

## Period I

## 2000 Transmission Revenue Requirement

RATE BASE		Reference
Transmission Plant Investment		
Gross Transmission Plant Investment	\$535,252,783	FF1, p207 LN g53
Less Accumulated Depreciation	-94,648,419	FF1, p219 LN c23
Net Transmission Plant Investment	440,604,364	
Credit for Accumulated Deferred Income Tax		
Total Accumulated Deferred Income Taxes - Transmission	-35,676,808	
Total Transmission-Related Plant for Network and P-T-P Service	404,927,556	
Fixed Charge Rate <u>6/</u>	12.327%	
RETURN ON TRANSMISSION PLANT	49,917,394	
General and Intangible Plant		
Gross General and Intangible Plant	238,055,400	FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	-44,943,045	FF1, p219 LN c25
Less Accumulated Amortization	-15,456,193	FF1, p200 LN c21
Net General and Intangible Plant	177,656,162	
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	5.709%	
General and Intangible Plant Allocated to Transmission	10,142,613	
Common Plant		
Gross Common Plant	0	
Less Accumulated Depreciation	0	
Net Common Plant	0	
Allocation to Electric Function <u>2/</u>	0	
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	5.709%	
Common Plant Allocated to Transmission	0	
Deferred Income Tax		
Total Accumulated Deferred Income Tax (A/C 282) - Electric	-197,124,055	FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.448%	
Accumulated Deferred Income Tax Allocated to Transmission	-883,456	
Total General, Intangible and Common Plant Allocated to Transmission	9,259,157	
Fixed Charge Rate <u>6/</u>	12.327%	
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	1,141,421	
Other Rate Base		
Materials and Supplies	5,759,137	FF1, p227 LN b8
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	1,278,818	
Total Other Rate Base	7,037,955	
Fixed Charge Rate <u>6/</u>	12.327%	
RETURN ON OTHER RATE BASE	867,603	
TOTAL RETURN ON RATE BASE	<u>\$51,926,419</u>	

## Period I

## 2000 Transmission Revenue Requirement

## EXPENSES

Transmission Operations and Maintenance	\$8,510,341	FF1, p321 LN b100
Less All Transmission by Others (A/C 565)	-2,502,567	FF1, p321 LN b88
Sub-Total Transmission Operations and Maintenance	6,007,774	
Administrative and General Expense	73,965,296	FF1, p323 Ln b168
Allocation Factor based on Transmission Wages and Salaries 1/	5.709%	
Administrative and General Expenses Allocated to Transmission	4,222,772	
Net Transmission Operations and Maintenance Expense	10,230,546	
Depreciation Expense		
Transmission	12,325,689	FF1, p336 LN e7
General and Intangible	9,925,113	FF1, p336 LN e1 + LN e9
Allocation based on Transmission Wages and Salaries 1/	566,637	
Common - Electric	0	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries 1/	0	
Net Depreciation Expense	12,892,326	
Taxes Other Than Income Tax		
Property Taxes	17,163,952	FF1, p263 LN i26 + p263.1 LN i7 + i32
Allocation Factor based on Transmission-Related Plant 4/	18.099%	
Property Taxes Allocated to Transmission	3,106,445	
Excise Tax 5/	0	
Total Taxes Other Than Income Tax	3,106,445	
Amortized Investment Tax Credit - Electric	-1,460,136	FF1, p266 LN 8
Allocation Factor based on Transmission-Related Plant 4/	18.099%	
Amortized Investment Tax Credit (Electric) Allocated to Transmission	-264,265	
Federal Tax Computation	-142,297	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	-3,426,376	FF1, pp328-330
TOTAL EXPENSES	\$22,396,379	

## ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE

ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE	\$74,322,798
Adjusted Transmission System Peak (Average of 4 Peak Contract Demands)	4,165,000 kW
Annual Rate per kW	up to \$17.84
Monthly Rate per kW (Annual Rate / 12)	up to \$1.49
Weekly Rate per kW (Annual Rate / 52)	up to \$0.3432
Daily Rate per kW (Weekly Rate / 5)	up to \$0.0686
Hourly Rate per kW (Daily / 16)	up to \$0.0043

Period I

2000 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

		2,129,515 /37,300,196=	0.05709
Production	9,585,468	FF1, p354 LN b18	
Transmission	2,129,515	FF1, p354 LN b19	
Distribution	8,177,860	FF1, p354 LN b20	
Customer Accounts	16,557,854	FF1, p354 LN b21	
Customer Service and Info	849,499	FF1, p354 LN b22	
Sales	0	FF1, p354 LN b23	
Total Excluding A&G	<u>37,300,196</u>		

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

		53,153,054 /53,153,054=	1.00000
Electric	53,153,054	FF1, p354 LN b25	
Gas	0	FF1, p355 LN b59	
Total	<u>53,153,054</u>		

