

UE-100749/PacifiCorp  
September 21, 2010  
ICNU Data Request 11.6 -1<sup>st</sup> Revised

### **ICNU Data Request 11.6**

Please provide the basis/justification for any inflation rate that the company has utilized in estimating the calendar year 2010 cost levels.

### **1<sup>st</sup> Revised Response to ICNU Data Request 11.6**

The following replaces, in its entirety, the Company's original response dated September 9, 2010.

Annualized December 2009 regular time, overtime and premium pay expenses were escalated by labor groups to December 2010. Union costs were escalated using contractual rates. Non-union costs were escalated using the actual wage increases effective in January 2010. Please refer to Page 4.3.1 of Exhibit No. \_\_\_ (RBD-3).

As presented in the production factor adjustment on pages 9.1 through 9.1.3 of Exhibit No. \_\_\_ (RBD-3), all generation related costs and balances included in the test period, including labor expenses, have been adjusted (reduced) by the Washington production factor percentage. Please refer to pages 24 and 25 of the direct testimony of Company witness R. Bryce Dalley for additional details pertaining to this adjustment.

The net power cost study for the Company's filing incorporated the known and measurable adjustments through March 2012. An inflation rate was used to escalate the costs of the power purchases from the Mid Columbia projects based on the most recent projections from the Chelan and Douglas Public Utility Districts to the test period. Please refer to part C of the Company's Response to NPC Workpapers Data Request 2.1, specifically Confidential Attachment "5-C2 - WAGRC\_Market Price CONF.xlsx," for inflation rates used in the current proceeding.

PREPARER: R. Bryce Dalley / Hui Shu

SPONSOR: R. Bryce Dalley