

**Exhibit A-1 Power Cost Baseline Rate**  
**December 2016 Power Cost Update - Prices at 8.26.16**

Use Full Baseline Rate (but Fixed Costs from Original 2014 PCORC BLR) for December 2016	Use these Fixed Costs through December 2016
Use Variable Baseline Rate from January 2017 forward	

Row	December 2016 Compliance Update				14PCORC from UE-141141				Difference			
	Pwr Cost Update	Test Yr	Production	Variable	Test Yr	Production	Factor		December 2016			
	December 1, 2016	\$/MWh	Test Year	Production Costs	\$/MWh	Test Year	Rate Year	Monthly	vs 14PCORC			
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			
3	Regulatory Assets (1) (Variable)					\$ 265,497,445						
4	Transmission Rate Base (Fixed)					91,215,648						
5	Production Rate Base (Fixed)					2,127,242,636						
6												
7	Net of tax rate of return					\$ 2,483,955,728						
8						6.69%						
9												
9A												
10	Regulatory Asset Recovery (on Row 3)	\$ 27,325,814	\$ 1.2953	F	27,325,814	\$ 27,325,814	\$ 1.2953	V		\$ -		
10a	Equity Adder Centralia Coal Transition PPA	4,911,255	\$ 0.2328	V		4,911,255	2,326,384	\$ 0.1103	V	\$ 2,584,871		
11	Fixed Asset Recovery Other (on Row 4)	9,388,195	\$ 0.4450	F	9,388,195	9,388,195	\$ 0.4450	F	\$ 9,388,195	\$ -		
12	Fixed Asset Recovery-Prod Factored (on Row 5)	218,942,357	\$ 10.3787	F	218,942,357	218,942,357	\$ 10.3787	F	\$ 221,111,461	\$ 19,208,305		
13	501-Steam Fuel Incl PC Reg Amort	95,629,066	\$ 4.5332	V		95,629,066	95,199,546	\$ 4.5128	V	\$ 429,520		
14	555-Purchased power Incl PC Reg Amort	406,582,559	\$ 19.2736	V		406,582,559	389,511,955	\$ 18.4644	V	\$ 17,070,604		
15	557-Other Power Exp excluding brokerage fees - now in Line 15e	6,286,927	\$ 0.2980	F	6,286,927	6,286,927	\$ 0.2980	F	\$ 6,349,213	\$ -		
15a	Payroll Overheads - Benefits (Inc. Worker's Comp)	7,402,047	\$ 0.3509	F	7,402,047	7,402,047	\$ 0.3509	F	\$ 7,475,380	\$ -		
15b	Property Insurance	2,692,723	\$ 0.1276	F	2,692,723	2,692,723	\$ 0.1276	F	\$ 2,719,400	\$ -		
15c	Montana Electric Energy Tax	1,732,920	\$ 0.0821	V		1,732,920	1,732,920	\$ 0.0821	F	\$ 1,750,088		
15d	Payroll Taxes on Production Wages	1,955,229	\$ 0.0927	F	1,955,229	1,955,229	\$ 0.0927	F	\$ 1,974,600	\$ -		
15e	Brokerage Fees 55700003 Used to be in Line 15	236,520	\$ 0.0112	V		236,520	236,520	\$ 0.0112	F	\$ 238,863		
16	547-Fuel Incl PC Reg Amort	180,436,346	\$ 8.5534	V		180,436,346	166,825,562	\$ 7.9082	V	\$ 13,610,784		
17	565-Wheeling Incl PC Reg Amort	109,376,123	\$ 5.1848	V		109,376,123	106,375,889	\$ 5.0426	V	\$ 3,000,233		
18	Transmission Revenue 456.1	(6,685,935)	\$ (0.3169)	F	(6,685,935)	(6,685,935)	\$ (0.3169)	V		\$ -		
19	Production O&M	117,619,474	\$ 5.5756	F	117,619,474	116,299,220	\$ 5.5130	F	\$ 117,451,418	\$ 1,320,254		
19a	N/A (this line formerly Colstrip Major Maintenance)					1,320,253	\$ 0.0626	V		\$ (1,320,253)		
20	447-Sales to Others	(75,690,740)	\$ (3.5880)	V		(75,690,740)	(29,085,181)	\$ (1.3787)	V	\$ (46,605,559)		
21	456-Purch/Sales Non-Core Gas	(17,511,597)	\$ (0.8301)	V		(17,511,597)	(5,342,456)	\$ (0.2533)	V	\$ (12,169,141)		
22	Transmission Exp - 500KV	926,060	\$ 0.0439	F	926,060	926,060	\$ 0.0439	F	\$ 935,234	\$ -		
23	Depreciation-Production (FERC 403)	111,561,172	\$ 5.2884	F	111,561,172	111,561,172	\$ 5.2884	F	\$ 112,666,430	\$ -		
24	Depreciation-Transmission	4,204,776	\$ 0.1993	F	4,204,776	4,204,776	\$ 0.1993	F	\$ 4,204,776	\$ 21,313,784		
25	Amortization - Regulatory Assets & Liab - Non PC Only (1)	18,713,824	\$ 0.8871	F	18,713,824	31,968,945	\$ 1.5155	V		\$ (13,255,121)		
26	N/A - Hedging Line of Credit will be in COC in next GRC; incl here to tie to BLR	526,847	\$ 0.0250	F	526,847	526,847	\$ 0.0250	V		\$ -		
27	Subtotal & Baseline Rate	\$ 1,226,561,962	\$ 58.144		\$ 520,859,510	\$ 705,702,452	\$ 1,261,895,770	\$ 59.819		\$ 486,265,059	\$ 40,522,088	\$ (35,333,808) <-See Impact on Rev Req for reconciliation
28	Revenue Sensitive Items	0.9543790	0.9543790		0.9543790	0.9543790	0.9543790					\$ - <-ties
29	Grossed up for RSI	\$ 1,285,193,788	\$ 60.923		\$ 545,757,513	\$ 739,436,275	\$ 1,322,216,614					
30	Test Year DELIVERED Load (MWH's)	21,095,348	<- includes Firm Wholesale				21,095,348	<- includes Firm Wholesale				
31			Total	Fixed (Decoupling)	Variable (PCA)							
32	Baseline Rate Summarized											
33	BLR Before RSI	\$ 58.144	\$ 24.691	\$ 33.453								
34	BLR Net of RSI	\$ 60.923	\$ 25.871	\$ 35.052								
35												
36	(1) - Amortization is picked up in Regulatory Assets and Liabilities Adjustment.											

