

Protocol Appendix E Annual Embedded Costs Example Calculation

FERC Generation Accounts West				
Line No	Hydro	Description	Mwh	\$/Mwh
Operating Expenses				
1	535 - 545	Hydro Operation & Maintenance Expense	28,742,968	
2	403.330 - 403.336	Hydro Depreciation Expense	9,998,326	
3	404IP	Hydro Relicensing Amortization	-	
4		Total West Hydro Operating Expense	<u>38,741,294</u>	
West Hydro Rate Base				
5	330 - 336	Hydro Electric Plant in Service	374,018,924	
6	302	Hydro Relicensing	60,297,285	
7	108	Hydro Accumulated Depreciation Reserve	(166,680,229)	
8	154	Material & Supplies	33,115	
9		West Hydro Net Rate Base	<u>267,669,095</u>	
10		Pre-tax return	12.040%	
11		Rate Base Revenue Requirement	<u>32,228,277</u>	
Annual Embedded Costs				
12		Hydro-Electric Resources	<u>70,969,571</u>	4,128,973 17.19
Mid C Contracts				
13	555	Annual Mid-C Contracts Costs	17,395,759	1,942,173 8.96
Qualified Facilities				
14	555	Annual Qualified Facilities Costs	72,455,744	904,760 80.08
Generation Accounts (Excl. West Hydro, Mid C & QF)				
Operating Expenses				
15	500 - 514	Steam Operation & Maintenance Expense	688,364,976	
16	535 - 545	East Hydro Operation & Maintenance Expense	6,735,263	
17	546 - 554	Other Generation Operation & Maintenance Expense	100,437,128	
18	555	Other Purchased Power Contracts (No Mid-C or QF)	967,640,792	
19	4118	SO2 Emission Allowances	(4,567,668)	
20	403.310 - 403.316	Steam Depreciation Expense	125,299,749	
21	403.330 - 403.336	East Hydro Depreciation Expense	2,682,834	
22	403.340 - 403.346	Other Generation Depreciation Expense	8,246,911	
23	403.399	Mining	-	
24	406	Amortization of Plant Acquisition Costs	5,479,353	
25		Total Operating Expenses	<u>1,900,319,339</u>	
Rate Base				
26	310 - 316	Steam Electric Plant in Service	4,101,422,677	
27	330 - 336	East Hydro EPIS	97,419,645	
28	302	Hydro Relicensing	5,401,310	
29	340 - 346	Other Electric Plant in Service	244,590,200	
30	399	Mining	307,647,355	
31	108	Steam Accumulated Depreciation Reserve	(1,942,212,593)	
32	108	Other Accumulated Depreciation Reserve	(35,481,994)	
33	108	Mining	(163,138,588)	
34	108	East Hydro Accum Depreciation Reserve	(35,722,174)	
35	114	Electric Plant Acquisition Adjustment	157,193,780	
36	115	Accumulated Provision Acquisition Adjustment	(56,601,550)	
37	151	Fuel Stock	63,173,007	
38	253.16 - 253.19	Joint Owner WC Deposit	(4,310,538)	
39	253.99	SO2 Emission Allowances	(45,959,734)	
40	154	Material & Supplies		
41	154	East Hydro Material & Supplies	46,300,904	
42		Total Net Rate Base	<u>2,739,721,705</u>	
43		Pre-tax return	12.04%	
44	(Line 42 x Line 43)	Rate Base Revenue Requirement	<u>329,871,889</u>	
45	(Line 25 + Line 44)	Annual Embedded Costs - All Other \1	<u>2,230,191,228</u>	69,686,856 32.00
46	(Line 12 + Line 13 + Line 14 + Line 45)	Total Annual Embedded Costs	<u>2,391,012,302</u>	76,662,762 31.19

1 . Generation Revenue Requirement less Hydro-Electric Resources, Mid Columbia Contracts and Existing QF Contracts