**3/ General, Intangible & Common Plant Allocator**

		13,590,882 /3,032,510,347=	0.004481726
Intangible		58,303,764	FF1, p205 LN g5
General		179,751,636	FF1, p207 LN g83
Common Allocated to Electric		0	
Total		<u>238,055,400</u>	
Allocate to Transmission 1/ Transmission-Related		<u>13,590,882</u>	
Intangible		58,303,764	FF1, p205 LN g5
Production		954,885,576	FF1, p207 LN g42
Transmission		535,252,783	FF1, p207 LN g53
Distribution		1,304,316,588	FF1, p207 LN g69
General		179,751,636	FF1, p207 LN g83
Common Allocated to Electric	0 *1.00000=	0	FF1, p356
Total electric		<u>3,032,510,347</u>	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

		548,843,665 /3,032,510,347=	0.18099
Transmission Plant		535,252,783	FF1, p207 LN g53
Transmission-related General, Intangible & Common		<u>13,590,882</u>	from 3/
Total Transmission-Related Plant		548,843,665	
Total Electric Plant		3,032,510,347	from 3/

Period I

2000 Transmission Revenue Requirement

**5/ Nevada State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Rate of Return (Request in WA electric general rate case)			
Debt	51.5%	6.93%	3.57%
Preferred Equity	6.4%	8.39%	0.54%
Common Equity	42.1%	12.25%	5.15%
	<u>100%</u>		<u>9.26%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			0.000%
Combined Federal and State Rate			
Fed(1-State)+State			
.35(1-.01308)+.01308			35.000%
Revenue Gross-up Factor			
(Combined Fed and State)/(1-Combined Fed and State)			53.846%
Income Tax Factor Applied to Equity Return			
(Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>3.065%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>12.327%</u></u>

Period I

2000 Transmission Revenue Requirement

RATE BASE	Reference
Transmission Plant Investment	
Gross Transmission Plant Investment	\$358,922,667 FF1, p207 LN g53
Less Accumulated Depreciation	<u>(140,539,422) FF1, p219 LN c23</u>
Net Transmission Plant Investment	218,383,245
Credit for Accumulated Deferred Income Tax	
Total Accumulated Deferred Income Taxes - Transmission	(16,665,578) Company Records
Total Transmission-Related Plant for Network and P-T-P Service	201,717,667
Fixed Charge Rate <u>6/</u>	13.173%
RETURN ON TRANSMISSION PLANT	26,571,289
General and Intangible Plant	
Gross General and Intangible Plant	295,962,981 FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	(90,922,615) FF1, p219 LN c25
Less Accumulated Amortization	(35,593,193) FF1, p200 LN c21
Net General and Intangible Plant	169,447,173
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	2.979%
General and Intangible Plant Allocated to Transmission	5,048,184
Common Plant	
Gross Common Plant	0 FF1, p356
Less Accumulated Depreciation	0 FF1, p356
Net Common Plant	0
Allocation to Electric Function <u>2/</u>	1
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	2.979%
Common Plant Allocated to Transmission	0
Deferred Income Tax	
Total Accumulated Deferred Income Tax (A/C 282) - Electric	(274,163,631) FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.264%
Accumulated Deferred Income Tax Allocated to Transmission	(722,847)
Total General, Intangible and Common Plant Allocated to Transmission	4,325,337
Fixed Charge Rate <u>6/</u>	13.173%
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	569,756
Other Rate Base	
Materials and Supplies	76,697 FF1, p227 LN b8
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	<u>1,402,613</u>
Total Other Rate Base	1,479,310
Fixed Charge Rate <u>6/</u>	13.173%
RETURN ON OTHER RATE BASE	194,862
TOTAL RETURN ON RATE BASE	\$27,335,907

Period I

2000 Transmission Revenue Requirement

EXPENSES

Transmission Operations and Maintenance	\$42,946,349	FF1, p321 LN b100
Less All Transmission by Others (A/C 565)	(34,726,290)	FF1, p321 LN b88
Sub-Total Transmission Operations and Maintenance	8,220,059	
Administrative and General Expense	100,726,205	FF1, p323 Ln b168
Allocation Factor based on Transmission Wages and Salaries 1/	2.979%	
Administrative and General Expenses Allocated to Transmission	3,000,844	
Net Transmission Operations and Maintenance Expense	11,220,903	
Depreciation Expense		
Transmission	13,952,695	FF1, p336 LN e7
General and Intangible	18,212,900	FF1, p336 LN e1 + LN e9
Allocation based on Transmission Wages and Salaries 1/	542,600	
Common - Electric	0	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries 1/	0	
Net Depreciation Expense	14,495,295	
Taxes Other Than Income Tax		
Property Taxes	28,800,619	FF1, p263 LN i12 + p263 LN i16 + p263 LN i29
Allocation Factor based on Transmission-Related Plant 4/	10.996%	
Property Taxes Allocated to Transmission	3,166,949	
Excise Tax 5/	0	
Total Taxes Other Than Income Tax	3,166,949	
Amortized Investment Tax Credit - Electric	(1,788,391)	FF1, p266 LN f5
Allocation Factor based on Transmission-Related Plant 4/	10.996%	
Amortized Investment Tax Credit (Electric) Allocated to Transmission	(196,653)	
Federal Tax Computation	(105,890)	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	(6,601,938)	FF1, pp328-330, OS and SF Class. in Col. B
PGE Self Bill	(2,146,725)	FF1, p311.8 LN k7
TOTAL EXPENSES	<u>\$19,831,939</u>	

ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE	<u>\$47,167,847</u>
Adjusted Transmission System Peak (Average of 12 Peak Contract Demands)	3,610,000 kW
Annual Rate per kW	<u>up to \$13.07</u>
Monthly Rate per kW (Annual Rate / 12)	<u>up to \$1.09</u>
Weekly Rate per kW (Annual Rate / 52)	<u>up to \$0.2513</u>
Daily Rate per kW (Weekly Rate / 5)	<u>up to \$0.0503</u>
Hourly Rate per kW (Daily / 16)	<u>up to \$0.0031</u>

Period I

2000 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

		2,077,514 /69,733,760=	0.02979
Production	25,574,008	FF1, p354 LN b18	
Transmission	2,077,514	FF1, p354 LN b19	
Distribution	23,883,131	FF1, p354 LN b20	
Customer Accounts	14,950,732	FF1, p354 LN b21	
Customer Service and Info	3,215,301	FF1, p354 LN b22	
Sales	33,074	FF1, p354 LN b23	
Total Excluding A&G	<u>69,733,760</u>		

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

		101,059,074 /101,059,074=	1.00000
Electric	101,059,074	FF1, p354 LN b25	
Gas	<u>0</u>	FF1, p355 LN b59	
Total	101,059,074		

**3/ General, Intangible & Common Plant Allocator**

		8,817,354 /3,344,272,881=	0.002636553
Intangible		61,341,286	FF1, p205 LN g5
General		234,621,695	FF1, p207 LN g83
Common Allocated to Electric		<u>0</u>	
Total		295,962,981	
Allocate to Transmission 1/ Transmission-Related		<u>0.02979</u>	
		8,817,354	
Intangible		61,341,286	FF1, p205 LN g5
Production		1,325,821,541	FF1, p207 LN g42
Transmission		358,922,667	FF1, p207 LN g53
Distribution		1,363,565,692	FF1, p207 LN g69
General		234,621,695	FF1, p207 LN g83
Common Allocated to Electric	0 *1.00000=	<u>0</u>	FF1, p356
Total electric		3,344,272,881	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

		367,740,021 /3,344,272,881=	0.10996
Transmission Plant		358,922,667	FF1, p207 LN g53
Transmission-related General, Intangible & Common		<u>8,817,354</u>	from 3/
Total Transmission-Related Plant		367,740,021	
Total Electric Plant		3,344,272,881	from 3/

Period I

2000 Transmission Revenue Requirement

**5/ Oregon State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Rate of Return			
Debt	49.5%	7.35%	3.64%
Preferred	1.5%	7.85%	0.12%
Equity	49.0%	11.59%	5.68%
	<u>100%</u>		<u>9.44%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			4.690%
Combined Federal and State Rate			39.69%
Revenue Gross-up Factor (Combined Fed and State)/(1-Combined Fed and State)			65.810%
Income Tax Factor Applied to Equity Return (Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>3.737%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>13.173%</u></u>

## Period I

## 2000 Transmission Revenue Requirement

RATE BASE	Reference
Transmission Plant Investment	
Gross Transmission Plant Investment	\$368,027,064 FF1, p207 LN g53
Less Accumulated Depreciation	-101,420,910 FF1, p219 LN c23
Net Transmission Plant Investment	266,606,154
Credit for Accumulated Deferred Income Tax	
Total Accumulated Deferred Income Taxes - Transmission	-30,874,904
Total Transmission-Related Plant for Network and P-T-P Service	235,731,250
Fixed Charge Rate <u>6/</u>	11.433%
RETURN ON TRANSMISSION PLANT	26,950,310
General and Intangible Plant	
Gross General and Intangible Plant	94,564,646 FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	-29,795,712 FF1, p219 LN c25
Less Accumulated Amortization	0 FF1, p200 LN c21
Net General and Intangible Plant	64,768,934
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	9.931%
General and Intangible Plant Allocated to Transmission	6,432,376
Common Plant	
Gross Common Plant	57,540,000 FF1, p356
Less Accumulated Depreciation	-28,814,000 FF1, p356
Net Common Plant	28,726,000
Allocation to Electric Function <u>2/</u>	28,726,000
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	9.931%
Common Plant Allocated to Transmission	2,852,856
Deferred Income Tax	
Total Accumulated Deferred Income Tax (A/C 282) - Electric	-156,714,005 FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.777%
Accumulated Deferred Income Tax Allocated to Transmission	-1,217,316
Total General, Intangible and Common Plant Allocated to Transmission	8,067,916
Fixed Charge Rate <u>6/</u>	11.433%
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	922,376
Other Rate Base	
Materials and Supplies	3,062,702 FF1, p227 LN b8
Prepayments & Regulatory Assets	8,614,520
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	1,497,649
Total Other Rate Base	13,174,871
Fixed Charge Rate <u>6/</u>	11.433%
RETURN ON OTHER RATE BASE	1,506,236
TOTAL RETURN ON RATE BASE	<u>\$29,378,921</u>