POWER COST OR PROD O&M RELATED	FERC	Rate Year	PF
		(Pre-PF)	0.99019
BEP in Line 14	555	3,526,620	3,492,024
WESTCOAST PIPELINE CAPACITY - UE-082013 (FB ENERGY) in Line 16	547	(392,170)	(388,322)
WESTCOAST PIPELINE CAPACITY - UE-100503 (BNP PARIBUS) in Line 16	547	(537,626)	(532,352)
CHELAN PUD CONTRACT INITIATION in Line 14	555	7,088,066	7,018,532
COLSTRIP 1&2 (WECo) PREPAYMENT in Line 13	501	500,000	495,095
LOWER SNAKE RIVER PREPAID TRANSP PRINCIPAL in Line 17	565	3,201,552	3,170,145
TOTAL POWER COST RELATED		13,386,442	13,255,121
	Check=>		0.00%

NON POWER COST RELATED	FERC	Rate Year	PF
		(Pre-PF)	0.99019
WHITE RIVER PLANT COSTS	407	1,494,702	1,480,039
FERC PART 12 STUDY NON-CONSTRUCTION COSTS UE-070074		241,268	238,901
CARRYING CHARGES ON LSR PREPAID TRANSP	407.3	687,420	680,676
MINT FARM DEFFRED - UE-090704 (ends Mar 2025)	407.3	2,885,052	2,856,750
LOWER SNAKE RIVER PLANT DEFERRAL (ends Apr 2016)		4,499,640	4,455,499
FERNDALIE PLANT DEFERRAL (ends Oct 2019)	407.3	4,520,423	4,476,077
SNOQUALMIE UPGRADE PLANT DEFERRAL (ends Oct 2019)	407.3	2,644,123	2,618,185
BAKER UPGRADE PLANT DEFERRAL (ends Oct 2019)	407.3	673,352	666,746
TREASURY GRANT DEFERRAL SNOQ & BAKER (ends Dec 2018)	407.4	(2,138,248)	(2,117,272)
ELECTRON UNRECOVERED COSTS	407	3,391,494	3,358,224
TOTAL NON-POWER COST RELATED		18,899,226	18,713,824
	Check=>		0.00%