

Recovery Mechanism	PacifiCorp		Avista		Puget Sound Energy	
	Power Cost Adjustment Mechanism (PCAM)	Energy Recovery Mechanism (ERM)	Power Cost Adjustment Mechanism (PCAM)	Energy Recovery Mechanism (ERM)	Power Cost Adjustment (PCA)	Power Cost Adjustment (PCA)
Deadband / Amount +/- from Baseline	No deadband	Yes +/- \$9M	No deadband	Yes +/- \$9M	Yes +/- \$20M	Yes +/- \$20M
Total Company Impact	Deadband \$9M Washington => Deadband \$106M PacifiCorp Deadband \$20M Washington => Deadband \$235M PacifiCorp		Deadband \$9M Washington => Deadband \$106M PacifiCorp Deadband \$20M Washington => Deadband \$235M PacifiCorp			
Subsequent Cost Sharing Rate (% customers / % utility)	90% / 10%	90% / 10%	90% / 10%	90% / 10%	50% / 50% next \$20M 90% / 10% next \$80M 95% / 5% if > \$120M	50% / 50% next \$20M 90% / 10% next \$80M 95% / 5% if > \$120M
Cap for Utility?	n/a	n/a	n/a	n/a	4 year \$40M cap + 1% of excess above \$40M cap through 6/30/06 +/- \$30M in balancing account	4 year \$40M cap + 1% of excess above \$40M cap through 6/30/06 +/- \$30M in balancing account
Deferrals Surcharge/Rebate Trigger	+/- \$5M in balancing account	Surcharge at fixed rate until deferred balance reaches zero. (estimated by end of 2009) New surcharge if and When deferrals = 10% of base retail revenue (-\$27.8M)	+/- \$5M in balancing account	Surcharge at fixed rate until deferred balance reaches zero. (estimated by end of 2009) New surcharge if and When deferrals = 10% of base retail revenue (-\$27.8M)		
Carrying Charge on Deferred Balance	Yes	Yes	Yes	Yes		
Amortization Period	1 year	1 year for any new surcharge after current surcharge brings balance to zero.	1 year	1 year for any new surcharge after current surcharge brings balance to zero.	1 year on a case by case basis	1 year on a case by case basis
Resetting Baseline Rates	General Rate Case	General Rate Case	General Rate Case	General Rate Case	General Rate Case, or Power Cost Only Rate Case	General Rate Case, or Power Cost Only Rate Case
Include all Net Power Cost Components?	Excludes new owned generation	Excludes transmission wheeling revenue sales-& expenses, and excludes return on/of new owned generation.	Excludes new owned generation	Excludes transmission wheeling revenue sales-& expenses, and excludes return on/of new owned generation.	Excludes LTF contracts greater than 2 years and new owned generation	Excludes LTF contracts greater than 2 years and new owned generation
Other Mechanisms					PCORC - Recovers items not included in PCA and resets baseline to recover fixed costs	PCORC - Recovers items not included in PCA and resets baseline to recover fixed costs
QF Recovery	100% recovery for QF costs	n/a	100% recovery for QF costs	n/a	n/a	n/a

Other Adjustments	PacifiCorp Retail load adjustment	Avista Retail load adjustment	Puget Sound Energy Fixed-rate component recovered through Power-Cost-Rate and Colstrip Availability-Rate is adjusted to match dollars recovered to dollars in governing GRC or PCORC test year. Adjustment made if Colstrip availability falls below established threshold.
Accrued Costs Subject to Prudence Review? Relationship to Earnings	Yes If rate of return > authorized, deferral costs not recoverable. If rate of return < authorized, deferral balances owed to customers not returned	Yes	Yes