Period I

2000 Transmission Revenue Requirement

EXPENSES

Transmission Operations and Maintenance	\$11,262,692	FF1, p321 LN b100
Less All Transmission by Others (A/C 565)	-3,652,888	FF1, p321 LN b88
Sub-Total Transmission Operations and Maintenance	7,609,804	
Administrative and General Expense	44,016,452	FF1, p323 Ln b168
Allocation Factor based on Transmission Wages and Salaries 1/	9.931%	
Administrative and General Expenses Allocated to Transmission	4,371,391	
Net Transmission Operations and Maintenance Expense	11,981,195	
Depreciation Expense		
Transmission	9,074,211	FF1, p336 LN e7
General and Intangible	1,863,630	FF1, p336 LN e1 + LN e9
Allocation based on Transmission Wages and Salaries 1/	185,082	
Common - Electric	1,576,728	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries 1/	156,589	
Net Depreciation Expense	9,415,882	
Taxes Other Than Income Tax		
Property Taxes	11,963,409	FF1, p263 LN i26 + p263.1 LN i7 + i32
Allocation Factor based on Transmission-Related Plant 4/	19.701%	
Property Taxes Allocated to Transmission	2,356,963	
Excise Tax 5/	0	
Total Taxes Other Than Income Tax	2,356,963	
Amortized Investment Tax Credit - Electric	-2,671,329	FF1, p266 LN 8
Allocation Factor based on Transmission-Related Plant 4/	19.701%	
Amortized Investment Tax Credit (Electric) Allocated to Transmission	-526,290	
Federal Tax Computation	-283,387	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	-3,617,045	FF1, pp328-330
<b>TOTAL EXPENSES</b>	<u>\$19,327,318</u>	

ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE	\$ 48,706,239
Adjusted Transmission System Peak (Average of 12 Peak Contract Demands)	1,478,000 kW
Annual Rate per kW	up to \$32.95
Monthly Rate per kW (Annual Rate / 12)	up to \$2.75
Weekly Rate per kW (Annual Rate / 52)	up to \$0.6337
Daily Rate per kW (Weekly Rate / 5)	up to \$0.1267
Hourly Rate per kW (Daily / 16)	up to \$0.0079

## Period 1

## 2000 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

	2,658,950 /26,773,523=	0.09931
Production	8,987,058 FF1, p354 LN b18	
Transmission	2,658,950 FF1, p354 LN b19	
Distribution	6,924,315 FF1, p354 LN b20	
Customer Accounts	7,292,140 FF1, p354 LN b21	
Customer Service and Info	911,060 FF1, p354 LN b22	
Sales	0 FF1, p354 LN b23	
Total Excluding A&G	<u>26,773,523</u>	

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

	45,129,752 /45,129,752=	1.00000
Electric	45,129,752 FF1, p354 LN b25	
Gas	0 FF1, p355 LN b59	
Total	<u>45,129,752</u>	

**3/ General, Intangible & Common Plant Allocator**

	15,105,918 /1,944,696,086=	0.007767753
Intangible	4,841,480 FF1, p205 LN g5	
General	89,723,166 FF1, p207 LN g83	
Common Allocated to Electric	<u>57,540,000</u>	
Total	152,104,646	
Allocate to Transmission 1/ Transmission-Related	<u>0.09931</u> 15,105,918	
Intangible	4,841,480 FF1, p205 LN g5	
Production	530,243,980 FF1, p207 LN g42	
Transmission	368,027,064 FF1, p207 LN g53	
Distribution	894,320,396 FF1, p207 LN g69	
General	89,723,166 FF1, p207 LN g83	
Common Allocated to Electric	0 *1.00000= 57,540,000 FF1, p356	
Total electric	<u>1,944,696,086</u>	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

	383,132,982 /1,944,696,086=	0.19701
Transmission Plant	368,027,064 FF1, p207 LN g53	
Transmission-related General, Intangible & Common	<u>15,105,918</u> from 3/	
Total Transmission-Related Plant	383,132,982	
Total Electric Plant	1,944,696,086 from 3/	

Period 1

2000 Transmission Revenue Requirement

**5/ Nevada State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Rate of Return (Request in WA electric general rate case)			
Debt	58.8%	6.84%	4.02%
Preferred Equity	6.0%	8.39%	0.51%
Common Equity	35.2%	12.25%	4.31%
	<u>100%</u>		<u>8.84%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			0.000%
Combined Federal and State Rate			
Fed(1-State)+State			
.35(1-.01308)+.01308			35.000%
Revenue Gross-up Factor			
(Combined Fed and State)/(1-Combined Fed and State)			53.846%
Income Tax Factor Applied to Equity Return			
(Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>2.594%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>11.433%</u></u>

