

**Comparison of Key Elements
Protocol vs. Revised Protocol**

Topic	Protocol	Revised Protocol
Introduction	<p>The Protocol describes how PacifiCorp’s costs and wholesale revenues will be assigned or allocated among its six states for purposes of establishing retail rates.</p> <p>PacifiCorp will continue to plan and operate its system on a six-state integrated basis.</p>	<p>Similar to original. Adds new language:</p> <ul style="list-style-type: none"> ? confirming that the Protocol does not prejudice issues of prudence, rate spread, rate design, or cost recovery ? clarifying that the Protocol does not abridge a state’s right to establish fair, just and reasonable rates. ? allowing Parties to advocate changes in good faith if the Protocol no longer produces fair and reasonable results.
Classification of Fixed Resource Costs	With the exception of SCCTs, all fixed resource costs continue to be classified as 75% Demand, 25% Energy.	Removes exception for SCCTs.
Seasonal Resources	Defines seasonal resources as SCCTs, seasonal contracts and Cholla/APS. Costs of seasonal resources allocated based on factors which match seasonal generation patterns to State seasonal load patterns.	Same. Adds a review by The MSP Standing Committee of Seasonal Resource criteria and allocation.
Hydro-Endowment	Costs of hydro-electric resources assigned to and then allocated among former PP&L states.	<p>Methodology replaced with Embedded Cost Differential (ECD).</p> <p>Costs per kilowatt-hour of Hydro-Electric Resources will be compared to the costs of other resources. The difference, multiplied by normalized output from the dams, will be credited or charged to the former PP&L states. For Mid-Columbia Contracts, the difference is allocated system-wide using factors that provide a larger share to Washington and Oregon than would be provided under system allocation factors.</p>
Coal Endowment	Costs of Huntington coal-fired power plant assigned to and then allocated among UP&L states.	Provision deleted.
First Major New Coal Resource	Oregon has a one-time irrevocable option to not participate in the Company’s first new coal resource. If exercised, Oregon would be assigned costs of equivalent new non-coal generation.	Provision deleted.

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State Resources	<p>Costs of DSM programs and excess costs associated with Portfolio Standards are assigned to the state with jurisdiction.</p> <p>No provision related to qualifying facilities. QFs allocated dynamically among states as System Resources.</p>	<p>Same concepts for DSM and Portfolio Standards. Changes for QF Contracts. Applies the ECD described in the Hydro Endowment section for Existing QF Contracts. The \$/MWH difference, multiplied by the normalized output of the contracts, will be allocated to the local state. The costs of New QF Contracts are treated the same as Portfolio Standards.</p>
All Other Resources and Wholesale Sales	<p>Dynamic allocations factors adjust allocation of costs of existing and new resources in response to load growth.</p>	<p>Same</p>
Load Growth	<p>No provision.</p>	<p>New: In concert with the 2004 IRP, parties will analyze the potential for cost shifts related to implementing the Company's IRP. In addition, the Company and the MSP Standing Committee will develop one or more mechanisms that could ameliorate cost shifts. Report filed with Commissions in Fall of 2005.</p>
Transmission Costs and Revenues	<p>Before implementation of RTO, costs associated with transmission assets and wheeling expense are dynamically allocated to all states based on shares of system demand and energy.</p> <p>After implementation of an RTO, transmission costs will be allocated to states using RTO billing determinants.</p> <p>If FERC causes the Company to refunctionalize assets that are presently transmission to distribution, cost allocation will change accordingly.</p>	<p>Same</p> <p>Provision eliminated</p> <p>Same</p>
Distribution Costs	<p>Distribution costs would be assigned to the local state as is presently done.</p>	<p>Same</p>
Administrative and General Costs	<p>A&G costs and the costs of intangible plant will be dynamically allocated as is presently done.</p>	<p>Same</p>

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Special Contracts	Discounts associated with the value of services such as reserves provided by interruptibility will be allocated systemwide. Loads and revenues before such discounts are assigned to the local state. Discounts in excess of the value of services provided to the system are absorbed by the local state.	Same. Additional language and examples provide greater specificity.
Gain or Loss on Sale of Resources or Transmission	Gain or loss on sale of resources (other than in conjunction with direct access) or transmission assets will be allocated to states using the allocation factors applicable to the fixed cost of the asset at the time of the sale.	Same
Direct Access	<p>Loads of direct access customers will continue to be treated as part of state loads for allocation purposes.</p> <p>Any sale of freed-up resources as part of a direct access program must not harm other states or require the Company to distribute more than the total gain or less than the total loss.</p> <p>Revenues and costs of purchases and sales resulting from departing or returning direct access customers will not be included in Net Power Costs.</p>	<p>Same. New provision added for customers who permanently leave the Company's system.</p> <p>Same</p> <p>Same</p>
Loss or Increase in Load	Loss or increase of load, including those resulting from changing service territories, will be reflected in load-based allocation factors. Sales or acquisition of service territory greater than 5% of system load will be dealt with on a case-by-case basis in Commission approval proceedings.	Same
Commission Regulation of Resources	PacifiCorp will plan and acquire new resources on a system-wide least cost, least risk basis. New resources will be reflected in rates on a cost basis.	Same. New resources will be reflected in rates consistent with the laws and regulations of each State.

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MSP Standing Committee	The Standing Committee will consist of one member of each Commission. The Chair of the Committee will be elected each year by the members. The Committee will convene at least once each year.	Same, except delegates are allowed. Revised Protocol contains initial list of Committee assignments related to load growth and seasonal resources. Adds the appointment of a Standing Neutral to facilitate discussions among the States.
Protocol Amendments	<p>After a period of review by parties of at least six months, proposed amendments will be submitted by PacifiCorp to each Commission for ratification. Amendments require unanimous approval of Commissions who have ratified the Protocol.</p> <p>Before departing from the terms of the Protocol, Commissions and parties will endeavor to present their concerns to the Standing Committee in an attempt to achieve consensus and resolution of concerns.</p>	<p>Same</p> <p>Same</p>
Interdependency of Commission Approvals	No provision.	New section. Final ratification of the Protocol is conditioned upon ratification of the Protocol by other states without any material change. In the event of a change, the Commissions who have previously conditionally adopted the Protocol initiate proceedings to determine whether they should reaffirm their prior ratification.

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