

10. Resource Valuation

A significant component of the Resource Plan is the calculation of an indicative value for each of PacifiCorp's resources. This section explains the valuation process followed by the Company to inform decisions in this proceeding, although the Company may rely on other valuation methods in the future. Final valuation of the Company's generating resources will be the focus of subsequent proceedings once the Commission has approved a resource plan for PacifiCorp.

A. Background.

For purposes of this Resource Plan, PacifiCorp uses a discounted free cash flow (DCF) valuation method to estimate the fair market value of each resource on January 1, 2003. The DCF valuation method is based on the premise that a buyer will pay a price equal to the net present value of projected cash flows from the resource and can be applied uniformly to different types of plants as well as contracts. PacifiCorp recognizes that alternative valuation methods may warrant consideration in future valuation proceedings. PacifiCorp believes, however, that the DCF method provides an accurate measure of the relative values of the resources to support the Resource Plan recommendations.

The first step is to estimate the resource's annual free cash flow. PacifiCorp developed an income statement for each resource and then developed a cash flow statement from the income statement. Annual free cash flow is the cash remaining after all cash expenditures are made and includes operating expenses, capital expenditures, and taxes. Essentially, it is the resource's net operating profit after current taxes less capital expenditures plus book depreciation.

Next, the free cash flow is calculated for each year of the resource life. A terminal cash value for the resource is also estimated.

The net present value of the annual cash flows and the terminal cash value are then calculated using a discount rate that is representative of a purchaser for merchant plants. It is assumed that the PacifiCorp resources will be administratively transferred or sold on January 1, 2003. Consequently, the annual cash flows and the terminal cash value are discounted back to a net present value for January 1, 2003.

The indicative value of the resource is equal to the net present value of the cash flow. If the resource is sold to a third party, the tax basis for depreciation will be the sale value rather than PacifiCorp's tax basis. This new tax basis for the purchaser results in a change in tax depreciation and a resulting change in taxes and annual free cash flow. The value to a third party is determined by the discounted free cash flow method using the new tax basis.

B. Factors and Assumptions Influencing Indicative Valuation.

The primary factors influencing annual free cash flow and indicative value are:

- The forecast market price for electricity used to calculate the resource revenues. The electricity market price forecast is driven primarily by the natural gas price forecast.
- The discount rate is assumed to be representative of purchaser's risk-adjusted cost of capital.
- The forecast price of coal.
- The estimated cost and operational impacts of environmental upgrades to thermal plants and environmental upgrades/relicensing to hydroelectric plants.

The Company performed a preliminary analysis to determine the after-tax present value of the air quality and hydroelectric relicensing costs of its thermal and hydroelectric plants. This analysis was done over the projected useful life of the thermal plants as well as over the term of the licenses in the case of the hydroelectric licenses. It showed that such costs could exceed \$1.1 billion in increased capital expenditures, operating expenditures, and lost revenues. The final outcome is dependent on a variety of factors, including the actual terms and applicability of existing and anticipated environmental laws and regulations, the costs associated with lost generation, developments in pollution control technologies, and the actual terms and conditions of any new hydroelectric licenses.

The ultimate effect of these compliance costs on the Company will depend on the regulatory treatment of such costs, whether the Company elects to sell or abandon facilities rather than make the required capital expenditures and numerous other factors, many of which are beyond the Company's control.

C. The Effect of Selling a Portion of a Plant.

There is growing evidence that a minority stake in a plant will sell at a discount to a whole plant. Intuitively, it makes sense that an owner with minimal control over operating decisions would face greater risk in forecasting its expected cash flows than an owner with complete control over the future decisions. The purchaser can influence the management of the plant, but generally cannot cause radical changes in plant operations. In addition, the owner may have limited influence over risk management decisions. For example, if the owner had control of the total plant, the owner may choose to trade off lower operating costs for increased risk of forced outages.

The Company has found two independent sources that support an assumption that the value of a portion of a plant can be expected to be about 20 percent less than the sale of a complete plant. An article in the October 1999 issue of *Electricity Journal* detailed a regression analysis of past power plant sales. The purpose of the analysis was to develop a method of estimating prices for power plant sales. One conclusion that can be drawn from the regression analysis is that a small portion of plant will sell at an approximate 20% discount to a whole plant. In addition, PP&L Resources offered to buy several ownership shares of the Colstrip power plant and included a 20% premium if it achieved 100% ownership of the resource. The Company has not applied an adjustment to its resource valuations but believes one is appropriate. This is an important factor for consideration by the parties in this proceeding.

