

**UAE Data Request 6.1**

- 6.1 Please calculate the impact on the Company's projected revenue requirement in this docket with each of the following changes in assumptions:
- Assume that the proposed Lake Side Project was completed and fully on line on April 1, 2005, rather than as projected in 2007;
  - Assume the same construction and capital costs as projected for Lake Side with a 2007 completion, other than adjustments to reflect inflation or time value of money differences between 2005 and 2007;
  - Assume that the West Valley lease extension was rejected and the West Valley lease was not in place at any time during the test year;
  - Assume that the Currant Creek project was not approved or constructed and was not in operation at any time during the test year; and
  - Recalculate and provide GRID net power costs and other costs in light of the above assumptions

**Response to UAE Data Request 6.1**

See Attachment UAE 6.1 on the enclosed CD.

**RESULTS OF OPERATIONS - INCLUDING LAKESIDE PROXY PLANT**

	FILED RESULTS	Remove West Valley	Remove Currant Creek	Add Lakeside Proxy Plant	Update NPC
1 Operating Revenues:					
2 General Business Revenues	1,155,803,081	-	-	-	-
3 Interdepartmental	-	-	-	-	-
4 Special Sales	297,585,435	-	-	-	7,869,869
5 Other Operating Revenues	35,939,898	145	(449)	330	35
6 Total Operating Revenues	1,489,328,413	145	(449)	330	7,869,905
7					
8 Operating Expenses:					
9 Steam Production	289,503,759	-	-	-	(1,957,263)
10 Nuclear Production	-	-	-	-	-
11 Hydro Production	14,950,615	-	-	-	-
12 Other Power Supply	451,619,673	(8,959,802)	(2,337,008)	8,485,814	5,764,250
13 Transmission	45,135,105	-	-	-	(18,914)
14 Distribution	101,947,832	-	-	-	-
15 Customer Accounting	40,485,054	-	-	-	-
16 Customer Service & Info	6,812,985	-	-	-	-
17 Sales	1,051	-	-	-	-
18 Administrative & General	92,170,705	7,704	(23,923)	17,607	1,887
19 Total O&M Expenses	1,042,626,780	(8,952,097)	(2,360,931)	8,503,421	3,789,960
20 Depreciation	152,799,471	19,594	(1,691,552)	5,743,567	4,204
21 Amortization	23,449,824	1,353	(4,202)	3,092	331
22 Taxes Other Than Income	34,750,768	3,212	(9,972)	7,339	786
23 Income Taxes - Federal	40,286,084	2,977,458	1,806,060	(6,508,304)	1,355,663
24 Income Taxes - State	6,229,332	425,624	262,229	(935,018)	198,816
25 Income Taxes - Def Net	(1,962,517)	(319)	990	(729)	(78)
26 Investment Tax Credit Adj.	(4,851,552)	-	-	-	-
27 Misc Revenue & Expense	103,776	-	-	-	-
28 Total Operating Expenses:	1,293,431,965	(5,525,175)	(1,997,377)	6,813,369	5,349,683
29					
30 Operating Rev For Return:	195,896,448	5,525,319	1,996,929	(6,813,039)	2,520,222
31					
32 Rate Base:					
33 Electric Plant In Service	5,930,194,535	551,691	(45,371,432)	166,648,561	137,876
34 Plant Held for Future Use	794,540	-	-	-	-
35 Misc Deferred Debits	21,648,037	(525)	1,631	(1,201)	4,471
36 Elec Plant Acq Adj	35,267,421	-	-	-	-
37 Nuclear Fuel	-	-	-	-	-
38 Prepayments	7,815,034	509	(1,580)	1,163	125
39 Fuel Stock	22,977,959	-	-	-	1,023
40 Material & Supplies	40,493,874	(205)	638	(469)	1,130
41 Working Capital	30,144,521	(121,389)	(7,987)	18,443	118,192
42 Weatherization Loans	8,381,222	19	(58)	43	5
43 Misc Rate Base	4,816,699	-	-	-	-
44 Total Electric Plant:	6,102,533,842	430,099	(45,378,788)	166,666,540	262,821
45					
46 Rate Base Deductions:					
47 Accum Prov For Deprec	(2,257,841,602)	(34,646)	1,729,973	(2,879,106)	(73,948)
48 Accum Prov For Amort	(157,715,189)	(9,513)	29,537	(21,739)	(2,330)
49 Accum Def Income Tax	(514,179,664)	1,191	(5,716)	10,246	396
50 Unamortized ITC	(205,673)	-	-	-	-
51 Customer Adv For Const	(3,092,948)	-	-	-	-
52 Customer Service Deposits	(7,817,274)	-	-	-	-
53 Misc Rate Base Deductions	(46,619,998)	(3,214)	9,981	(7,346)	(787)
54					
55 Total Rate Base Deductions	(2,987,472,347)	(46,182)	1,763,776	(2,897,945)	(76,668)
56					
57 Total Rate Base:	3,115,061,495	383,918	(43,615,013)	163,768,595	186,153
58					
59 Return on Rate Base	6.289%	0.177%	0.157%	-0.546%	0.078%
60 Return on Equity	6.014%	0.369%	0.328%	-1.142%	0.162%
61					
62 TAX CALCULATION:					
63 Operating Revenue	235,597,795	8,928,083	4,066,208	(14,257,090)	4,074,623
64 Other Deductions	-	-	-	-	-
65 Interest (AFUDC)	-	-	-	-	-
66 Interest	103,874,342	12,802	(1,454,379)	5,461,001	6,207
67 Schedule "M" Additions	182,562,038	21,528	(102,567)	165,550	4,300
68 Schedule "M" Deductions	190,376,002	4,162	(4,379)	(22,368)	577
69 Income Before Tax	123,909,488	8,932,647	5,422,400	(19,530,173)	4,072,139
70					
71 State Income Taxes	6,229,332	425,624	262,229	(935,018)	198,816
72 Taxable Income	117,680,157	8,507,022	5,160,171	(18,595,155)	3,873,323
73					
74 Federal Income Taxes + Other	40,286,084	2,977,458	1,806,060	(6,508,304)	1,355,663
PRICE CHANGE	123,646,419	(8,921,923)	(9,431,355)	34,300,376	(4,067,923)
Adjustment	11,879,174	-	-	-	-
REVISED PRICE CHANGE	135,525,593	-	-	-	-