## Period II

## 2002 Transmission Revenue Requirement

RATE BASE	Reference
Transmission Plant Investment	
Gross Transmission Plant Investment	\$675,349,000 FF1, p207 LN g53
Less Accumulated Depreciation	-124,315,000 FF1, p219 LN c23
Net Transmission Plant Investment	551,034,000
Credit for Accumulated Deferred Income Tax	
Total Accumulated Deferred Income Taxes - Transmission	-50,386,720
Total Transmission-Related Plant for Network and P-T-P Service	500,647,280
Fixed Charge Rate <u>6/</u>	14.619%
RETURN ON TRANSMISSION PLANT	73,188,856
General and Intangible Plant	
Gross General and Intangible Plant	285,103,764 FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	-62,100,000 FF1, p219 LN c25
Less Accumulated Amortization	-19,850,000 FF1, p200 LN c21
Net General and Intangible Plant	203,153,764
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	5.709%
General and Intangible Plant Allocated to Transmission	11,598,303
Common Plant	
Gross Common Plant	0 FF1, p356
Less Accumulated Depreciation	0 FF1, p356
Net Common Plant	0
Allocation to Electric Function <u>2/</u>	0
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	5.709%
Common Plant Allocated to Transmission	0
Deferred Income Tax	
Total Accumulated Deferred Income Tax (A/C 282) - Electric	-252,567,000 FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.470%
Accumulated Deferred Income Tax Allocated to Transmission	-1,185,816
Total General, Intangible and Common Plant Allocated to Transmission	10,412,487
Fixed Charge Rate <u>6/</u>	14.619%
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	1,522,185
Other Rate Base	
Materials and Supplies	5,761,000 FF1, p227 LN b8
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	1,343,512
Total Other Rate Base	7,104,512
Fixed Charge Rate <u>6/</u>	14.619%
RETURN ON OTHER RATE BASE	1,038,598
TOTAL RETURN ON RATE BASE	<u>\$75,749,639</u>

Period II

2002 Transmission Revenue Requirement

EXPENSES

Transmission Operations and Maintenance	\$8,941,000	FF1, p321 LN b100
Less All Transmission by Others (A/C 565)	-2,630,000	FF1, p321 LN b88
Sub-Total Transmission Operations and Maintenance	6,311,000	
Administrative and General Expense	77,719,390	FF1, p323 Ln b168
Allocation Factor based on Transmission Wages and Salaries 1/	5.709%	
Administrative and General Expenses Allocated to Transmission	4,437,098	
Net Transmission Operations and Maintenance Expense	10,748,098	
Depreciation Expense		
Transmission	16,218,000	FF1, p336 LN e7
General and Intangible	11,245,402	FF1, p336 LN e1 + LN e9
Allocation based on Transmission Wages and Salaries 1/	642,014	
Common - Electric	0	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries 1/	0	
Net Depreciation Expense	16,860,014	
Taxes Other Than Income Tax		
Property Taxes	19,468,672	FF1, p263 LN i26 + p263.1 LN i7 + i32
Allocation Factor based on Transmission-Related Plant 4/	19.950%	
Property Taxes Allocated to Transmission	3,883,970	
Excise Tax 5/	0	
Total Taxes Other Than Income Tax	3,883,970	
Amortized Investment Tax Credit - Electric	-1,320,136	FF1, p266 LN 8
Allocation Factor based on Transmission-Related Plant 4/	19.950%	
Amortized Investment Tax Credit (Electric) Allocated to Transmission	-263,365	
Federal Tax Computation	-141,812	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	-3,426,376	FF1, pp328-330
TOTAL EXPENSES	<u>\$27,660,528</u>	

ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE	\$103,410,167
Adjusted Transmission System Peak (Average of 4 Peak Contract Demands)	5,145,000 kW
Annual Rate per kW	up to \$20.10
Monthly Rate per kW (Annual Rate / 12)	up to \$1.67
Weekly Rate per kW (Annual Rate / 52)	up to \$0.3865
Daily Rate per kW (Weekly Rate / 5)	up to \$0.0773
Hourly Rate per kW (Daily / 16)	up to \$0.0048

## Period II

## 2002 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

		2,129,515 /37,300,196=	0.05709
Production	9,585,468	FF1, p354 LN b18	
Transmission	2,129,515	FF1, p354 LN b19	
Distribution	8,177,860	FF1, p354 LN b20	
Customer Accounts	16,557,854	FF1, p354 LN b21	
Customer Service and Info	849,499	FF1, p354 LN b22	
Sales	0	FF1, p354 LN b23	
Total Excluding A&G	37,300,196		

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

		53,153,054 /53,153,054=	1.00000
Electric	53,153,054	FF1, p354 LN b25	
Gas	0	FF1, p355 LN b59	
Total	53,153,054		

**3/ General, Intangible & Common Plant Allocator**

		16,276,932 /3,466,823,928=	0.004695056
Intangible		58,303,764	FF1, p205 LN g5
General		226,800,000	FF1, p207 LN g83
Common Allocated to Electric		0	
Total		285,103,764	
Allocate to Transmission 1/ Transmission-Related		16,276,932	0.05709
Intangible		58,303,764	FF1, p205 LN g5
Production		954,885,576	FF1, p207 LN g42
Transmission		675,349,000	FF1, p207 LN g53
Distribution		1,551,485,588	FF1, p207 LN g69
General		226,800,000	FF1, p207 LN g83
Common Allocated to Electric	0 *1.00000=	0	FF1, p356
Total electric		3,466,823,928	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

		691,625,932 /3,466,823,928=	0.19950
Transmission Plant		675,349,000	FF1, p207 LN g53
Transmission-related General, Intangible & Common		16,276,932	from 3/
Total Transmission-Related Plant		691,625,932	
Total Electric Plant		3,466,823,928	from 3/