D. The Fair Market Value of Oregon's Share of each Generating Resource.

The fair market value is defined as the value that would result from an arms length sale between a willing seller and a willing buyer. Exhibits 10-1 to 10-3 list indicative values of PacifiCorp plants that have been calculated for a number of electricity market forecasts. It is important to consider the range of plant values because there is significant uncertainty associated with the forward price of electricity. These tables list the values for the whole plant. As stated above, a number of factors and assumptions will influence the actual fair market value of a minority ownership interest in each of these resources.

The first column in each table lists the estimated book value for each plant on January 1, 2003. This value is based on the current book value adjusted for depreciation and planned capital investment.

The second column of each table lists the discounted cash flow indicative valuation for each plant. This value is calculated before taking into consideration tax effects of the sale. A negative value means that the plant revenue is not sufficient to cover the costs of operation over the life of the plant.

The third column through fifth column represent the indicative value considering the new tax base a purchaser would have for the plant. This assumes that the purchaser will have a higher depreciation rate than PacifiCorp (assuming that the purchase price is higher than the current tax book value). The higher tax depreciation results in a greater tax deduction resulting in a higher plant indicative valuation.

The fourth column lists the tax consequences to PacifiCorp of selling the resource. A positive value is a cost and indicates that the selling price is above the tax book value. A negative value is a tax benefit to PacifiCorp and indicates that the plant sale price is below tax book value.

The fifth column lists the stranded cost/benefit for each plant. The stranded cost/benefit is the third-party sale price adjusted for tax consequences to PacifiCorp, less the net book value of the plant. A positive value represents a stranded benefit. A negative value represents a stranded cost. The stranded costs/benefits are used to calculate transition charges/credits in Section 11.

The sixth and seventh columns calculate the stranded costs/benefits assuming the plants are administratively valued rather than sold. Column six is equal to column two, the current discounted cash flow value to PacifiCorp.

Column seven, stranded cost/benefit, is calculated by subtracting the book value of the asset from the administrative value.

The values in these figures are for whole plants and must be multiplied by the appropriate Oregon percentage to determine the Oregon share.

Appendices B, C, and D contain plant revenue requirement estimates.

E. Valuation of Wholesale Power Purchase and Power Sale Contracts.

(1) Wholesale Power Purchase Contracts.

The Company valued its wholesale power purchase contracts by comparing the terms of the purchase contracts to the forecasted market clearing prices. First, the Company reviewed the terms of each contract to determine the percentage of energy purchased during on-peak hours, the percentage of energy purchased during off-peak hours, and the appropriate load center to which the contract should be assigned. Second, the Company multiplied the appropriate percentage by the on-peak and off-peak forecast market price for the appropriate load center to determine the weighted-average market price for comparison to the contract terms under the purchase. Third, the Company multiplied the difference between the market clearing price and contract price by the annual contract energy volume to determine the annual net cash flow of the contract. Fourth, the Company added corporate A&G expense to approximate the cost of administration of the contracts. Finally, the Company calculated a net present value of the estimated annual cash flows for the life of each contract. The results of the analysis are listed in Exhibits 10-1 to 10-3, for each of the three market price sensitivities. Contract revenue requirement information is contained in Appendix E.

(2) Power Exchange Contracts and Peaking Contracts.

The Company valued its power exchange contracts by calculating the difference between the forecasted market clearing price for energy when received and for energy when returned. First, the Company reviewed the energy received and energy returned to determine the percentage of energy transacted during on-peak hours, the percentage of energy transacted during off-peak hours, and the appropriate load center to which the

contract should be assigned. Second, the Company multiplied the appropriate percentage by the on-peak and off-peak forecast market price for the designated load center to determine the average market price for energy received and for energy returned. Third, the Company multiplied the difference between the market clearing prices by the annual amount of exchange energy to determine the annual net cash flow of the contract. Fourth, the Company added corporate A&G expense to approximate the costs of administration of the contracts. Finally, the Company calculated a net present value of the estimated annual cash flows for the life of each exchange contract. The results of the analysis are listed in Exhibits 10-1 to 10-3, for each of the market price sensitivities. Contract revenue requirement information is contained in Appendix E.

(3) Power Sales Contracts.

