

OVERALL REVENUE REQUIREMENT

| | <u>Rocky Mountain Power</u> | <u>Office of Consumer Advocate</u> |
|--|-----------------------------|------------------------------------|
| Rate Base | \$1,230,630,418 | \$1,221,927,007 |
| Recommended Return on Rate Base | 8.55% | 8.17% |
| Required Earnings | \$105,185,428 | \$99,831,436 |
| Adjusted Test Year Earnings | \$82,917,767 | \$90,652,960 |
| Earnings Shortfall | \$22,267,661 | \$9,178,476 |
| Gross Revenue Tax Conversion Factor | 1.6192 | 1.6208 |
| Recommended Revenue Increase | \$36,056,901 | \$14,876,471 |
| Increase to Total Operating Revenues | 5.19% | 2.14% |
| Increase to End User Customer Revenues | 8.44% | 3.48% |

| | RMP Adjusted Results Prior to Rate Increase | OCA Adjustment to O&M Escalator (OCA Schedule DKP-4) | OCA Adjustment to Depreciation Rates (OCA Schedule DKP-5) | OCA Adjustment to SO ₂ Sales (OCA Schedule DKP-6) | OCA Adjustment for Sale of RECs (OCA Schedule DKP-7) | OCA Adjustment to Main Transm. Revenues (OCA Sch DKP-8) | OCA Adjustment to Officers' Severance Payments (OCA Schedule DKP-9) | OCA Adjustment to Incremental Oper. and Maint. (OCA Sched. DKP-10) | RMP Correction to Mining Employee Benefit Cost (OCA Sched. DKP-11) |
|-----------------------------------|--|--|---|--|--|--|--|---|---|
| OPERATING REVENUES | | | | | | | | | |
| General Business Revenues | \$427,090,106 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interdepartmental Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Sales | 250,994,964 | 0 | 0 | 0 | 405,115 | 474,743 | 0 | 0 | 0 |
| Other Operating Revenues | 16,618,506 | 0 | 0 | 707,162 | 0 | 0 | 0 | 0 | 0 |
| Total Operating Revenues | \$694,703,576 | \$0 | \$0 | \$707,162 | \$405,115 | \$474,743 | \$0 | \$0 | \$0 |
| OPERATING EXPENSES | | | | | | | | | |
| Steam Production | \$135,433,697 | (\$97,112) | \$0 | \$0 | \$0 | \$0 | \$0 | (\$54) | (\$431,883) |
| Nuclear Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hydro Production | 5,652,458 | (37,317) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Power Supply | 300,365,398 | (65,757) | 0 | 0 | 0 | 0 | 0 | (19,251) | 0 |
| Transmission | 23,242,483 | (54,022) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Distribution | 19,315,176 | (23,816) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Accounting | 8,888,428 | (38,562) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Service and Information | 1,431,530 | (2,333) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative and General | 25,016,705 | (415,479) | 0 | 0 | 0 | 0 | (174,460) | 0 | 0 |
| Total O&M Expenses | \$519,345,875 | (\$734,398) | \$0 | \$0 | \$0 | \$0 | (\$174,460) | (\$19,305) | (\$431,883) |
| Depreciation | \$56,242,586 | \$0 | (\$696,094) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Amortization | 6,143,832 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Taxes Other than Income | 13,143,774 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Income Taxes -- Federal and State | (8,346,806) | 278,704 | 264,168 | 268,368 | 153,741 | 180,165 | 66,208 | 7,326 | 163,900 |
| Income Taxes -- Deferred Net | 24,356,817 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Tax Credit Adjustment | (253,222) | 0 | 169,359 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc. Revenue and Expenses | (647,047) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal Depreciation and Taxes | \$92,439,934 | \$278,704 | (\$262,567) | \$268,368 | \$153,741 | \$180,165 | \$66,208 | \$7,326 | \$163,900 |
| Total Operating Expenses | \$611,785,809 | (\$455,694) | (\$262,567) | \$268,368 | \$153,741 | \$180,165 | (\$108,252) | (\$11,979) | (\$267,983) |
| OPERATING INCOME | \$82,917,767 | \$455,694 | \$262,567 | \$438,794 | \$251,374 | \$294,578 | \$108,252 | \$11,979 | \$267,983 |