## Period II

## 2002 Transmission Revenue Requirement

**5/ Nevada State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

Rate of Return	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Debt	50%	6.93%	3.47%
Preferred Equity	0%	0.00%	0.00%
Common Equity	50%	14.50%	7.25%
	<u>100%</u>		<u>10.72%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			0.000%
Combined Federal and State Rate			
Fed(1-State)+State			
.35(1-.01308)+.01308			35.000%
Revenue Gross-up Factor			
(Combined Fed and State)/(1-Combined Fed and State)			53.846%
Income Tax Factor Applied to Equity Return			
(Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>3.904%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>14.619%</u></u>

Period II

2002 Transmission Revenue Requirement

RATE BASE		Reference
Transmission Plant Investment	<u>230 kV and above</u>	
Gross Transmission Plant Investment	\$172,072,000	Company Records
Less Accumulated Depreciation	(64,051,000)	Company Records
Net Transmission Plant Investment	<u>108,021,000</u>	
Credit for Accumulated Deferred Income Tax		
Total Accumulated Deferred Income Taxes - Transmission	(12,185,000)	Company Records
Credit for Accumulated Deferred Investment Tax Credits		
Total Accumulated Deferred Investment Tax Credits - Transmission	(410,000)	Company Records
Total Transmission-Related Plant for Network and P-T-P Service	95,426,000	
Fixed Charge Rate <u>6/</u>	15.801%	
RETURN ON TRANSMISSION PLANT	15,078,476	
General and Intangible Plant		
Gross General and Intangible Plant	295,962,981	FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	(90,922,615)	FF1, p219 LN c25
Less Accumulated Amortization	(35,593,193)	FF1, p200 LN c21
Net General and Intangible Plant	169,447,173	
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	2.979%	
General and Intangible Plant Allocated to Transmission	5,048,184	
Ratio of Total Transmission to 230 kV and above	49.464%	
General and Intangible Plant Allocated to 230 kV and Above Transmission	2,497,032	
Common Plant		
Gross Common Plant	0	FF1, p356
Less Accumulated Depreciation	0	FF1, p356
Net Common Plant	0	
Allocation to Electric Function <u>2/</u>	0	
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	2.979%	
Common Plant Allocated to Transmission	0	
Ratio of Total Transmission to 230 kV and above	49.464%	
Common Plant Allocated to 230 kV and Above Transmission	0	
Deferred Income Tax		
Total Accumulated Deferred Income Tax (A/C 282) - Electric	(274,163,631)	FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.264%	
Accumulated Deferred Income Tax Allocated to Transmission	(722,847)	
Ratio of Total Transmission to 230 kV and above	49.464%	
Accumulated Def. Income Tax Allocated to 230 kV and above Transmission	(357,549)	
Total General, Intangible and Common Plant Allocated to Transmission	2,139,483	
Fixed Charge Rate <u>6/</u>	15.801%	
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	338,065	
Other Rate Base		
Materials and Supplies	76,697	FF1, p227 LN b8
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	1,232,375	
Total Other Rate Base	<u>1,309,072</u>	
Fixed Charge Rate <u>6/</u>	15.801%	
RETURN ON OTHER RATE BASE	206,849	
Ratio of Total Transmission to 230 kV and above	49.464%	
RETURN ON OTHER RATE BASE - 230 kV and Above	102,316	
TOTAL RETURN ON RATE BASE	\$15,518,856	

Period II

2002 Transmission Revenue Requirement

EXPENSES

Transmission Operations and Maintenance (excl. Wheeling by Others)	\$5,960,000	Company Records
Administrative and General Expense	<u>3,899,000</u>	Company Records
Net Transmission Operations and Maintenance Expense	9,859,000	
Depreciation Expense		
Transmission	5,568,000	Company Records
General and Intangible Allocated to Transmission	765,000	Company Records
Common - Electric	0	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries <u>1/</u>	0	
Net Depreciation Expense	6,333,000	
Taxes Other Than Income Tax		
Property Taxes Allocated to Transmission	2,244,000	Company Records
Excise Tax <u>5/</u>	0	
Total Taxes Other Than Income Tax	2,244,000	
Amortized Investment Tax Credit - Electric		
Amortized Investment Tax Credit (Electric) Allocated to Transmission	50,000	Company Records
Federal Tax Computation	26,923	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	(5,133,607)	Calculated by Iteration
PGE Self Bill	(1,669,274)	Calculated by Iteration
TOTAL EXPENSES	<u>\$11,710,043</u>	

ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE

\$27,228,899

Adjusted Transmission System Peak (Average of 12 Peak Contract Demands) 3,610,000 kW

Annual Rate per kW up to \$7.54

Monthly Rate per kW (Annual Rate / 12) up to \$0.63

Weekly Rate per kW (Annual Rate / 52) up to \$0.1451

Daily Rate per kW (Weekly Rate / 5) up to \$0.0290

Hourly Rate per kW (Daily / 16) up to \$0.0018

Period II

2002 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

		2,077,514 /69,733,760=	0.02979
Production	25,574,008	FF1, p354 LN b18	
Transmission	2,077,514	FF1, p354 LN b19	
Distribution	23,883,131	FF1, p354 LN b20	
Customer Accounts	14,950,732	FF1, p354 LN b21	
Customer Service and Info	3,215,301	FF1, p354 LN b22	
Sales	33,074	FF1, p354 LN b23	
Total Excluding A&G	<u>69,733,760</u>		