The Company valued its wholesale power sales contracts by comparing the terms of the sale contracts to the market clearing price, adjusted for line losses and wheeling. The Company assumed that the seller will pay for wheeling and adjusted the market clearing price assigned to the power sales contracts, but not to the power purchase contracts. First the Company reviewed power sales for each contract to determine the percentage of energy sold on on-peak hours, the percentage of energy sold during off-peak hours, the appropriate load center to which the contract should be assigned. Second, the Company multiplied the appropriate percentage by the on-peak and off-peak forecast market price for the designated load center to determine the average market price for comparison to the contract terms. Third, the Company multiplied the difference between the market clearing price and the contract terms by the annual contract energy volume to determine the annual net cash flow of the contract. Fourth, the Company added corporate A&G expense to approximate the costs of administration of the contracts. Finally, the Company calculated a net present value of the annual cash flows for the life of each contract. The results of the analysis are listed in Exhibits 10-1 to 10-3, for each of the market price sensitivities. Contract revenue requirement information is contained in Appendix E.



TOTAL PACIFICORP VALUATION SUMMARY

All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
PacifiCorp \$2.00/mmBtu Gas MCP Case with Early Environmental Plant Closures Included

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
SUMMARY							
Steam Plants	\$ 2,282,643	\$ 1,077,026	\$ 1,000,206	\$ (366,274)	\$ (916,162)	\$ 1,077,026	\$ (1,205,617)
Hydro Plants	309,918	327,719	374,844	42,298	22,628	327,719	17,801
Other Plants	187,985	(15,496)	(53,714)	(93,399)	(148,300)	(15,496)	(203,482)
Wholesale Sales Contracts	-	100,150	100,150	38,057	62,093	100,150	100,150
Purchase Power Contracts	-	(503,930)	(503,930)	(191,493)	(312,436)	(503,930)	(503,930)
TOTALS	\$ 2,780,546	\$ 985,469	\$ 917,557	\$ (570,812)	\$ (1,292,177)	\$ 985,469	\$ (1,795,077)

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Plants							
Blundell	\$ 52,449	\$ (16,841)	\$ (24,635)	\$ (33,071)	\$ (44,014)	\$ (16,841)	\$ (69,289)
Carbon	23,262	(3,317)	(8,853)	(20,946)	(11,169)	(3,317)	(26,579)
Cholla	163,606	46,680	21,448	(33,498)	(108,660)	46,680	(116,927)
Colstrip	114,261	11,866	12,859	(45,916)	(55,485)	11,866	(102,395)
Craig	143,501	42,026	24,058	(41,392)	(78,051)	42,026	(101,475)
Dave Johnston	218,445	138,195	134,688	(21,168)	(62,588)	138,195	(80,249)
Gadsby	4,630	(35,627)	(48,737)	(33,524)	(19,843)	(35,627)	(40,257)
Hayden	68,534	19,603	10,489	(17,813)	(40,232)	19,603	(48,931)
Hermiston	127,722	(40,535)	(75,291)	(75,595)	(127,418)	(40,535)	(168,257)
Hunter	539,662	328,103	356,078	(15,486)	(168,098)	328,103	(211,559)
Huntington	221,482	181,325	194,646	(5,905)	(20,932)	181,325	(40,157)
James River	26,127	(1,427)	(7,317)	(13,723)	(19,720)	(1,427)	(27,554)
Jim Bridger	407,958	308,396	312,022	29,297	(125,233)	308,396	(99,562)
Naughton	152,915	50,436	39,195	(53,876)	(59,844)	50,436	(102,480)
Wyodak	171,939	6,182	(23,053)	(72,978)	(122,014)	6,182	(165,757)
Foote Creek Wind	33,679	28,893	31,901	(1,853)	75	28,893	(4,786)
Hydro Lewis	101,575	206,706	243,894	64,994	77,326	206,706	105,131
Hydro Small North	21,238	1,319	(1,034)	(12,245)	(10,027)	1,319	(19,919)
Hydro North Umpqua	60,972	56,626	65,672	6,944	(2,244)	56,626	(4,346)
Hydro Klamath	45,919	26,654	29,333	(1,764)	(14,822)	26,654	(19,265)
Hydro Rogue	11,885	42,497	50,715	14,392	24,438	42,497	30,612
Hydro Bear	43,308	10,589	9,109	(11,633)	(22,566)	10,589	(32,719)
Hydro East	25,021	(16,672)	(22,845)	(18,390)	(29,476)	(16,672)	(41,693)
Little Mountain	331	(2,420)	(2,997)	(2,202)	(1,126)	(2,420)	(2,751)
Other	127	(6)	(10)	(26)	(111)	(6)	(133)
PLANT TOTALS	\$ 2,780,546	\$ 1,389,248	\$ 1,321,336	\$ (417,376)	\$ (1,041,834)	\$ 1,389,248	\$ (1,391,298)

TOTAL PACIFICORP VALUATION SUMMARY

All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
PacifiCorp \$2.00/mmBtu Gas MCP Case with Early Environmental Plant Closures Included