INCOME STATEMENT

| | RMP Correction to include Oregon Renewable Tax Credit (OCA Schedule DKP-11) | RMP Correction to Include Blundell Production Tax Credit (OCA Schedule DKP-11) | RMP Correction to NPC to Exclude Irrig. Load Payments (OCA Schedule DKP-11) | RMP Correction to Write-off of Risk Management System (OCA Schedule DKP-11) | OCA Adjustment to Additional Transmission Costs (OCA Schedule DKP-12) | OCA Adjustment to Future Use Plant Property Taxes (OCA Sch. DKP-13) | OCA Adjustment to Synchronize Interest for Taxes (OCA Sch. DKP-14) | OCA Adjustment to Net Power Costs (OCA Sch. DKP-15) | OCA Adjusted Recommendation |
|--|---|--|---|---|---|---|--|---|-----------------------------|
| OPERATING REVENUES | | | | | | | | | |
| General Business Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$427,090,106 |
| Interdepartmental Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 251,874,823 |
| Other Operating Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,325,668 |
| Total Operating Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$696,290,597 |
| OPERATING EXPENSES | | | | | | | | | |
| Steam Production | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$6,283,379) | 128,621,268 |
| Nuclear Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hydro Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (573,949) | 5,041,192 |
| Other Power Supply | 0 | 0 | (156,249) | 0 | 0 | 0 | 0 | (1,543,571) | 298,580,570 |
| Transmission | 0 | 0 | 0 | 0 | (107,522) | 0 | 0 | 0 | 23,080,939 |
| Distribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19,291,360 |
| Customer Accounting | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,849,866 |
| Customer Service and Information | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,428,197 |
| Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administrative and General | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,388,028 |
| Total O&M Expenses | \$0 | \$0 | (\$156,249) | (\$38,739) | (\$107,522) | \$0 | \$0 | (\$8,400,899) | \$509,282,420 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 55,546,492 |
| Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,143,832 |
| Taxes Other than Income | 0 | 0 | 0 | 0 | 0 | (1,535) | 0 | 0 | 13,142,239 |
| Income Taxes -- Federal and State | 117,361 | (212,472) | 59,296 | 14,701 | 40,804 | 582 | (147,442) | 3,188,141 | (3,903,254) |
| Income Taxes -- Deferred Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,356,817 |
| Investment Tax Credit Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (83,863) |
| Misc. Revenue and Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (847,047) |
| Subtotal Depreciation and Taxes | \$117,361 | (\$212,472) | \$59,296 | \$14,701 | \$40,804 | (\$952) | (\$147,442) | \$3,188,141 | 96,355,217 |
| Total Operating Expenses | \$117,361 | (\$212,472) | (\$86,952) | (\$24,037) | (\$66,717) | (\$952) | (\$147,442) | (\$5,212,758) | \$605,637,637 |
| OPERATING INCOME | (\$117,361) | \$212,472 | \$96,952 | \$24,037 | \$66,717 | \$952 | \$147,442 | \$5,212,758 | \$90,652,960 |

