

IDAHO POWER COMPANY
Transmission Cost of Service Rate Development - 12 months ended 12/31/05
Compliance

	Source	Amount
TRANSMISSION RATE BASE		
1	Transmission Plant	FF1 p207 58(g) 580,381,676
2	Generator Step Up Facilities	(9,616,513)
3	General Plant	Schedule 1 29,035,745
4	Intangible Plant	Schedule 1 9,310,145
5	Transmission Plant Held For Future Use	FF1 p214 612,900
6	General Plant Held For Future Use	Schedule 1 118,563
7	Transmission Depreciation Reserve (Acct 108)	FF1 p 219 25(b) (200,078,275)
8	Transmission Depreciation Reserve (Acct 108) Generator Step-Ups	6,063,825
9	General Plant Depreciation	Schedule 1 (12,101,593)
10	Amortization of Utility Plant	Schedule 1 (4,261,015)
11	ADIT Allocated to Trans	Schedule 1 (35,957,302)
12	ADIT Allocated to Gen & Intang	Schedule 1 (2,375,704)
13	Transmission Related Loss on Reaquired Debt	Schedule 1 2,496,662
14	Transmission Related Other Regulatory Assets/Liabilities	Schedule 1 0
15	Transmission Related Prepayments	Schedule 1 2,340,451
16	Transmission Materials & Supplies	Schedule 1 4,800,910
17	Transmission Cash Working Capital	Schedule 1 4,138,836
18	Transmission Rate Base	Sum (1) thru (17) 374,909,312
19		
RETURN AND ASSOCIATED INCOME TAXES		
20	Overall Return	Schedule 6 0.08457
21	Composite Income Tax (Federal and State)	Schedule 6 0.03638
22	Return and Income Taxes	(18)*((21)+(22)) 45,345,281
23		
24		
25		
EXPENSES		
26		
27	Deprec Expense: Transmission	FF1 p 336 7f 12,490,634
28	Deprec Expense: General Plant	Schedule 2 2,128,197
29	Depreciation Expense: Intangible Plant	Schedule 2 1,144,525
30	Transmission Related Amortization of Loss on Reacquired Debt	Schedule 2 206,514
31	Amort of ITC (Acct 411.4)	Schedule 2 346,969
32	O&M Expense: Transmission	FF1 p 321 100 b 21,989,736
33	Less Account 561 (Load Dispatching)	FF1 p 321 84b (2,971,942)
34	Less: Account 565 (Transmission of Electricity By Others)	FF1 p 321 88b (7,657,106)
35	O&M Expense: A&G	Schedule 2 11,120,951
36	Taxes Other than Income:	Schedule 2 4,061,904
37	Transmission Expense	Sum (27) Thru (36) 42,860,380
38		
39	Gross Transmission Revenue Requirement	(21)+(35) 88,205,662
40		
41	Transmission Revenue Credits	Schedule 4 (15,888,802)
42		
43	Net Transmission Revenue Requirement	(37) - (39) 72,316,860
44		
45	System Peak Demand - MW	Schedule 5 3,054
46		
47	Annual Rate \$/kW per year	(41)/((43)*1000) 23.68
48	Monthly Rate \$/kW per month	(45) / 12 1.9733
49	Weekly Rate \$/kW per week	(45) / 52 0.4554
50	Daily Rate \$/kW per day (Mon-Sat)	(47) / 6 0.0759
51	Daily Rate \$/kW per day (Sunday)	(47) / 7 0.0651
52	Hourly Rate \$/MW per hour (Peak)	(45)*1000 / 4896 4.84
53	Hourly Rate \$/MW per hour (Off-Peak)	(45)*1000 / 8760 2.70

