

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	Docket No. UE-100749
v.	)	
	)	
PACIFICORP d/b/a PACIFIC POWER &	)	
LIGHT COMPANY,	)	
	)	
Respondent.	)	

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**INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES**

**EXHIBIT OF RANDALL J. FALKENBERG**

**NET POWER COST ADJUSTMENTS**

**December 6, 2010**

Adjustment----->	1	2	3	4	5
	Added Sales Margins	Commitment Logic Screens	East Market Sale - Corrections and Expansion	East Market Sale - Reliability Benefits	SCL Stateline Termination /Renegotiation
<b>Total NPC Adjustments</b>					
Operating Revenues:					
General Business Revenues	-				
Interdepartmental	-				
Special Sales	1,088,183	585,874	225,248	277,060	
Other Operating Revenues	-				
<b>Total Operating Revenues</b>	<b>1,088,183</b>	<b>585,874</b>	<b>225,248</b>	<b>277,060</b>	<b>-</b>
Operating Expenses:					
Steam Production	(650,958)				
Nuclear Production	-				
Hydro Production	-				
Other Power Supply	(5,069,020)	(973,338)			(878,014)
Transmission	(1,466,810)				
Distribution	-				
Customer Accounting	-				
Customer Service & Info	-				
Sales	-				
Administrative & General	-				
<b>Total O&amp;M Expenses</b>	<b>(7,186,788)</b>	<b>(973,338)</b>	<b>-</b>	<b>-</b>	<b>(878,014)</b>
Depreciation	-				
Amortization	-				
Taxes Other Than Income	-				
Income Taxes - Federal	2,896,240	205,056	340,668	78,837	96,971
Income Taxes - State	-				307,305
Income Taxes - Def Net	-				
Investment Tax Credit Adj.	-				
Misc Revenue & Expense	-				
<b>Total Operating Expenses:</b>	<b>(4,290,548)</b>	<b>205,056</b>	<b>(632,670)</b>	<b>78,837</b>	<b>96,971</b>
<b>Operating Rev For Return:</b>	<b>5,378,731</b>	<b>380,818</b>	<b>632,670</b>	<b>146,411</b>	<b>570,709</b>
Rate Base:					
Electric Plant In Service					
Plant Held for Future Use					
Misc Deferred Debits					
Elec Plant Acq Adj					
Nuclear Fuel					
Prepayments					
Fuel Stock					
Material & Supplies					
Working Capital					
Weatherization					
Misc Rate Base					
<b>Total Electric Plant:</b>					
Rate Base Deductions:					
Accum Prov For Deprec					
Accum Prov For Amort					
Accum Def Income Tax					
Unamortized ITC					
Customer Adv For Const					
Customer Service Deposits					
Misc Rate Base Deductions					
<b>Total Rate Base Deductions</b>					
<b>Total Rate Base:</b>					
Return on Equity	1.23%	0.09%	0.15%	0.03%	0.13%
Estimated Price Change	(8,677,052.09)	(614,342)	(1,020,632)	(236,193)	(290,523)
TAX CALCULATION:					
Operating Revenue	8,274,970.85	585,874	973,338	225,248	277,060
Other Deductions	-				
Interest (AFUDC)	-				
Interest	-				
Schedule "M" Additions	-				
Schedule "M" Deductions	-				
<b>Income Before Tax</b>	<b>8,274,970.85</b>	<b>585,874</b>	<b>973,338</b>	<b>225,248</b>	<b>277,060</b>
State Income Taxes	-				
Taxable Income	8,274,970.85	585,874	973,338	225,248	277,060
Federal Income Taxes + Other	2,896,239.80	205,056	340,668	78,837	96,971