| | RMP Adjusted Results Prior to Rate Increase | OCA Adjustment to Reflect Depreciation Rate Settlement Proposal (OCA Schedule DKP-5) | OCA Adjustment to Remove Plant i r i i l d for Future Use (OCA Schedule DKP-13) | OCA Adjustment to Remove Disallowed Severance Carrying Charge (OCA Schedule DKP-9) | OCA Adjustment to Remove Carrying Adl... (OCA Schedule DKP-16) | OCA Adjustment to Cash Working Capital to Coordinate w/ Other Adjustm... (OCA Schedule DKP-17) | RMP Correction to Powderdale Hydro Adjustment B.5 (OCA Schedule DKP-11) |
|------------------------------------|--|---|--|---|--|---|--|
| RATE BASE | | | | | | | |
| Electric Plant in Service | \$2,264,119,679 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plant Held for Future Use | 167,608 | 0 | (143,117) | 0 | 0 | 0 | 0 |
| Misc. Deferred Debits | 16,148,961 | 0 | 0 | (290,767) | (4,128,453) | 0 | (832,648) |
| Plant Acquisition Adjustment | 11,609,133 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nuclear Fuel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepayments | 4,537,295 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fuel Stock | 16,219,855 | 0 | 0 | 0 | 0 | 0 | 0 |
| Material and Supplies | 18,154,478 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working Capital | 6,040,499 | 0 | 0 | 0 | 0 | (1,510,241) | 0 |
| Weatherization Loans | 456,314 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc. Rate Base | 887,922 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Electric Plant | \$2,338,351,744 | \$0 | (\$143,117) | (\$290,767) | (\$4,128,453) | (\$1,510,241) | (\$832,648) |
| Acc. Provision for Depreciation | (861,158,514) | \$240,956 | 0 | 0 | 0 | 0 | 0 |
| Acc. Provision for Amortization | (57,549,837) | 0 | 0 | 0 | 0 | 0 | 0 |
| Acc. Deferred Income Taxes | (163,523,379) | (132,087) | 0 | 0 | 0 | 0 | 0 |
| Unamortized ITC | (1,263,044) | 173,719 | 0 | 0 | 0 | 0 | 0 |
| Customer Advances for Construction | (1,166,555) | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Service Deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc. Rate-Base Deductions | (23,059,997) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Rate Base Deductions | (\$1,107,721,326) | \$282,588 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RATE BASE | \$1,230,630,418 | \$282,588 | (\$143,117) | (\$290,767) | (\$4,128,453) | (\$1,510,241) | (\$832,648) |
| Return on Rate Base | 6.74% | | | | | | |