**Schedule 1
Allocated Investment**

	Source	Amount
1 ADIT Allocated to Transmission		
2		
3 ADIT (Account 281)	FF1 p 273 8k	-
4 ADIT (Account 282)	FF1 p 275 2k	226,279,312
5 ADIT (Account 283)	FF1 p 277 9k	23,430,274
6 ADIT (Account 190)	FF1 p234 8c - 2c	(34,261,222)
7 Sum of ADIT		215,448,364
8 Transmission Plant Allocator	Schedule 3	0.166895220
9 ADIT Allocated to Transm		35,957,302
10		
11		
12 General Plant		
13		
14 General Plant Investment	FF1 p207 90g	217,508,189
15 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
16 Trans Related General Plant		29,035,745
17		
18		
19 General Plant Depreciation Reserve		
20		
21 GP Accum Depr	FF1 p 219 27b	90,653,627
22 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
23 Trans Related GP Depr		12,101,593
24		
25		
26 Intangible Plant		
27		
28 Intangible Plant Investment	FF1 p205 5 g	69,742,756
29 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
30 Trans Related Intangible Plant		9,310,145
31		
32		
33 Amortization of Utility Plant		
34		
35 Amortization of Utility Plant	FF1 p200 21 b	(31,919,472)
36 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
37 Trans Related Amortization of Utility Plant		(4,261,015)
38		
39		
40 ADIT Allocated to General & Intangible		
41		
42 ADIT (Account 281)	FF1 p 273 8k	-
43 ADIT (Account 282)	FF1 p 275 2k	226,279,312
44 ADIT (Account 283)	FF1 p 277 9k	23,430,274
45 ADIT (Account 190)	FF1 p234 8c	(34,261,222)
46 Sum of ADIT		215,448,364
47 General & Intangible Plant Allocator	Schedule 3	0.011026790
48 ADIT to General & Intangible		2,375,704
49		
50		
51 Cash Working Capital		
52		
53 O&M Expense: Transmission	FF1 p 321 100 b	21,989,736
54 A&G O&M Expense	Schedule 2	11,120,951
55 Working Capital Allowance	((53)+(54)) * 0.125	4,138,836
56		
57		
58 Transmission Related Loss on Required Debt		
59		
60 Unamortized Loss on Required Debt	FF1 p111 81c	14,032,339
61 Plant Allocator	Schedule 3	0.177922010
62 Transmission Related Loss on Required Debt		2,496,662
63		
64 Other Regulatory Assets / Liabilities		
65		
66 FAS 106 Balance:		
67 Account 182.3 (Regulatory Assets)	FF1 p 232 4 f	-
68 Account 254 (Regulatory Liabilities)	FF1 p 278	-
69 Net		-
70 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
71 Allocated to Transmission		-
72 FAS 109 Balance:		
73 Account 182.3 (Regulatory Assets) & Account 282 (ADIT)	FF1 p 232 10f; FF1 p 275 fn to 4k	-
74 Account 254 (Regulatory Liabilities) & Account 190 (ADIT)	(Unfunded ADIT) FF1 p 278 27f; FF1 p 234 2c	-
75 Net		-
76 Plant Allocator	Schedule 3	0.177922010
77 Allocated to Transmission		-
78 Total Other Regulatory Assets / Liabilities		-
79		
80 Prepayments		
81		
82 Prepayments	FF1 p111 57c	17,532,437
83 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
84 Transmission Related Prepayments		2,340,451
85		
86 General Plant Held For Future Use		
87		
88 General Plant Held For Future Use	FF1 p.214	888,162
89 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
90 Transmission Related General Plant Held For Future Use		118,563
91		
92 Transmission Materials and Supplies		
93		
94 Account 154 - Transmission	FF1 p 227 8(c)	4,465,632
95 Account 154 - General	FF1 p 227 10c	766,156
96 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
97 Transmission Related Account 154 - General		102,276
98 Account 163	FF1 p 227 15c	1,745,428
99 Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
100 Transmission Related Account 163		233,002
101 Total Transmission Materials and Supplies		4,800,910

