

Revenue Requirement Adjustment Summary

The table below presents the Company's restating and pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement.

Revenue Requirement Model for ORDER

Line No.	Adj. No.	A	B	C			D			E				
				Unadjusted Washington Allocated Data (Per Books)			NOI	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	NOI	Rate Base
					53,650,957		781,321,066				5,458,077			
1	3.1		Temperature Normalization		(571,522)		-				921,606			
2	3.2		Revenue Normalizing		(5,477,991)		-				8,833,508			
3	3.3		Effective Price Change		5,273,123		-				(8,503,148)			
4	3.4		SO2 Emission Allowance Sales		1,855		(1,645)				(3,184)			
5	3.5		Renewable Energy Credits		(288,402)		-				465,061			
6	3.6		Wheeling Revenue		58,936		-				(95,036)			
7			Tab 3 - Revenue - Subtotal		(1,004,003)		(1,645)				1,618,806			
9	4.1		Miscellaneous Expense & Revenue		44,464		-				(71,701)			
10	4.2		General Wage Increase (Annualizing)		(395,768)		-				638,194			
11	4.3		Legal Expenses		65,657		-				(105,875)			
12	4.4		Irrigation Load Control Program		1,650		-				(2,661)			
13	4.5		Remove Non-Recurring Entries		(90,925)		-				146,621			
14	4.6		DSM Expense Removal		7,496,439		-				(12,088,347)			
15	4.7		Insurance Expense		(184,003)		-				296,713			
16	4.8		Advertising		15		-				(24)			
17	4.9		Memberships & Subscriptions		14,966		-				(24,134)			
18	4.10		Revenue-Sensitive/ Uncollectible Expense		(269,665)		-				434,847			
19	4.11		Full Time Equivalent Reduction - NEW		542,591		-				(874,953)			
PC-2			Pension Expense		51,062		-				(82,340)			
PC-3			OPEB Expense		116,000		-				(187,056)			
20			Tab 4 - O&M - Subtotal		7,392,485		-				(11,920,715)			
22	5.1		Net Power Costs - Removal		4,882,290		-				(7,872,912)			
23	5.2		Colstrip #3 Removal		944,989		(7,809,780)				(2,443,160)			
24	5.3		EIM Costs Removal - NEW		246,367		(1,226,330)				(541,635)			
25			Tab 5 - NPC - Subtotal		6,073,646		(9,036,110)				(10,857,708)			
26	6.1		End-of-Period Plant Reserves		-		(15,072,680)				(1,774,270)			
28	6.2		Annualization of Base Period Depr./Amort. Expense		(350,091)		214,125				589,742			
29	6.3		Hydro Decommissioning		-		(160,400)				(18,881)			
30	6.4		Accelerated Depreciation on Jim Bridger & Colstrip		(6,607,865)		(8,765,943)				9,623,604			
30	6.5		Retired Asset Depreciation Expense Removal - NEW		104,104		297,696				(132,829)			
31			Tab 6 - Depreciation/Amortization - Subtotal		(6,853,852)		(23,487,202)				8,287,366			
33	7.1		Interest True Up		155,932		-				(251,447)			
34	7.2		Property Tax Expense		(306,725)		-				494,608			
35	7.3		Production Tax Credit		(108,625)		-				175,162			
36	7.4		PowerTax ADIT Balance		-		9,507,727				1,119,195			
37	7.5		WA Low Income Tax Credit		12,289		-				(19,816)			
38	7.6		Flow-Through Adjustment		(2,123,178)		(2,260,168)				3,157,666			
39	7.7		Remove Deferred State Tax Expense & Balance		139,106		(78)				(224,324)			
40	7.8		WA Public Utility Tax Adjustment		(182,112)		-				293,663			
41	7.9		AFUDC Equity		(1,353)		-				2,183			
42			Tab 7 - Tax - Subtotal		(2,414,667)		7,247,481				4,746,891			
44	8.1		Jim Bridger Mine Rate Base		-		27,838,518				3,276,992			
45	8.2		Environmental Remediation		(434,575)		(849,177)				600,811			
46	8.3		Customer Advances for Construction		-		(997,745)				(117,449)			
47	8.4		Pro Forma Major Plant Additions		(1,209,293)		-				1,950,040			
48	8.5		Miscellaneous Rate Base		-		(23,631,671)				(2,781,786)			
49	8.6		Removal of Colstrip #4 AFUDC		17,991		(342,058)				(69,276)			
50	8.7		Trojan Unrecovered Plant		2,901		(277,124)				(37,300)			
51	8.8		Customer Service Deposits		(2,831)		(3,272,583)				(380,665)			
52	8.9		Misc. Asset Sales and Removals		-		210,870				24,822			
53	8.10		Investor Supplied Working Capital		-		23,962,204				2,820,694			
54	8.11		End-of-Period Plant Balances		-		27,245,532				3,207,189			
55	8.12		Chehalis Regulatory Asset Adjustment		-		(1,861,470)				(219,122)			
56	8.13		Idaho Asset Exchange		27,145		(1,431,933)				(212,332)			
57			Tab 8 - Rate Base- Subtotal		(1,598,662)		46,593,364				8,062,621			
59	9.1		Production Factor (Blank)		-		-				-			
60			Tab 9 - Production Factor- Subtotal		-		-				-			
63			Subtotal Normalizing Adjustments		1,594,947		21,315,887				(62,739)			
64			Total Adjusted Results		55,245,903		802,636,953				5,395,338			

Year-Two Incremental Revenue Requirement Adjustment Summary - ORDER

The table below presents the Company's pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement for the second step rate increase request in the Company's proposed Two-Year Rate Plan.

	A	B	C	D	E
Line No.	Adj. No.	Adj. Description	NOI	Rate Base	Rev. Req.
1	1	<i>Jim Bridger Unit 4 Overhaul & SCR Installation - REVISED</i>	(1,473,663)	-	2,376,349
2	2	<i>SCADA EMS Replacement & Upgrade - REVISED</i>	(68,869)	1,446,101	281,283
3	3	<i>Union Gap Transmission Project - REVISED</i>	(58,876)	3,634,878	522,823
4	4	<i>Production Tax Credit - REVISED</i>	(3,007,518)	-	4,849,759
5	5	<i>Remove Deferred State Tax Expense & Balance - REVISED</i>	(5,711)	586,766	78,281
6	6	<i>Interest True Up - REVISED</i>	270,124	-	(435,588)
7	7	<i>Remove Retired Asset Depreciation - NEW</i>	41,968	23,431	(64,917)
8		Subtotal Normalizing Adjustments	(4,302,546)	5,691,176	7,607,991
9					
10		Total Incremental Revenue Requirement	(4,302,546)	5,691,176	7,607,991