OCA ADJUSTMENT TO SALE OF SO EMISSION CREDITS UNAMORTIZED BALANCE

| | Gain on Sale of SO _x Credits | Start of Amortization | Amount Amortized through May 2008 | Unamortized Balance | Annual Amortization over 15 years |
|---|---|-----------------------|-----------------------------------|---------------------|-----------------------------------|
| PSE&G (January 1998) | \$1,185,289 | June 2000 | \$621,487 | \$543,802 | \$77,686 |
| Enron (February 1998) | 945,000 | June 2000 | 504,000 | 441,000 | 63,000 |
| Sempra and Cantor Fitzgerald (March 1998) | 2,875,000 | June 2000 | 1,533,333 | 1,341,667 | 191,667 |
| Sempra, APS, LG&E, and Cantor Fitzgerald (April 1998) | 6,262,308 | June 2000 | 3,339,898 | 2,922,410 | 417,487 |
| EPA Auction (May 1998) | 271,483 | June 2000 | 144,791 | 126,692 | 18,099 |
| EPA Auction (July 1998) | 5,701 | June 2000 | 3,041 | 2,660 | 380 |
| EPA Auction (August 1998) | 4,049 | June 2000 | 2,159 | 1,890 | 270 |
| EPA Auction (June 1999) | 426,713 | August 2001 | 194,391 | 232,322 | 26,446 |
| EPA Auction (July 1999) | 7,655 | August 2001 | 3,487 | 4,168 | 510 |
| EPA Auction (August 1999) | 27,204 | August 2001 | 12,393 | 14,811 | 1,814 |
| EPA Auction (September 1999) | 1,743 | August 2001 | 794 | 949 | 116 |
| EPA Auction (June 2000) | 498,302 | August 2001 | 227,004 | 271,298 | 33,220 |
| Koch Carbon (August 2000) | 2,202,000 | August 2001 | 1,003,133 | 1,198,867 | 146,800 |
| PSE&G (September 2000) | 2,269,500 | August 2001 | 1,033,883 | 1,235,617 | 151,300 |
| AEP #1, Greys Harbor, and Colstrip (October 2000) | 2,341,624 | March 2003 | 819,568 | 1,522,056 | 156,108 |
| AEP #2, Snornish (November 2000) | 2,178,932 | March 2003 | 762,626 | 1,416,306 | 145,262 |
| Tacoma, Seattle, Avista, PGE, Acquila (December 2000) | 1,329,249 | March 2003 | 465,237 | 864,012 | 88,617 |
| APS, AEP and Dynegy (January 2001) | 5,065,500 | March 2003 | 1,772,925 | 3,292,575 | 337,700 |
| Coral Energy, Panda Brandywine (March 2001) | 2,400 | March 2003 | 840 | 1,560 | 160 |
| EPA Auction (May 2001) | 602,638 | March 2003 | 210,923 | 391,715 | 40,176 |
| EPA Auction (June 2001) | 32,161 | March 2003 | 11,256 | 20,905 | 2,144 |
| EPA Auction and Kerr River (June 2001) | 43,171 | March 2003 | 15,110 | 28,061 | 2,878 |
| EPA Auction - Yampa (May 2002) | 10,485 | March 2004 | 2,971 | 7,514 | 699 |
| EPA Auction (June 2002) | 519,013 | March 2004 | 147,054 | 371,959 | 34,601 |
| EPA Auction -- APS (July 2002) | 28,130 | March 2004 | 7,970 | 20,160 | 1,875 |
| EPA Auction -- Hayden (November 2002) | 9,132 | March 2006 | 1,370 | 7,762 | 609 |
| EPA Auction, APS, Tri-State, Colstrip (July 2003) | 575,605 | March 2006 | 86,341 | 489,264 | 38,374 |
| EPA Auction -- Hayden (October 2003) | 9,431 | March 2006 | 1,415 | 8,016 | 629 |
| EPA Auction (May 2004) | 827,812 | March 2006 | 124,172 | 703,640 | 55,187 |
| EPA Auction -- APS/Colstrip/Yampa/Hayden (June 2004) | 80,369 | March 2006 | 12,055 | 68,314 | 5,358 |
| EPA Auction (May 2005) | 2,065,357 | March 2006 | 309,804 | 1,755,553 | 137,690 |
| EPA Auction (June 2005) | 200,914 | March 2006 | 30,137 | 170,777 | 13,394 |
| JP Morgan Sale (December 2005) | 13,956,500 | not yet in rates | 0 | 13,956,500 | 930,567 |
| JP Morgan Sale (February 2006) | 12,995,000 | not yet in rates | 0 | 12,995,000 | 866,333 |
| EPA Auction (May 2006) | 2,392,408 | not yet in rates | 0 | 2,392,408 | 159,494 |
| EPA Auction (June 2006) | 232,244 | not yet in rates | 0 | 232,244 | 15,483 |
| Sale (March 2007) | 2,322,500 | not yet in rates | 0 | 2,322,500 | 154,833 |
| Sale (April 2007) | 2,250,000 | not yet in rates | 0 | 2,250,000 | 150,000 |
| EPA Auction (May 2007) | 1,500,000 | not yet in rates | 0 | 1,500,000 | 100,000 |
| Sale (June 2007) | 2,250,000 | not yet in rates | 0 | 2,250,000 | 150,000 |
| Sales (September 2007) | 2,250,000 | not yet in rates | 0 | 2,250,000 | 150,000 |
| Sales (October 2007) | 2,250,000 | not yet in rates | 0 | 2,250,000 | 150,000 |
| Sales (November 2007) | 1,890,000 | not yet in rates | 0 | 1,890,000 | 126,000 |
| FPA Auction (May 2008) | 2,000,000 | not yet in rates | 0 | 2,020,000 | 133,333 |
| TOTAL | \$79,174,522 | | \$13,405,570 | \$65,768,952 | \$5,278,301 |

| | |
|---|--------------------|
| OCA Test Year Beginning Balance | \$57,378,952 |
| OCA Test Year End Balance (Unamort. Bal less Annual Amortization) | \$56,373,388 |
| Average Test Year Unamortized Balance | \$56,876,170 |
| Wyoming Allocation | 16.68% |
| OCA Computed Unamortized Balance | \$9,486,945 |
| RMP Computed Unamortized Balance | \$8,834,075 |
| OCA RATE BASE ADJUSTMENT | (\$652,870) |
| ROCKY MOUNTAIN POWER INCLUDED REVENUE | \$5,155,884 |
| REVENUE DIFFERENCE BETWEEN OCA AND RMP | \$122,417 |
| Wyoming Allocation | 16.68% |
| Wyoming Allocation of OCA and RMP Difference | \$20,419 |