**LAKE SIDE CAPITAL AND O&M COMPARISON  
2007 RESOURCE (CCN Basis) & 2005 PROXY Estimate  
(12/31/03 \$)**

	Lake Side 2007 Resource	Proxy Lake Side 2005 Resource	Percent Increase	FY06 UT GRC
<b>Capital Costs (\$000s)</b>				
Capital Cost, without AFUDC	\$ 304,195	\$ 371,415	22%	
Capital Cost, with AFUDC	\$ 327,719	\$ 397,499	21%	\$ 397,498,987
<b>O&amp;M Costs</b>				
Fixed , without Duct Burner	\$/kW-Year \$ 10.03	\$/kW-Year \$ 10.19	2%	\$ 4,941,432
Fixed adder for Duct Burner	\$/kW-Year \$ 7.59	\$/kW-Year \$ 7.59	0%	\$ 494,868
				<u>\$ 5,436,300</u>
Variable, without Duct Burner	\$/MWh \$ 2.47	\$/MWh \$ 2.76	12%	\$ 8,122,161
Variable for Duct Burner	\$/MWh \$ 0.10	\$/MWh \$ 0.10	0%	\$ 12,029
				<u>\$ 8,134,190</u>
<b>Fuel Costs</b>				\$ 92,577,945
<b>Depreciation</b>				13,700,995
<b>Accumulated Depreciation</b>				3.45% Composite Rate (6,850,498)

**Current Creek in FY06**

**Rate Base**

Accounts	FY05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	FY06 13 M Avg	UT %	UT Allocated
342SG	0				127,000,000	127,000,000	127,000,000	127,000,000	127,000,000	127,000,000	127,000,000	127,000,000	221,305,856	17,023,535	41.9081%	7,134,241
342SSGCT	0				(364,787)	(364,787)	(364,787)	(364,787)	(364,787)	(364,787)	(364,787)	(364,787)	(635,666)	87,923,077	42.3923%	37,272,624
108OPSG													(635,666)	(635,666)	41.9081%	(266,396)
108OPSSGCT													(364,787)	(3,263,085)	42.3923%	(1,391,776)

**OMAG**

Accounts	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Total	UT %	UT Allocated
Depreciation															
403OPSG												635,666	635,666	41.9081%	266,396
403OPSSGCT				364,787	364,787	364,787	364,787	364,787	364,787	364,787	364,787	364,787	3,263,085	42.3923%	1,391,776
Non-Lbr O&M															
548SG													93,661	41.9081%	39,252
548SSGCT													749,289	42.3923%	317,641
Labor															
548SG													227,470	41.9081%	95,328
548SSGCT													1,819,760	42.3923%	771,438
Fuel															
547SE													5,053,126	41.1668%	2,080,211
547SSGCT				4,340,889	4,807,238	4,583,867	4,363,835	4,275,740	4,728,468	4,645,336	4,137,276		35,682,649	41.6007%	14,927,426