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Long-Term Wholesale Sales Contracts							
Black Hills		\$ (4,545)	\$ (4,545)	\$ (1,727)	\$ (2,818)	\$ (4,545)	\$ (4,545)
So Cal Edison (P)		23,847	23,847	9,062	14,785	23,847	23,847
So Cal Edison (U)		23,847	23,847	9,062	14,785	23,847	23,847
SMUD		(31,352)	(31,352)	(11,914)	(19,438)	(31,352)	(31,352)
IPP Sale		-	-	-	-	-	-
Puget Power II		10,965	10,965	4,167	6,799	10,965	10,965
Sierra Pacific II		20,323	20,323	7,723	12,600	20,323	20,323
UMPA Sale		1,861	1,861	707	1,154	1,861	1,861
CDWR Sale		13,401	13,401	5,092	8,309	13,401	13,401
WAPA Sale		718	718	273	445	718	718
WAPA II Sale		3,682	3,682	1,399	2,283	3,682	3,682
PSCo Sale		39,200	39,200	14,896	24,304	39,200	39,200
Springfield		964	964	366	598	964	964
Deseret Supplemental		(1,688)	(1,688)	(641)	(1,046)	(1,688)	(1,688)
Hurricane Sales		(36)	(36)	(14)	(22)	(36)	(36)
APPA-AEPCO		293	293	111	181	293	293
Flathead Sale		(1,330)	(1,330)	(506)	(825)	(1,330)	(1,330)
L/T SALE TOTALS		\$ 100,150	\$ 100,150	\$ 38,057	\$ 62,093	\$ 100,150	\$ 100,150
Long-Term Purchase Power Contracts							
BPA Peaking Purchase		\$ (40,518)	\$ (40,518)	\$ (15,397)	\$ (25,121)	\$ (40,518)	\$ (40,518)
BPA Entitlement Capacity		(566)	(566)	(215)	(351)	(566)	(566)
BPA Supplemental Capacity		118	118	45	73	118	118
Black Hills Capacity		(6,081)	(6,081)	(2,311)	(3,770)	(6,081)	(6,081)
Mid Columbia		127,239	127,239	48,351	78,888	127,239	127,239
Colockum		(1,412)	(1,412)	(537)	(876)	(1,412)	(1,412)
Grant_County		76	76	29	47	76	76
PGE_Cove		1,679	1,679	638	1,041	1,679	1,679
IPC_Return		(15,911)	(15,911)	(6,046)	(9,865)	(15,911)	(15,911)
Q.F. Contracts - PP&L		(186,220)	(186,220)	(70,764)	(115,456)	(186,220)	(186,220)
TriState Purchase		(18,231)	(18,231)	(6,928)	(11,303)	(18,231)	(18,231)
S. Idaho / Utah to Goshen		(127,297)	(127,297)	(48,373)	(78,924)	(127,297)	(127,297)
S. Idaho / BPA to Pacific		128,141	128,141	48,694	79,447	128,141	128,141
S. Idaho / Storage		3,821	3,821	1,452	2,369	3,821	3,821
S. Idaho / Return of Storage		(2,128)	(2,128)	(808)	(1,319)	(2,128)	(2,128)
APS Purchase		517	517	197	321	517	517
Tri State Exchange		704	704	268	437	704	704
SCE Purchase		(2,077)	(2,077)	(789)	(1,288)	(2,077)	(2,077)
BPA Exchange		(0)	(0)	(0)	(0)	(0)	(0)
Avista Summer Purchase		(1,447)	(1,447)	(550)	(897)	(1,447)	(1,447)
Avista Exchange		(67)	(67)	(25)	(42)	(67)	(67)
Gem State		(1,706)	(1,706)	(648)	(1,058)	(1,706)	(1,706)
GSLM		-	-	-	-	-	-
QF Contracts - UP&L		(78,541)	(78,541)	(29,845)	(48,695)	(78,541)	(78,541)
IPP Purchase		-	-	-	-	-	-
CoGen/Hermiston		(167,729)	(167,729)	(63,737)	(103,992)	(167,729)	(167,729)
Deseret Expansion		612	612	233	380	612	612
APS Exchange		(73,169)	(73,169)	(27,804)	(45,365)	(73,169)	(73,169)
Hurricane Purchase		(10)	(10)	(4)	(6)	(10)	(10)
Redding Exchange		(497)	(497)	(189)	(308)	(497)	(497)
TransAlta Purchase		(31,508)	(31,508)	(11,973)	(19,535)	(31,508)	(31,508)
Enron Purchase		(1,453)	(1,453)	(552)	(901)	(1,453)	(1,453)
Canadian Entitlement		(10,691)	(10,691)	(4,063)	(6,629)	(10,691)	(10,691)
CSPE		422	422	161	262	422	422
L/T PURCHASE TOTALS		\$ (503,930)	\$ (503,930)	\$ (191,493)	\$ (312,436)	\$ (503,930)	\$ (503,930)