OCA ADJUSTMENT TO SALE OF SO₂ EMISSION CREDITS REVENUE

| | |
|--|-------------|
| 1998 through 2002 five year average of SO ₂ sales | \$5,824,876 |
| 1999 through 2003 five year average of SO ₂ sales | \$3,636,118 |
| 2000 through 2004 five year average of SO ₂ sales | \$3,725,091 |
| 2001 through 2005 five year average of SO ₂ sales | \$4,806,124 |
| 2002 through 2006 five year average of SO ₂ sales | \$3,960,880 |
| 2003 through 2007 five year average of SO ₂ sales | \$9,610,028 |
| 2004 through 2008 five year average of SO ₂ sales | \$9,893,021 |

Average of Annual Sales 1998 through 2008
 \$7,197,684

OCA Computed Unamortized Balance
 OCA Recommended Amortization Period

\$65,768,952
7 years

Annual Revenue based on seven year amortization adjustment

Wyoming Allocation

OCA RECOMMENDED ANNUAL SO₂ REVENUE

16.68%
\$1,567,180

RMP Computed Annual SO₂ Revenue

\$860,018

OCA ADJUSTMENT TO REVENUE

\$707,162

OCA ADJUSTMENT TO REFLECT SALES OF RENEWABLE ENERGY CREDITS

| | <u>REC Revenues</u> | <u>California</u> | <u>Oregon</u> | <u>Washington</u> | <u>Wyoming</u> | <u>Utah</u> | <u>Idaho</u> | <u>FERC</u> |
|---|---------------------|-------------------|---------------|-------------------|------------------|-------------|--------------|-------------|
| Actual Wind Sales already in RMP Filing | \$1,011,684 | \$17,516 | \$285,270 | \$83,208 | \$151,929 | \$429,484 | \$60,828 | \$3,439 |
| Adjustment for REC's Not Sold / Reallocation of Revenue | 392,497 | 6,796 | 102,915 | 32,282 | 58,943 | 186,628 | 23,599 | 1,334 |
| Adjustment for REC's Not Sold / Reallocation of Revenue | (392,497) | (24,312) | (368,185) | 0 | 0 | 0 | 0 | 0 |
| Mid-Test Year Forecast of Additional REC Sales | 1,660,810 | 28,755 | 435,474 | 136,598 | 249,410 | 705,070 | 101,725 | 5,645 |
| Adjustment for REC's Not Sold / Reallocation of Revenue | 644,334 | 11,156 | 168,948 | 52,995 | 96,762 | 273,542 | 38,741 | 2,190 |
| Adjustment for REC's Not Sold / Reallocation of Revenue | (644,334) | (39,911) | (604,423) | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | \$3,316,828 | \$0 | \$0 | \$305,084 | \$557,044 | \$1,574,735 | \$224,892 | \$12,608 |
| Incremental Revenues -- OCA Adjustment | | | | | \$405,115 | | | |

OCA ADJUSTMENT TO MALIN SPRINGS TRANSMISSION REVENUES

| | |
|---|-------------------|
| New Annual Contract (Effective January 2008) | \$20,000,000 |
| Updated Revenues for Test Year (Jan - Aug 2008) | \$13,333,333 |
| Revenues Reflected in RMP Filing | <u>10,171,960</u> |
| Difference between Update and Filed Revenues | \$3,161,373 |
| Wyoming Allocator | <u>15.017%</u> |
| Wyoming Revenue Adjustment | \$474,743 |

REMOVAL OF OFFICER SEVERENCE PAYMENT

| | | |
|---|------------------|---------------------------------------|
| Severance Payment for Ms. Johansen, Former President of PacifiCorp | \$3,900,581 | Shown on RMP Schedule EDW-4 |
| RMP Proposed Amortization Period | <u>3 years</u> | Shown on RMP Schedule SRM-2, Page 4.9 |
| Annual Amortization Amount | \$1,300,194 | |
| Wyoming Allocator | <u>13.4180%</u> | Shown on RMP Schedule SRM-2, Page 4.9 |
| OCA Recommended Expense Disallowance | \$174,460 | |
| Average Unamortized Disallowed Severance | \$2,166,989 | Shown on RMP Schedule SRM-2, Page 4.9 |
| Wyoming Allocator | <u>13.4180%</u> | Shown on RMP Schedule SRM-2, Page 4.9 |
| OCA Recommended Rate Base Disallowance | \$290,767 | |

