



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

HEADQUARTERS: P.O. BOX 33695 DENVER, COLORADO 80233-0695 303-452-6111

December 7, 2004

Mr. Colin Persichetti, Manager
Contract Administration
PacifiCorp
9951 S.E. Ankeny St.
Portland, Oregon 97216-2315

Dear Mr. Persichetti:

Enclosed is the calculation of capacity and energy rates for the 2004 billing year per Exhibit B to the Power Purchase Agreement between PacifiCorp and Tri-State dated November 9, 1989. Listed below is a comparison of the rates for capacity and energy purchases for 2004 and 2005 pursuant to Article 6 of the Agreement, as calculated per Exhibit B:

	2005	2004	Change
Capacity (\$/kW/Mo)	\$15.65	\$13.40	\$2.25
Energy (\$/MWh)	\$15.49	\$14.75	\$0.74

Also enclosed is a copy of Tri-State's 2005 Budget. Per Amendment No. 1 to the aforementioned Agreement dated December 28, 1994, the 2005 rates will be in effect for the January 2005 through December 2005 billing periods.

If you have any questions concerning these figures, please contact Diane Durham.

Sincerely,

Charles F. Crane
Senior Vice President
Power Management/Generation

CC/td

Enclosure

cc: Bill Miller, PacifiCorp Diane Durham
Stan Watters, PacifiCorp Dan Walter

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505-876-2271

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NUCLA, CO 81424-0698
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