

Exhibit A-1 Power Cost Baseline Rate 2014 PCORC

Row	Test Year				Production Factor
3	Regulatory Assets (1) (Variable)	\$ 265,497,445			0.99019
4	Transmission Rate Base (Fixed)	91,215,648			
5	Production Rate Base (Fixed)	<u>2,127,242,636</u>			
6		\$ 2,483,955,728			
7	Net of tax rate of return	6.69%			
8			Test Yr		Fixed
9			\$/MWh		Production
9A			<u>(I)</u>		<u>Costs</u>
10	Regulatory Asset Recovery (on Row 3)	\$ 27,325,814	\$ 1.295	F	\$ 27,325,814
10a	Equity Adder Centralia Coal Transition PPA	2,326,384	\$ 0.110	V	-
11	Fixed Asset Recovery Other (on Row 4)	9,388,195	\$ 0.445	F	9,388,195
12	Fixed Asset Recovery-Prod Factored (on Row 5)	218,942,357	\$ 10.379	F	218,942,357
13	501-Steam Fuel	95,694,641	\$ 4.536	V	-
14	555-Purchased power	400,022,510	\$ 18.963	V	-
15	557-Other Power Exp	6,286,927	\$ 0.298	F	6,286,927
15a	Payroll Overheads - Benefits	7,402,047	\$ 0.351	F	7,402,047
15b	Property Insurance	2,692,723	\$ 0.128	F	2,692,723
15c	Montana Electric Energy Tax	1,732,920	\$ 0.082	V	-
15d	Payroll Taxes on Production Wages	1,955,229	\$ 0.093	F	1,955,229
15e	Brokerage Fees	236,520	\$ 0.011	V	-
16	547-Fuel	165,904,888	\$ 7.865	V	-
17	565-Wheeling	109,546,034	\$ 5.193	V	-
18	Variable Transmission Income	(6,685,935)	\$ (0.317)	F	(6,685,935)
19	Production O&M	116,299,220	\$ 5.513	F	116,299,220
19a	Colstrip - Major Maint. Amort	1,320,253	\$ 0.063	F	1,320,253
20	447-Sales to Others	(29,085,181)	\$ (1.379)	V	-
21	456-Purch/Sales Non-Core Gas	(5,342,456)	\$ (0.253)	V	-
22	Transmission Exp - 500KV	926,060	\$ 0.044	F	926,060
23	Depreciation-Production (FERC 403)	111,561,172	\$ 5.288	F	111,561,172
24	Depreciation-Transmission	4,204,776	\$ 0.199	F	4,204,776
25	Amortization - Regulatory Assets Fixed	18,713,824	\$ 0.887	F	18,713,824
26	Hedging Line of Credit	526,847	\$ 0.025	F	526,847
27	Subtotal & Baseline Rate	\$ 1,261,895,770	\$ 59.819		\$ 520,859,510
28	Revenue Sensitive Items	<u>0.9543790</u>			\$ 741,036,260
29		\$ 1,322,216,614			
30	Test Year DELIVERED Load (MWh's)	21,095,348	<-- includes Firm Wholesale		
31					
32		<u>Before Rev.</u>	<u>After Rev.</u>		
33		<u>Sensitive Items</u>	<u>Sensitive Items</u>		
34		<u>Rev Req (Column (I))</u>			
35	Power Cost Baseline Rate	\$ 59.819	\$ 62.678		
36	Fixed Production Costs	\$ 24.691	\$ 23.922	Sum of F	
37	Variable Production Costs	<u>\$ 35.128</u>	<u>\$ 38.756</u>	Sum of V	
38	Power Cost Baseline Rate	\$ 59.819	\$ 62.678		

Exhibit B: Power Costs Subject to PCA Sharing

Row	Variable Rate Component	FERC a/c	Example Using 2014 PCORC	Source	
1	Variable Rate Component	FERC a/c			
2	Steam Operating Fuel	501	96,642,706	SAP Actuals	
3	Other Power Generation Fuel	547	167,548,539	SAP Actuals	
4	Purchase & Interchange	555	403,985,609	SAP Actuals	
5	Purchases/Sales of Non-Core Gas	456.0XXXX	(5,395,385)	SAP Actuals	
6	Brokerage Fees	55700003	238,863	SAP Actuals	
7	Sales to Others	447	(29,373,333)	SAP Actuals	
8	Wheeling	565	110,631,328	SAP Actuals	
9	Centralia Equity Adder	n/a	2,349,432	Centralia PPA Actual MWhs * \$1.49	
10	Montana Electric Energy Taxes	408.1	1,750,088	SAP Actuals	
11	Total Variable Rate Component		<u>\$ 748,377,847</u>		
12					
13	PCA Delivered Load (MWh)		21,304,344	Actual Delivered Electric Load (GPI net of losses)	
14	Power Cost Baseline Rate for Variable Production Costs		<u>\$ 35.12795</u>	Per Exhibit A-1	
15	Baseline Power Cost		<u>\$ 748,377,917</u>		
16					
17	Imbalance for Sharing: (Over) / Under Recovery		<u>\$ (70)</u>		
18					
19		Company's Share			
20	(Over)/Under	(Over)	Under		
21	First Band - Deadband	\$ 17,000,000	100%	100%	\$ (70)
22	2nd Band = next	\$ 23,000,000	35%	50%	\$ -
23	3rd Band = over	\$ 40,000,000	10% 90%	10% 90%	\$ -
24	Total Company Share				<u>\$ (70)</u>
25	Total Customer Share				<u>\$ -</u>

Revised
April 28, 2015