmission Bubble Wheeling
(MWH as reported in FERC Form 1)**

GRID Link	MWH	All Links aMW	Greater Than > 1 aMW	Cost \$/MWH
Amps-Colstrip ---> Idaho	280	0.02	-	-
Amps-Colstrip ---> Mid Columbia	132,717	7.56	7.56	\$ 2.83
Amps-Colstrip ---> West Main	3,089	0.18	-	-
Amps-Colstrip ---> Wyoming	7,865	0.45	-	-
Cholla ---> Four Corners	1,310	0.07	-	-
Cholla ---> PP-GC	599	0.03	-	-
COB ---> Mona	44,632	2.54	2.54	\$ 11.97
COB ---> Palo Verde	7,008	0.40	-	-
Colorado ---> Four Corners	64,793	3.69	3.69	\$ 0.64
Colorado ---> Wyoming	471	0.03	-	-
Four Corners ---> Cholla	127	0.01	-	-
Four Corners ---> Palo Verde	1,500	0.09	-	-
Four Corners ---> PP-GC	1,418	0.08	-	-
Four Corners ---> SP15	89,368	5.09	5.09	\$ 2.76
Four Corners ---> Utah North	1,136	0.06	-	\$ -
Idaho ---> Amps-Colstrip	29,646	1.69	1.69	2.01
Idaho ---> Mid Columbia	392	0.02	-	\$ -
Idaho ---> Mona	66,954	3.82	3.82	\$ 12.37
Idaho ---> Utah North	2,400	0.14	-	-
Idaho ---> West Main	294,718	16.80	16.80	\$ 1.97
Idaho ---> Wyoming	1,200	0.07	-	-
Jim Bridger ---> Amps-Colstrip	1,169	0.07	-	-
Jim Bridger ---> Idaho	437,075	24.91	24.91	1.98
Mid Columbia ---> Amps-Colstrip	8,961	0.51	-	-
Mid Columbia ---> West Main	1,289	0.07	-	-
Mona ---> COB	797	0.05	-	-
Mona ---> Palo Verde	98,111	5.59	5.59	2.23
Mona ---> SP15	14,170	0.81	-	-
Mona ---> Utah North	344	0.02	-	-
Mona ---> Wyoming	1,400	0.08	-	-
Palo Verde ---> COB	712	0.04	-	-
Palo Verde ---> Four Corners	8,650	0.49	-	-
Palo Verde ---> Mona	83,303	4.75	4.75	2.56
Palo Verde ---> PP-GC	1,285	0.07	-	-
Palo Verde ---> SP15	33,285	1.90	1.90	2.75
PP-GC ---> Four Corners	150	0.01	-	-
PP-GC ---> Palo Verde	100	0.01	-	-
PP-GC ---> Utah North	100	0.01	-	-
SP15 ---> Four Corners	38,799	2.21	2.21	2.72
SP15 ---> Mona	43,846	2.50	2.50	2.72
SP15 ---> Palo Verde	47,681	2.72	2.72	\$ 2.70
SP15 ---> West Main	119,696	6.82	6.82	\$ 2.70
Utah North ---> Four Corners	9,675	0.55	-	\$ -

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GRID Link	MWH	All Links aMW	Greater Than > 1 aMW	Cost \$/MWH
Utah North ---> Mona	450	0.03	-	\$ -
Utah North ---> West Main	982	0.06	-	\$ -
Utah North ---> Wyoming	300	0.02	-	\$ -
Walla Walla ---> West Main	4,447	0.25	-	\$ -
West Main ---> Amps-Colstrip	3,360	0.19	-	\$ -
West Main ---> COB	28,158	1.60	1.60	\$ 1.47
West Main ---> Idaho	562,788	32.08	32.08	\$ 1.94
West Main ---> Mid Columbia	8,791	0.50	-	\$ -
West Main ---> SP15	11,245	0.64	-	\$ -
West Main ---> Utah North	600	0.03	-	\$ -
West Main ---> Wyoming	77,150	4.40	4.40	\$ 5.07
Wyoming ---> Amps-Colstrip	3,565	0.20	-	\$ -
Wyoming ---> Four Corners	200	0.01	-	\$ -
Wyoming ---> Idaho	50	0.00	-	\$ -
Wyoming ---> Jim Bridger	2,300	0.13	-	\$ -
Wyoming ---> Utah North	2,400	0.14	-	\$ -
Wyoming ---> West Main	5,975	0.34	-	\$ -
Totals (2004 and 2005)		137.65	130.68	
Average \$/MWh				\$ 2.73