TOTAL PACIFICORP VALUATION SUMMARY
All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
PacifiCorp \$3.00/mmBtu Gas MCP Case

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
SUMMARY							
Steam Plants	\$ 2,296,700	\$ 2,484,426	\$ 2,728,144	\$ 285,000	\$ 146,444	\$ 2,484,426	\$ 187,726
Hydro Plants	309,918	623,028	734,862	179,105	245,839	623,028	313,110
Other Plants	187,985	98,703	85,509	(40,495)	(61,982)	98,703	(89,282)
Wholesale Sales Contracts	-	23,095	23,095	8,776	14,319	23,095	23,095
Purchase Power Contracts	-	(348,275)	(348,275)	(132,345)	(215,931)	(348,275)	(348,275)
TOTALS	\$ 2,794,603	\$ 2,880,977	\$ 3,223,335	\$ 300,042	\$ 128,690	\$ 2,880,977	\$ 86,374

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Plants							
Blundell	\$ 52,449	\$ (9,864)	\$ (16,130)	\$ (29,838)	\$ (38,740)	\$ (9,864)	\$ (62,312)
Carbon	23,262	21,307	21,168	(9,538)	7,444	21,307	(1,954)
Cholla	165,374	105,832	94,151	(6,543)	(64,681)	105,832	(59,542)
Colstrip	114,261	63,535	75,850	(21,980)	(16,431)	63,535	(50,726)
Craig	143,501	104,292	99,968	(12,546)	(30,986)	104,292	(39,209)
Dave Johnston	225,173	156,774	165,017	(12,200)	(47,956)	156,774	(68,399)
Gadsby	4,630	(30,218)	(42,143)	(31,018)	(15,755)	(30,218)	(34,848)
Hayden	68,534	45,102	41,576	(6,000)	(20,958)	45,102	(23,432)
Hermiston	127,722	56,120	42,543	(30,818)	(54,360)	56,120	(71,602)
Hunter	539,662	718,356	831,843	165,305	126,876	718,356	178,694
Huntington	221,482	425,140	491,885	107,046	163,357	425,140	203,657
James River	26,127	9,582	6,104	(8,623)	(11,399)	9,582	(16,545)
Jim Bridger	407,958	694,494	782,723	208,164	166,602	694,494	286,536
Naughton	158,477	89,411	90,588	(36,460)	(31,429)	89,411	(69,066)
Wyodak	171,939	100,266	91,648	(29,392)	(50,899)	100,266	(71,673)
Foot Creek Wind	33,679	32,184	35,914	(328)	2,563	32,184	(1,495)
Hydro Lewis	101,575	331,845	396,453	122,966	171,912	331,845	230,270
Hydro Small North	21,238	6,366	5,118	(9,907)	(6,213)	6,366	(14,872)
Hydro North Umpqua	60,972	118,901	141,593	35,794	44,827	118,901	57,929
Hydro Klamath	45,919	73,816	86,830	20,085	20,826	73,816	27,897
Hydro Rogue	11,885	65,523	78,787	25,060	41,843	65,523	53,639
Hydro Bear	43,308	35,928	40,000	106	(3,414)	35,928	(7,381)
Hydro East	25,021	(9,350)	(13,919)	(14,998)	(23,941)	(9,350)	(34,371)
Little Mountain	331	824	958	(699)	1,326	824	493
Other	127	(6)	(10)	(26)	(111)	(6)	(133)
PLANT TOTALS	\$ 2,794,603	\$ 3,206,157	\$ 3,548,515	\$ 423,610	\$ 330,302	\$ 3,206,157	\$ 411,554

TOTAL PACIFICORP VALUATION SUMMARY
All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
PacifiCorp \$3.00/mmBtu Gas MCP Case