	1		8		11		12-15	
	6	7			9	10	Model Wind Intra Hour Wind Integration Cost in GRID	Non WCA Wind Integration
	SMUD Contract Delivery Pattern	Colstrip East Trans. Cost	PACE Trans. Cost		DC Intertie Costs	NF Trans		
<b>Operating Revenues:</b>								
General Business Revenues								
Interdepartmental								
Special Sales								
Other Operating Revenues								
<b>Total Operating Revenues</b>	-	-	-	-	-	-	-	-
<b>Operating Expenses:</b>								
Steam Production								
Nuclear Production								
Hydro Production								
Other Power Supply	(458,523)	(45,691)	(363,989)	(1,057,130)	(159,576)	(124,913)	(823,501)	
Transmission								
Distribution								
Customer Accounting								
Customer Service & Info								
Sales								
Administrative & General								
<b>Total O&amp;M Expenses</b>	(458,523)	(45,691)	(363,989)	(1,057,130)	(159,576)	(124,913)	(823,501)	
Depreciation								
Amortization								
Taxes Other Than Income								
Income Taxes - Federal	160,483	15,992	127,396	369,996	55,852	43,720	288,225	
Income Taxes - State								
Income Taxes - Def Net								
Investment Tax Credit Adj.								
Misc Revenue & Expense								
<b>Total Operating Expenses:</b>	(298,040)	(29,699)	(236,593)	(687,135)	(103,725)	(81,194)	(535,276)	
<b>Operating Rev For Return:</b>	298,040	29,699	236,593	687,135	103,725	81,194	535,276	
<b>Rate Base:</b>								
Electric Plant In Service								
Plant Held for Future Use								
Misc Deferred Debits								
Elec Plant Acq Adj								
Nuclear Fuel								
Prepayments								
Fuel Stock								
Material & Supplies								
Working Capital								
Weatherization								
Misc Rate Base								
<b>Total Electric Plant:</b>								
<b>Rate Base Deductions:</b>								
Accum Prov For Deprec								
Accum Prov For Amort								
Accum Def Income Tax								
Unamortized ITC								
Customer Adv For Const								
Customer Service Deposits								
Misc Rate Base Deductions								
<b>Total Rate Base Deductions</b>								
<b>Total Rate Base:</b>								
<b>Return on Equity</b>	0.07%	0.01%	0.05%	0.16%	0.02%	0.02%	0.12%	
<b>Estimated Price Change</b>	(480,803)	(47,911)	(381,675)	(1,108,496)	(167,330)	(130,983)	(863,515)	
<b>TAX CALCULATION:</b>								
Operating Revenue	458,523	45,691	363,989	1,057,130	159,576	124,913	823,501	
Other Deductions								
Interest (AFUDC)	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	
Schedule "M" Additions	-	-	-	-	-	-	-	
Schedule "M" Deductions	-	-	-	-	-	-	-	
<b>Income Before Tax</b>	458,523	45,691	363,989	1,057,130	159,576	124,913	823,501	
<b>State Income Taxes</b>	-	-	-	-	-	-	-	
<b>Taxable Income</b>	458,523	45,691	363,989	1,057,130	159,576	124,913	823,501	
<b>Federal Income Taxes + Other</b>	160,483	15,992	127,396	369,996	55,852	43,720	288,225	

	16	17	18	19	20	21
	Planned Outage Schedule	Colstrip Outage	JBFuel Adjustments	Minimum Loading and Deration Adj.	Forward Price Curve Update	Balancing Adjustment - est.
<b>Operating Revenues:</b>						
General Business Revenues						
Interdepartmental						
Special Sales						
Other Operating Revenues						
<b>Total Operating Revenues</b>	-	-	-	-	-	-
<b>Operating Expenses:</b>						
Steam Production			(650,958)			
Nuclear Production						
Hydro Production						
Other Power Supply	(429,713)	(376,492)		(299,897)	(766,840)	221,788
Transmission						
Distribution						
Customer Accounting						
Customer Service & Info						
Sales						
Administrative & General						
<b>Total O&amp;M Expenses</b>	(429,713)	(376,492)	(650,958)	(299,897)	(766,840)	221,788
Depreciation						
Amortization						
Taxes Other Than Income						
Income Taxes - Federal	150,399	131,772	227,835	104,964	268,394	(77,626)
Income Taxes - State						
Income Taxes - Def Net						
Investment Tax Credit Adj.						
Misc Revenue & Expense						
<b>Total Operating Expenses:</b>	(279,313)	(244,720)	(423,123)	(194,933)	(498,446)	144,162
<b>Operating Rev For Return:</b>	279,313	244,720	423,123	194,933	498,446	(144,162)
<b>Rate Base:</b>						
Electric Plant In Service						
Plant Held for Future Use						
Misc Deferred Debits						
Elec Plant Acq Adj						
Nuclear Fuel						
Prepayments						
Fuel Stock						
Material & Supplies						
Working Capital						
Weatherization						
Misc Rate Base						
<b>Total Electric Plant:</b>						
<b>Rate Base Deductions:</b>						
Accum Prov For Deprec						
Accum Prov For Amort						
Accum Def Income Tax						
Unamortized ITC						
Customer Adv For Const						
Customer Service Deposits						
Misc Rate Base Deductions						
<b>Total Rate Base Deductions</b>						
<b>Total Rate Base:</b>						
<b>Return on Equity</b>	0.06%	0.06%	0.10%	0.04%	0.11%	-0.03%
<b>Estimated Price Change</b>	(450,593)	(394,786)	(682,588)	(314,469)	(804,101)	232,565
<b>TAX CALCULATION:</b>						
Operating Revenue	429,713	376,492	650,958	299,897	766,840	(221,788)
Other Deductions						
Interest (AFUDC)	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Schedule "M" Additions	-	-	-	-	-	-
Schedule "M" Deductions	-	-	-	-	-	-
<b>Income Before Tax</b>	429,713	376,492	650,958	299,897	766,840	(221,788)
<b>State Income Taxes</b>	-	-	-	-	-	-
<b>Taxable Income</b>	429,713	376,492	650,958	299,897	766,840	(221,788)
<b>Federal Income Taxes + Other</b>	150,399	131,772	227,835	104,964	268,394	(77,626)