

Exhibit No. ___(DLT-4)
Docket No. UE-03_____
2003 PP&L Rate Case
Witness: David L. Taylor

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

Docket No. UE-03_____

PACIFICORP

EXHIBIT OF DAVID L. TAYLOR

**Special Contracts – Example of the Impact of the Proposed Treatment
Of Special Contracts on State Revenue Requirements**

December 2003

**PacifiCorp
Ancillary Service Contract Example
Effect on Revenue Requirement**

	Factor	Total system	Jurisdiction 1	Jurisdiction 2	Jurisdiction 3	
1 Loads						
2	Sum of 12 monthly CP demand (MW) (Firm and Interruptible)	72,000	24,000	36,000	12,000	
3	Annual Energy (MWh) (Firm and Interruptible)	42,000,000	14,000,000	21,000,000	7,000,000	
4	Operating Reserve interruptible sum of CPs (MW)	1,200	-	-	1,200	
5	Economic Curtailment Option sum of 12 CPs (MW)	900	-	900	-	
6	Economic Curtailment Annual Energy (MWh)	37,500	-	37,500	-	
7						
8 Allocation Factors						
9	SE factor (includes "interruptible" load)	SE	100%	33%	50%	17%
10	SC factor (includes "interruptible" load)	SC	100%	33%	50%	17%
11	SG factor (includes "interruptible" load)	SG	100%	33%	50%	17%
12						
13						
14	No Ancillary Service Contracts					
15						
16 Cost of Service						
17	Energy Cost	SE	\$ 500,000,000	\$ 166,666,667	\$ 250,000,000	\$ 83,333,333
18	Demand Related Costs	SG	\$ 1,000,000,000	\$ 333,333,333	\$ 500,000,000	\$ 166,666,667
19	Sum of Cost		\$ 1,500,000,000	\$ 500,000,000	\$ 750,000,000	\$ 250,000,000
20						
21 Revenues						
22	Special Contract Revenue	Situs	\$ 60,000,000	\$	\$ 20,000,000	\$ 40,000,000
23	Revenues from all other customers	Situs	\$ 1,440,000,000	\$ 500,000,000	\$ 730,000,000	\$ 210,000,000
24						
25						
26	With Ancillary Service Contracts					
27						
28 Contract A						
29	Tariff Equivalent Revenue				\$	40,000,000
30	Discount for 100 MW of Operating Reserves				\$	(4,000,000)
31	Net Cost to Contract Customer				\$	36,000,000
32						
33 Contract B						
34	Tariff Equivalent Revenue			\$	20,000,000	
35	Discount for 75 MW X 500 Hours of Economic Curtailment			\$	(3,000,000)	
36	Net Cost to Contract Customer			\$	17,000,000	
37						
38 Cost of Service						
39	Energy Cost	SE	\$ 498,500,000	\$ 166,166,667	\$ 249,250,000	\$ 83,083,333
40	Demand Related Costs	SG	\$ 994,500,000	\$ 331,500,000	\$ 497,250,000	\$ 165,750,000
41	Ancillary Service Contract - Operating Reserves	SG	\$ 4,000,000	\$ 1,333,333	\$ 2,000,000	\$ 666,667
42	Ancillary Service Contract - Economic Curtailment (Demand)	SG	\$ 1,500,000	\$ 500,000	\$ 750,000	\$ 250,000
43	Ancillary Service Contract - Economic Curtailment (Energy)	SE	\$ 1,500,000	\$ 500,000	\$ 750,000	\$ 250,000
44	Sum of Cost		\$ 1,500,000,000	\$ 500,000,000	\$ 750,000,000	\$ 250,000,000
45						
46 Revenues						
47	Special Contract Revenue	Situs	\$ 60,000,000	\$	\$ 20,000,000	\$ 40,000,000
48	Revenues from all other customers	Situs	\$ 1,440,000,000	\$ 500,000,000	\$ 730,000,000	\$ 210,000,000