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Long-Term Wholesale Sales Contracts							
Black Hills		\$ (20,588)	\$ (20,588)	\$ (7,824)	\$ (12,765)	\$ (20,588)	\$ (20,588)
So Cal Edison (P)		18,288	18,288	6,949	11,339	18,288	18,288
So Cal Edison (U)		18,288	18,288	6,949	11,339	18,288	18,288
SMUD		(43,169)	(43,169)	(16,404)	(26,764)	(43,169)	(43,169)
IPP Sale		-	-	-	-	-	-
Puget Power II		9,549	9,549	3,628	5,920	9,549	9,549
Sierra Pacific II		13,639	13,639	5,183	8,456	13,639	13,639
UMPA Sale		1,646	1,646	626	1,021	1,646	1,646
CDWR Sale		11,104	11,104	4,219	6,884	11,104	11,104
WAPA Sale		(1,251)	(1,251)	(475)	(776)	(1,251)	(1,251)
WAPA II Sale		1,590	1,590	604	986	1,590	1,590
PSCo Sale		21,188	21,188	8,051	13,136	21,188	21,188
Springfield		835	835	317	518	835	835
Deseret Supplemental		(1,970)	(1,970)	(749)	(1,222)	(1,970)	(1,970)
Hurricane Sales		(107)	(107)	(41)	(66)	(107)	(107)
APPA-AEPCO		253	253	96	157	253	253
Flathead Sale		(6,200)	(6,200)	(2,356)	(3,844)	(6,200)	(6,200)
L/T SALE TOTALS		\$ 23,095	\$ 23,095	\$ 8,776	\$ 14,319	\$ 23,095	\$ 23,095
Long-Term Purchase Power Contracts							
BPA Peaking Purchase		\$ (26,895)	\$ (26,895)	\$ (10,220)	\$ (16,675)	\$ (26,895)	\$ (26,895)
BPA Entitlement Capacity		(615)	(615)	(234)	(381)	(615)	(615)
BPA Supplemental Capacity		123	123	47	76	123	123
Black Hills Capacity		(6,081)	(6,081)	(2,311)	(3,770)	(6,081)	(6,081)
Mid Columbia		161,699	161,699	61,445	100,253	161,699	161,699
Colockum		(1,550)	(1,550)	(589)	(961)	(1,550)	(1,550)
Grant County		5,477	5,477	2,081	3,396	5,477	5,477
PGE Cove		2,373	2,373	902	1,471	2,373	2,373
IPC Return		(19,551)	(19,551)	(7,429)	(12,121)	(19,551)	(19,551)
Q.F. Contracts - PP&L		(188,563)	(188,563)	(71,654)	(116,909)	(188,563)	(188,563)
TriState Purchase		(7,182)	(7,182)	(2,729)	(4,453)	(7,182)	(7,182)
S. Idaho / Utah to Goshen		(157,262)	(157,262)	(59,759)	(97,502)	(157,262)	(157,262)
S. Idaho / BPA to Pacific		161,082	161,082	61,211	99,871	161,082	161,082
S. Idaho / Storage		4,360	4,360	1,657	2,703	4,360	4,360
S. Idaho / Return of Storage		(2,479)	(2,479)	(942)	(1,537)	(2,479)	(2,479)
APS Purchase		746	746	284	463	746	746
Tri State Exchange		697	697	265	432	697	697
SCE Purchase		(2,077)	(2,077)	(789)	(1,288)	(2,077)	(2,077)
BPA Exchange		(0)	(0)	(0)	(0)	(0)	(0)
Avista Summer Purchase		(1,268)	(1,268)	(482)	(786)	(1,268)	(1,268)
Avista Exchange		(94)	(94)	(36)	(58)	(94)	(94)
Gem State		1,103	1,103	419	684	1,103	1,103
GSLM		-	-	-	-	-	-
QF Contracts - UP&L		(61,692)	(61,692)	(23,443)	(38,249)	(61,692)	(61,692)
IPP Purchase		-	-	-	-	-	-
CoGen/Hermiston		(114,797)	(114,797)	(43,623)	(71,174)	(114,797)	(114,797)
Deseret Expansion		842	842	320	522	842	842
APS Exchange		(86,466)	(86,466)	(32,857)	(53,609)	(86,466)	(86,466)
Hurricane Purchase		(1)	(1)	(0)	(1)	(1)	(1)
Redding Exchange		(569)	(569)	(216)	(353)	(569)	(569)
TransAlta Purchase		3,557	3,557	1,351	2,205	3,557	3,557
Enron Purchase		(970)	(970)	(369)	(602)	(970)	(970)
Canadian Entitlement		(12,683)	(12,683)	(4,820)	(7,864)	(12,683)	(12,683)
CSPE		460	460	175	285	460	460
L/T PURCHASE TOTALS		\$ (348,275)	\$ (348,275)	\$ (132,345)	\$ (215,931)	\$ (348,275)	\$ (348,275)

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TOTAL PACIFICORP VALUATION SUMMARY
 All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
 Northwest Power Planning Council MCP Case