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

		101,059,074 /101,059,074=	1.00000
Electric	101,059,074	FF1, p354 LN b25	
Gas	<u>0</u>	FF1, p355 LN b59	
Total	101,059,074		

**3/ General, Intangible & Common Plant Allocator**

		8,817,354 /3,344,272,881=	0.002636553
Intangible		61,341,286	FF1, p205 LN g5
General		234,621,695	FF1, p207 LN g83
Common Allocated to Electric		<u>0</u>	
Total		295,962,981	
Allocate to Transmission 1/ Transmission-Related		<u>0.02979</u>	
		8,817,354	
Intangible		61,341,286	FF1, p205 LN g5
Production		1,325,821,541	FF1, p207 LN g42
Transmission		358,922,667	FF1, p207 LN g53
Distribution		1,363,565,692	FF1, p207 LN g69
General		234,621,695	FF1, p207 LN g83
Common Allocated to Electric	0 *1.00000=	<u>0</u>	FF1, p356
Total electric		3,344,272,881	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

		367,740,021 /3,344,272,881=	0.10996
Transmission Plant		358,922,667	FF1, p207 LN g53
Transmission-related General, Intangible & Common		<u>8,817,354</u>	from 3/
Total Transmission-Related Plant		367,740,021	
Total Electric Plant		3,344,272,881	from 3/

Period II

2002 Transmission Revenue Requirement

**5/ Oregon State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Rate of Return			
Debt	50.00%	7.56%	3.78%
Preferred	0.00%	0.00%	0.00%
Equity	50.00%	14.50%	7.25%
	<u>100%</u>		<u>11.03%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			4.690%
Combined Federal and State Rate			39.69%
Revenue Gross-up Factor (Combined Fed and State)/(1-Combined Fed and State)			65.810%
Income Tax Factor Applied to Equity Return (Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>4.771%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>15.801%</u></u>

## Period II

## 2002 Transmission Revenue Requirement

RATE BASE	Reference
Transmission Plant Investment	
Gross Transmission Plant Investment	\$402,717,000 FF1, p207 LN g53
Less Accumulated Depreciation	-120,966,000 FF1, p219 LN c23
Net Transmission Plant Investment	281,751,000
Credit for Accumulated Deferred Income Tax	
Total Accumulated Deferred Income Taxes - Transmission	-34,517,000
Total Transmission-Related Plant for Network and P-T-P Service	247,234,000
Fixed Charge Rate <u>6/</u>	14.574%
RETURN ON TRANSMISSION PLANT	36,031,503
General and Intangible Plant	
Gross General and Intangible Plant	103,449,000 FF1, p205 LN g5 + p207 LN g83
Less Accumulated Depreciation	-36,100,000 FF1, p219 LN c25
Less Accumulated Amortization	0 FF1, p200 LN c21
Net General and Intangible Plant	67,349,000
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	9.931%
General and Intangible Plant Allocated to Transmission	6,688,609
Common Plant	
Gross Common Plant	63,000,000 FF1, p356
Less Accumulated Depreciation	-29,975,000 FF1, p356
Net Common Plant	33,025,000
Allocation to Electric Function <u>2/</u>	33,025,000
Allocation Factor based on Transmission Wages and Salaries <u>1/</u>	9.931%
Common Plant Allocated to Transmission	3,279,801
Deferred Income Tax	
Total Accumulated Deferred Income Tax (A/C 282) - Electric	-180,000,000 FF1, p275 LN k2
Allocation Factor based on General, Intangible, & Common Plant <u>3/</u>	0.685%
Accumulated Deferred Income Tax Allocated to Transmission	-1,233,478
Total General, Intangible and Common Plant Allocated to Transmission	8,734,931
Fixed Charge Rate <u>6/</u>	14.574%
RETURN ON GENERAL, INTANGIBLE AND COMMON PLANT	1,273,015
Other Rate Base	
Materials and Supplies	3,065,000 FF1, p227 LN b8
Prepayments & Regulatory Assets	7,754,000
Cash Working Capital - Transmission and A&G (1/8 Transmission O&M)	1,573,390
Total Other Rate Base	12,392,390
Fixed Charge Rate <u>6/</u>	14.574%
RETURN ON OTHER RATE BASE	1,806,048
TOTAL RETURN ON RATE BASE	<u>\$39,110,566</u>