ROCKY MOUNTAIN POWER PROVIDED CORRECTIONS TO REVENUE REQUIREMENT

| | |
|--|--------------------------------|
| Correction of Twice Included Mining Benefit Costs | \$431,883 |
| Employee Benefits to be Removed from Expense | |
| Correction of Powerdate Adjustment | |
| Exclude the Decommissioning Asset from Rate Base | \$832,648 |
| Correction to Include Oregon Tax Credit | |
| Include Oregon Tax Credit on Renewable Energy Property | (\$117,361) |
| Correction to Include Federal and Utah Tax Credits for Blundell | |
| Include Federal Renewable Tax Credit | \$260,603 |
| Include Utah Renewable Tax Credit | (\$48,131) |
| Correction to Net Power Costs to Exclude Irrigator Load Control Payments | |
| Remove Irrigator Load Control Payments | \$156,249 |
| Correct Coal Stock Balances | |
| Original Adjustment Shown on SRM-2, Page 8.8 | \$2,747,967 |
| Correct Amount of Adjustment Difference | <u>\$2,680,976</u> \$66,991 |
| Correction to Write-off of Risk Management System | |
| Removal of Cost of Software from Plant in Service | (\$538,392) |
| Removal of Accumul. Amortiz. of Software | \$77,875 |
| Removal of Amortization Expense | (\$38,739) |

OCA ADJUSTMENT TO ADDITIONAL TRANSMISSION REQUIREMENTS

| | RMP Proposed Additional <u>Transmission Costs</u> | OCA Recommended Additional <u>Transmission Costs</u> | <u>Difference</u> | Wyoming <u>Allocator</u> | OCA Adjustment Wyoming <u>Allocated</u> |
|---|---|--|-------------------|-----------------------------|---|
| Transmission Development - Hired | \$553,000 | \$553,000 | \$0 | 0.15017 | \$0 |
| Transmission Development - Not Yet Hired | 65,000 | 32,500 | (32,500) | 0.15017 | (4,881) |
| Additional Consulting Support | 300,000 | 150,000 | (150,000) | 0.15017 | (22,526) |
| Engin. & Asset Managemt. -- Not Yet Hired | 106,000 | 53,000 | (53,000) | 0.15017 | (7,959) |
| Main Grid Planning -- Not Yet Hired | 809,000 | 404,500 | (404,500) | 0.15017 | (60,744) |
| Additional Employee Expenses | 40,000 | 20,000 | (20,000) | 0.15017 | (3,003) |
| Additional Materials and Supplies | 3,000 | 1,500 | (1,500) | 0.15017 | (225) |
| Transmission Regulatory Consultant | 109,000 | 54,500 | (54,500) | 0.15017 | (8,184) |
| Increase in FERC Fees for Increased Transmission to Others | 507,000 | 507,000 | 0 | 0.15017 | 0 |
| Increase in WECC Fees for New Responsibilities for Reliability by FERC | 156,000 | 156,000 | 0 | 0.13418 | 0 |
| Northern Tier Fees | <u>247,333</u> | <u>247,333</u> | <u>0</u> | <u>0.13418</u> | <u>0</u> |
| TOTAL | \$2,895,333 | \$2,179,333 | (716,000) | | (\$107,522) |

OCA ADJUSTMENT TO ELIMINATE CERTAIN PLANT HELD FOR FUTURE USE

| | | |
|-------------------------------------|----------------|------------------|
| Disallow: | | |
| North Horn Mountain Coal Property | | \$953,014 |
| Not planned for use until 2010-2018 | | |
| TOTAL DISALLOWANCE | | \$953,014 |
| Wyoming Allocator | <u>15.017%</u> | |
| RECOMMENDED DISALLOWANCE | | \$143,117 |
| Disallow Associated Property Taxes | | |
| Recommended Disallowed Property | | \$953,014 |
| Property Tax Percentage | <u>1.20%</u> | |
| Property Tax to be Disallowed | | \$11,436 |
| Wyoming Allocator | <u>13.418%</u> | |
| RECOMMENDED DISALLOWANCE | | \$1,535 |