	1/1/2003		3rd Party Sale			Administrative Valuation	
	1/1/2003 Net Book Value	After-Tax 1/1/2003 Net Present Value	1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
SUMMARY							
Steam Plants	\$ 2,296,700	\$ 3,239,778	\$ 3,649,010	\$ 634,929	\$ 717,381	\$ 3,239,778	\$ 943,078
Hydro Plants	309,918	631,350	745,007	182,960	252,130	631,350	321,432
Other Plants	187,985	108,830	97,855	(35,803)	(54,327)	108,830	(79,156)
Wholesale Sales Contracts	-	11,373	11,373	4,322	7,051	11,373	11,373
Purchase Power Contracts	-	(257,071)	(257,071)	(97,687)	(159,384)	(257,071)	(257,071)
TOTALS	\$ 2,794,603	\$ 3,734,259	\$ 4,246,174	\$ 688,721	\$ 762,850	\$ 3,734,259	\$ 939,656

	1/1/2003		3rd Party Sale			Administrative Valuation	
	1/1/2003 Net Book Value	After-Tax 1/1/2003 Net Present Value	1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Plants							
Blundell	\$ 52,449	\$ (7,022)	\$ (12,665)	\$ (28,522)	\$ (36,592)	\$ (7,022)	\$ (59,471)
Carbon	23,262	32,625	34,966	(4,295)	15,999	32,625	9,364
Cholla	165,374	125,274	117,853	2,464	(49,985)	125,274	(40,100)
Colstrip	114,261	73,602	88,123	(17,316)	(8,822)	73,602	(40,659)
Craig	143,501	128,846	129,902	(1,171)	(12,427)	128,846	(14,655)
Dave Johnston	225,173	289,931	327,352	49,487	52,692	289,931	64,758
Gadsby	4,630	(26,815)	(37,994)	(29,442)	(13,182)	(26,815)	(31,445)
Hayden	68,534	55,158	53,835	(1,341)	(13,358)	55,158	(13,376)
Hermiston	127,722	60,169	47,480	(28,942)	(51,300)	60,169	(67,553)
Hunter	539,662	862,829	1,007,973	232,234	236,077	862,829	323,167
Huntington	221,482	528,815	618,278	155,076	241,720	528,815	307,333
James River	26,127	12,495	9,656	(7,274)	(9,197)	12,495	(13,631)
Jim Bridger	407,958	846,830	968,440	278,736	281,746	846,830	438,872
Naughton	158,477	174,976	194,901	3,179	33,245	174,976	16,499
Wyodak	171,939	154,730	158,046	(4,160)	(9,732)	154,730	(17,209)
Foote Creek Wind	33,679	33,997	38,124	512	3,933	33,997	318
Hydro Lewis	101,575	339,386	405,647	126,460	177,612	339,386	237,811
Hydro Small North	21,238	7,189	6,122	(9,526)	(5,590)	7,189	(14,049)
Hydro North Umpqua	60,972	117,729	140,164	35,251	43,941	117,729	56,757
Hydro Klamath	45,919	68,945	80,891	17,828	17,144	68,945	23,026
Hydro Rogue	11,885	63,157	75,902	23,964	40,054	63,157	51,273
Hydro Bear	43,308	41,688	47,023	2,774	940	41,688	(1,620)
Hydro East	25,021	(6,745)	(10,742)	(13,791)	(21,972)	(6,745)	(31,766)
Little Mountain	331	2,175	2,605	(73)	2,348	2,175	1,844
Other	127	(6)	(10)	(26)	(111)	(6)	(133)
PLANT TOTALS	\$ 2,794,603	\$ 3,979,957	\$ 4,491,872	\$ 782,086	\$ 915,183	\$ 3,979,957	\$ 1,185,354

TOTAL PACIFICORP VALUATION SUMMARY
All Account Balances and Present Values are as of 1/1/2003 in \$1,000's
Northwest Power Planning Council MCP Case