## Period II

## 2002 Transmission Revenue Requirement

## EXPENSES

Transmission Operations and Maintenance	\$11,833,000	FF1, p321 LN b100
Less All Transmission by Others (A/C 565)	-3,838,000	FF1, p321 LN b88
Sub-Total Transmission Operations and Maintenance	7,995,000	
Administrative and General Expense	46,239,049	FF1, p323 Ln b168
Allocation Factor based on Transmission Wages and Salaries 1/	9.931%	
Administrative and General Expenses Allocated to Transmission	4,592,123	
Net Transmission Operations and Maintenance Expense	12,587,123	
Depreciation Expense		
Transmission	10,038,000	FF1, p336 LN e7
General and Intangible	2,068,332	FF1, p336 LN e1 + LN e9
Allocation based on Transmission Wages and Salaries 1/	205,412	
Common - Electric	1,778,118	FF1, p336 LN e10
Allocation based on Transmission Wages and Salaries 1/	176,590	
Net Depreciation Expense	10,420,001	
Taxes Other Than Income Tax		
Property Taxes	14,332,769	FF1, p263 LN i26 + p263.1 LN i7 + i32
Allocation Factor based on Transmission-Related Plant 4/	17.380%	
Property Taxes Allocated to Transmission	2,491,000	
Excise Tax 5/	0	
Total Taxes Other Than Income Tax	2,491,000	
Amortized Investment Tax Credit - Electric	-3,030,000	FF1, p266 LN 8
Allocation Factor based on Transmission-Related Plant 4/	17.380%	
Amortized Investment Tax Credit (Electric) Allocated to Transmission	-526,607	
Federal Tax Computation	-283,557	
Transmission Credits		
Revenues from Transmission for Others (A/C 456)	-3,617,045	FF1, pp328-330
<b>TOTAL EXPENSES</b>	<u>\$21,070,916</u>	

## ANNUAL REVENUE REQUIREMENT FOR NETWORK AND POINT-TO-POINT TRANSMISSION SERVICE

\$60,181,482

Adjusted Transmission System Peak (Average of 12 Peak Contract Demands)

1,591,000 kW

Annual Rate per kW

up to \$37.83

Monthly Rate per kW (Annual Rate / 12)

up to \$3.15

Weekly Rate per kW (Annual Rate / 52)

up to \$0.7274

Daily Rate per kW (Weekly Rate / 5)

up to \$0.1455

Hourly Rate per kW (Daily / 16)

up to \$0.0091

Period II

2002 Transmission Revenue Requirement

**1/ Transmission Wages and Salaries Allocator**

		2,658,950 /26,773,523=	0.09931
Production	8,987,058	FF1, p354 LN b18	
Transmission	2,658,950	FF1, p354 LN b19	
Distribution	6,924,315	FF1, p354 LN b20	
Customer Accounts	7,292,140	FF1, p354 LN b21	
Customer Service and Info	911,060	FF1, p354 LN b22	
Sales	0	FF1, p354 LN b23	
Total Excluding A&G	<u>26,773,523</u>		

**2/ Electric Wages and Salaries Allocator (Applied to Total Common Plant)**

		45,129,752 /45,129,752=	1.00000
Electric	45,129,752	FF1, p354 LN b25	
Gas	0	FF1, p355 LN b59	
Total	<u>45,129,752</u>		

**3/ General, Intangible & Common Plant Allocator**

		16,530,494 /2,412,274,980=	0.006852658
Intangible		5,449,000	FF1, p205 LN g5
General		98,000,000	FF1, p207 LN g83
Common Allocated to Electric		<u>63,000,000</u>	
Total		166,449,000	
Allocate to Transmission 1/		<u>0.09931</u>	
Transmission-Related		16,530,494	
Intangible		5,449,000	FF1, p205 LN g5
Production		593,108,980	FF1, p207 LN g42
Transmission		402,717,000	FF1, p207 LN g53
Distribution		1,250,000,000	FF1, p207 LN g69
General		98,000,000	FF1, p207 LN g83
Common Allocated to Electric	0 *1.00000=	<u>63,000,000</u>	FF1, p356
Total electric		2,412,274,980	

**4/ Transmission Plant Allocator (Applied to Property Taxes and Investment Tax Credit)**

		419,247,494 /2,412,274,980=	0.17380
Transmission Plant		402,717,000	FF1, p207 LN g53
Transmission-related General, Intangible & Common		<u>16,530,494</u>	from 3/
Total Transmission-Related Plant		419,247,494	
Total Electric Plant		2,412,274,980	from 3/

## Period II

## 2002 Transmission Revenue Requirement

**5/ Nevada State Excise Tax on Intrastate Wheeling**

January	0.00
February	0.00
March	0.00
April	0.00
May	0.00
June	0.00
July	0.00
August	0.00
September	0.00
October	0.00
November	0.00
December	0.00
Total	<u>0.00</u>
Tax rate	0.000%
Total Excise Tax	<u>0</u>

**6/ Fixed Charge Calculation**

Rate of Return	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
Debt	50%	6.84%	3.42%
Preferred Equity	0%	0.00%	0.00%
Common Equity	50%	14.50%	7.25%
	<u>100%</u>		<u>10.67%</u>
Income Tax Factor Applied to Equity Return			
Federal rate			35.00%
State rate			0.000%
Combined Federal and State Rate			
Fed(1-State)+State			
.35(1-.01308)+.01308			35.000%
Revenue Gross-up Factor			
(Combined Fed and State)/(1-Combined Fed and State)			53.846%
Income Tax Factor Applied to Equity Return			
(Revenue Gross-up Factor)(Weighted Cost of Equity)			<u>3.904%</u>
Fixed Charge (Rate of Return + Income Tax on Equity Return)			<u><u>14.574%</u></u>