Category	FERC Account	Factor	FY04	Remove Labor	FY04 Non-Labor	DRI	FY05	DRI	FY06	Add FY06 Labor	Fuel Adj	Total FY06	Factor %	UT Alloc
Fuel	547 SSECT		13,612,018								16,274,333	29,886,351	41.601%	12,432,931
Non-Fuel O&M	548 SSGCT		1,936,167	(899,671)	1,036,496	1.0271	1,064,551	1.0489	1,116,655	1,401,317		2,517,972	42.392%	1,067,426
	550 SSGCT		5,026	-	5,026	1.0153	5,103	1.0192	5,201			5,201	42.392%	2,205
	553 SSGCT		24,364	(10,700)	13,664	1.0153	13,873	1.0192	14,140			14,140	42.392%	5,994
	554 SSGCT		848	(586)	282	1.0153	286	1.0192	292			292	42.392%	124
Subtotal		1,966,405	(910,937)	1,055,468		1,083,814		1,136,287		1,401,317		2,537,604		1,075,749
Lease Expense	550 SSGCT		14,983,000	-	14,983,000	1.0153	15,212,395	1.0192	15,504,639			15,504,639	42.392%	6,572,773
Property Tax	550 SSGCT		2,022,016	-	2,022,016	1.0153	2,052,974	1.0192	2,092,413			2,092,413	42.392%	887,022
Total			32,583,439	(910,937)	18,060,483		18,349,183		18,733,340	1,401,317	16,274,333	50,021,008		20,968,475

04-035-42/PacifiCorp  
December 21, 2004  
UAE 6th Set Data Request 6.2

**UAE Data Request 6.2**

Please explain in detail all changes made to the revenue requirement calculations used in this case to reflect all of the above assumptions, as well as the results of those changes. Please provide, by FERC account, the total company amount and the associated Utah allocations with respect to each such change.

**Response to UAE Data Request 6.2**

See Attachments UAE 6.2(a) and 6.2(b) on the enclosed CD.

## **LAKE SIDE PROJECT EARLY DEVELOPMENT SCENARIO**

### Assumptions – Schedule & Capital Cost

1. The 2005 resource would be secured using the same process as that used to secure 2007 Lake Side resource (i.e. RFP, Negotiate, CCN, and Construction).
2. The scope of the 2005 resource would be the same as the 2007 Lake Side resource in all respects.
3. The Developer/EPC contractor would be responsible for procuring all plant equipment.
4. The Developer/EPC contractor will not make a final commitment to ordering/supplying major equipment until the CCN process has been completed and the final CCN has been issued.
5. Construction time is 24 months (matches Lake Side).
6. Gas turbine lead time is 18 months (includes equipment delivery – 5+ weeks). The basis for this assumption is that during 1999-2001 time frame SWPC "F" class gas turbine deliveries were quoted at 18 months.
7. The first gas turbine is required to be delivered 5 months after construction starts (matches Lake Side Schedule).
8. Upon completion of the 12 month RFP process, a complete Development/EPC contract has been executed with all terms and conditions negotiated.
9. The RFP process would take ~4 months and the final negotiations for the RFP/EPC negotiation would take an additional ~8 months. This matches the 2007 Lake Side resource schedule.
10. Based on all these baseline assumptions the developer's/EPC cost proposal would need be based on mid-2001 pricing and estimates for equipment delivery.
11. The 2007 Lake Side resource is a Siemens Westinghouse 2x1 501F reference plant design. In order to develop at 2001 prepared EPC price, SWPC provided actual EPC prices for 3 2x1 projects using v84.3a equipment for contracts executed in 2001. The average of these project costs was used and then adjusted by the then current difference in market price for v84.3a machines and 501F machines (approximately \$1.4 million) with the 501F commanding the higher price. The SWPC V84.3 reference plant is also based on 190 MW steam turbine whereas the Lake Side plant will be based on a 230 MW steam. \$1 million was added to the price to account for the difference in steam turbine capacity.

12. The cost for water and ERCs were adjusted to account for the scarcity of these critical components (assuming they would have even been available in the quantities required). Project development costs were adjusted by the ratio of the 2005 EPC costs to the 2007 EPC costs. Sales taxes for the 2005 resource were determined by the ratio of the 2005 EPC cost to the 2007 Lake Side resource cost times the Lake Side sales tax estimate. EPC contingency was kept the same 0.5% rate. AFUDC for the 2005 resource was calculated using the same cash flow percentages used for the 2007 Lake Side resource but using the 2005 costs. All other capital cost factors used in the development of the 2007 Lake Side remained unchanged.
13. Financial factors remain unchanged with the exception that the historical AFUDC rate for calendar year 2002 were used.

#### Assumptions – O&M Costs

1. All cost factors for the O&M were assumed to be the same as that prepared for the 2007 Lake Side resource with the exception that the gas turbine maintenance was assumed to be 15% higher. The basis for this assumption is that OEMs held a very strong negotiating position at the time the RFP would have been submitted. Costs for steam turbine maintenance were assumed to be the same as the 2007 Lake Side Resource.

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