	1/1/2003 Net Book Value	1/1/2003 After-Tax Net Present Value	3rd Party Sale			Administrative Valuation	
			1/1/2003 3rd Party Valuation	Sales Related Tax Effects	Book Gain/Loss [Stranded benefit/cost]	Transfer Valuation	Book Gain/Loss [Stranded benefit/cost]
Long-Term Wholesale Sales Contracts							
Black Hills		\$ (29,683)	\$ (29,683)	\$ (11,280)	\$ (18,404)	\$ (29,683)	\$ (29,683)
So Cal Edison (P)		20,178	20,178	7,668	12,510	20,178	20,178
So Cal Edison (U)		20,178	20,178	7,668	12,510	20,178	20,178
SMUD		(40,476)	(40,476)	(15,381)	(25,095)	(40,476)	(40,476)
IPP Sale		-	-	-	-	-	-
Puget Power II		9,436	9,436	3,586	5,850	9,436	9,436
Sierra Pacific II		11,279	11,279	4,286	6,993	11,279	11,279
UMPA Sale		1,652	1,652	628	1,024	1,652	1,652
CDWR Sale		10,362	10,362	3,937	6,424	10,362	10,362
WAPA Sale		(1,887)	(1,887)	(717)	(1,170)	(1,887)	(1,887)
WAPA II Sale		914	914	347	567	914	914
PSCo Sale		18,496	18,496	7,028	11,468	18,496	18,496
Springfield		825	825	313	511	825	825
Deseret Supplemental		(1,988)	(1,988)	(756)	(1,233)	(1,988)	(1,988)
Hurricane Sales		(139)	(139)	(53)	(86)	(139)	(139)
APPA-AEPCO		263	263	100	163	263	263
Flathead Sale		(8,037)	(8,037)	(3,054)	(4,983)	(8,037)	(8,037)
L/T SALE TOTALS		\$ 11,373	\$ 11,373	\$ 4,322	\$ 7,051	\$ 11,373	\$ 11,373
Long-Term Purchase Power Contracts							
BPA Peaking Purchase		\$ 24,360	\$ 24,360	\$ 9,257	\$ 15,103	\$ 24,360	\$ 24,360
BPA Entitlement Capacity		(676)	(676)	(257)	(419)	(676)	(676)
BPA Supplemental Capacity		194	194	74	120	194	194
Black Hills Capacity		(6,081)	(6,081)	(2,311)	(3,770)	(6,081)	(6,081)
Mid Columbia		180,515	180,515	68,596	111,920	180,515	180,515
Colockum		(1,561)	(1,561)	(593)	(968)	(1,561)	(1,561)
Grant County		6,429	6,429	2,443	3,986	6,429	6,429
PGE Cove		2,403	2,403	913	1,490	2,403	2,403
IPC Return		(20,947)	(20,947)	(7,960)	(12,987)	(20,947)	(20,947)
Q.F. Contracts - PP&L		(183,570)	(183,570)	(69,757)	(113,813)	(183,570)	(183,570)
TriState Purchase		(6,927)	(6,927)	(2,632)	(4,295)	(6,927)	(6,927)
S. Idaho / Utah to Goshen		(168,828)	(168,828)	(64,155)	(104,673)	(168,828)	(168,828)
S. Idaho / BPA to Pacific		165,716	165,716	62,972	102,744	165,716	165,716
S. Idaho / Storage		4,125	4,125	1,568	2,558	4,125	4,125
S. Idaho / Return of Storage		(2,673)	(2,673)	(1,016)	(1,657)	(2,673)	(2,673)
APS Purchase		791	791	301	491	791	791
Tri State Exchange		697	697	265	432	697	697
SCE Purchase		(2,077)	(2,077)	(789)	(1,288)	(2,077)	(2,077)
BPA Exchange		(0)	(0)	(0)	(0)	(0)	(0)
Avista Summer Purchase		(1,062)	(1,062)	(404)	(659)	(1,062)	(1,062)
Avista Exchange		(107)	(107)	(41)	(66)	(107)	(107)
Gem State		1,529	1,529	581	948	1,529	1,529
GSLM		-	-	-	-	-	-
QF Contracts - UP&L		(54,636)	(54,636)	(20,762)	(33,874)	(54,636)	(54,636)
IPP Purchase		-	-	-	-	-	-
CoGen/Hermiston		(101,340)	(101,340)	(38,509)	(62,831)	(101,340)	(101,340)
Deseret Expansion		899	899	342	557	899	899
APS Exchange		(98,686)	(98,686)	(37,501)	(61,185)	(98,686)	(98,686)
Hurricane Purchase		3	3	1	2	3	3
Redding Exchange		(537)	(537)	(204)	(333)	(537)	(537)
TransAlta Purchase		18,360	18,360	6,977	11,383	18,360	18,360
Enron Purchase		(568)	(568)	(216)	(352)	(568)	(568)
Canadian Entitlement		(13,319)	(13,319)	(5,061)	(8,257)	(13,319)	(13,319)
CSPE		503	503	191	312	503	503
L/T PURCHASE TOTALS		\$ (257,071)	\$ (257,071)	\$ (97,687)	\$ (159,384)	\$ (257,071)	\$ (257,071)