OCA ADJUSTMENT TO SYNCHRONIZE INTEREST FOR INCOME TAX CALCULATIONS

| | <u>OCA Recommended</u> | <u>RMP Requested</u> | <u>Difference</u> |
|--|------------------------|----------------------|-------------------|
| Rate Base | \$1,221,927,007 | \$1,230,630,418 | |
| Weighted Average Cost of Debt | <u>3.05%</u> | <u>3.06%</u> | |
| Computed Interest for Regulated Operations | \$37,268,774 | \$37,657,291 | (\$388,517) |
| Effective Tax Rate | <u>37.95%</u> | <u>37.95%</u> | |
| Tax Reduction Related to Interest Expense | \$14,143,500 | \$14,290,942 | (\$147,442) |

**OCA ADJUSTMENT TO NET POWER COSTS
WYOMING JURISDICTIONAL AMOUNTS**

| | |
|---|----------------------|
| RMP Requested Net Power Cost | \$147,018,566 |
| Adjustments to Grid Commitment Logic | (\$1,870,980) |
| Adjustments to STF and LTF Contract Adjustments | (\$1,543,571) |
| Adjustments to Hydro Modeling | (\$573,949) |
| Adjustments to Outage Rate Modeling | (\$562,423) |
| Adjustments to Planned Outage Schedule | (\$1,305,164) |
| Adjustments to Currant Creek and Lakeside Modeling | (\$1,061,982) |
| Adjustments to Generating Unit Representation in GRID | (\$1,365,268) |
| Other NVPC Adjustments | (\$117,562) |
| OCA Recommended Total Company Net Power Costs | \$138,617,667 |
| Difference between OCA and RMP Net Power Cost | (\$8,400,899) |

**OCA ADJUSTMENT TO ELIMINATE CARRYING CHARGE
ON TRANSITION COST DEFERRAL**

| | | |
|---|--------------------|------------------------|
| Eliminate Unamortized Balance of Change in Control Severance | \$32,935,006 | From SRM-2, page 4.9.1 |
| Less: Officer Severance Disallowance | <u>2,166,989</u> | From DKP-9 |
| Not Disallowed Unamortized Balance | \$30,768,017 | |
| Wyoming Allocator | <u>13.418%</u> | |
| Wyoming Allocation of Disallowance | \$4,128,453 | |

OCA ADJUSTMENT TO CASH WORKING CAPITAL

| | |
|-----------------------------------|----------------------|
| OCA Total Adjusted O & M Expenses | \$509,282,420 |
| Taxes Other than Income | 8,143,832 |
| Income Taxes | <u>(3,903,254)</u> |
| Subtotal | \$513,522,999 |
| Daily Cost of Service | \$1,406,912 |
| Net Lag Days | <u>3.22</u> |
| OCA Cash Working Capital | \$4,530,258 |
| OCA Cash Working Capital | \$4,530,258 |
| RMP Cash Working Capital | 6,040,499 |
| Difference | <u>(\$1,510,241)</u> |

OCA ADJUSTMENT TO COVE HYDRO DECOMMISSIONING

| | |
|--|-----------------|
| RMP Adjustment to Accumulated Depreciation | \$92,557 |
| OCA Adjustment to Accumulated Depreciation | <u>232,640</u> |
| Additional Accumulated Depreciation Adjustment | \$140,083 |
| Wyoming Allocator | <u>15.017%</u> |
| Wyoming Allocated Adjustment | \$21,036 |

OCA ADJUSTMENT TO UPPER BEAVER HYDRO FACILITIES SALE

| | |
|--|------------------|
| RMP Adjustment to Accumulated Depreciation | \$1,674,881 |
| OCA Adjustment to Accumulated Depreciation | <u>3,314,145</u> |
| Additional Accumulated Depreciation Adjustment | \$1,639,264 |
| Wyoming Allocator | <u>15.017%</u> |
| Wyoming Allocated Adjustment | \$246,168 |

OCA ADJUSTMENT TO COTTONWOOD COAL LEASE

| | |
|---|--------------------|
| OCA Exclusion of Cottonwood Coal Mine Lease Payment | \$7,000,000 |
| Wyoming Allocator | <u>16.680%</u> |
| Wyoming Allocated Disallowance | \$1,167,600 |