**Schedule 2
Allocated Expenses**

		Source	Amount
1	A&G Expense		
2			
3	Total A&G Related O&M	FF1 p 323 168 b	81,724,444
4	Acct 924 (Property Insurance)	(1) - FF1 p 323 156 b	(2,866,971)
5	Acct 928 (Regulatory Commission Expense)	(2) - FF1 p 323 160 b	(4,009,949)
6	Account 930.1 (General Advertising Expense)	(3) - FF1 p 323 162 b	(120,381)
7	Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
8	A&G to Transmission, excl Prop ins; Reg Comm Exp; Adv.		9,975,524
9			
10	Total Property Insurance	FF1 p 323 156 b	2,866,971
11	Plant Allocator	Schedule 3	0.1779220100
12	Property Insurance to Transmission		510,097
13			
14	Regulatory Commission Expenses - FERC	FF1 p350	3,570,833
15	Plant Allocator	Schedule 3	0.1779220100
16	Regulatory Commission Expenses to Transmission		635,330
17			
18	Regulatory Commission Expenses - Other Transmission Related	FF1 p350	-
19			
20	General Advertising Expense - Transmission Specific		-
21			
22	Total A&G to Transmission	(8)+(12)+(16)+(18)+(21)	11,120,951
23			
24	General Plant Depreciation		
25			
26	General Plant Depreciation	FF1 p 336 9 b	15,942,426
27	Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
28	Trans Related General Plant		2,128,197
29			
30	Investment Tax Credit		
31			
32	Amortized ITC - Electric (Account 411.4)	FF1 p114 19c	1,950,116
33	Transmission, General & Intangible Plant Allocator	Schedule 3	0.17792201
34	Allocated ITC	(32) * (33)	346,969
35			
36			
37	Total ITC Credit		346,969
38			
39			
40	Taxes Other Than Income Taxes		
41			
42	Property Taxes (ID,OR,MT,NV,WA)	FF1 pp262-263 col i	17,191,919
43	Amount Direct Assigned to Transmission For 2005	Direct Assigned	3,232,337
44	Amount Direct Assigned to General For 2005	Direct Assigned	1,334,763
45	Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
46	Allocated Amount	Line 44 x Line 45	178,181
47	FOAB (Soc Sec) and Unemp Tax	FF1 pp262-263.1 col i	9,697,237
48	Payroll Adjustment	FOAB & Unempl Tax	(9,697,237)
49	Transmission Wages & Salaries Allocator	Schedule 3	0.133492650
50	Allocated Amount		0
51	Franchise & Regulatory Commission Fees	FF1 pp262-263.1	3,661,074
52	Plant Allocator	Schedule 3	0.177922010
53	Allocated Amount		651,386
54	Total Taxes Other Than Income Taxes		4,061,904
55			
56			
57	Transmission Related Amortization of Loss on Required Debt		
58			
59	Amortized Loss on Required Debt (Account 428.1)	FF1 p117 64c	1,160,697
60	Plant Allocator	Schedule 3	0.177922010
61	Transmission Related Amortization of Loss on Required Debt		206,514
62			
63			
64	Transmission Related Amortization of Intangible Plant (Account 405)		
65			
66	Amortization of Intangible Plant	FF1 p336 1 d	8,573,690
67	Transmission Wages & Salaries Allocator	Schedule 3	0.13349265
68	Transmission Related Amortization of Intangible Plant		1,144,525

Schedule 3 Allocators

1 **Transmission Wages and Salaries**

2			
3	Transmission Wage Expense	p.354.19b	7,887,916
4	A&G Wage Expense	p.354.24b	32,908,558
5	Total Wage Expense	p.354.25b	91,997,326
6	Transmission Wages & Salaries Allocator	(3) / (5) - (4)	0.133492650

7

8

9

10 **Plant Allocator**

11			
12			
13	Transmission Plant	FF1 p 207 58 g	580,381,676
14	Allocated General & Intangible Plant		38,345,890
15	Total Electric Plant	FF1 p 207 95 g	3,477,521,238
16	Plant Allocator	(13) + (14) / (15)	0.177922010

17

18

19

20 **Transmission Plant Allocator**

21			
22	Transmission Plant	FF1 p 207 58 g	580,381,676
23	Total Electric Plant	FF1 p 207 95 g	3,477,521,238
24	Transmission Plant Allocator	(22) / (23)	0.166895220

25

26

27

28 **General and Intangible Plant Allocator**

29			
30	Transmission Related General Plant	Schedule 1	29,035,745
31	Transmission Related Intangible Plant	Schedule 1	9,310,145
32	Sum		38,345,890
33	Total Electric Plant	FF1 p 207 95 g	3,477,521,238
34	General & Intangible Plant Allocator	(32) / (33)	0.01102679

Schedule 4
Transmission Revenue Credits

1	Rent From Electric Property (Account 454)	
2	The transmission related amount of Rent From Electric Property included in Account 454	
3	is :	
4		\$ 8,932,841
5		
6		
7		
8	Revenues From Transmission For Others (Account 456):	\$ 6,627,756
9		
10		
11		
12		
13		
14	NF Service For Self	\$328,205
15		
16		
17		
18	Total Transmission Revenue Credit	\$15,888,802

**Schedule 4 WORKPAPER
Transmission Revenue Credits - Wheeling
2005**

TOTAL

1	CITY OF SEATTLE	\$4,860
2	VIGILANTE - BPA	\$15,000
3	NON FIRM - Third Party	\$6,607,896
4	NON FIRM-Self	<u>\$328,205</u>
5	TOTAL	\$6,955,961

**Schedule 5
Load Denominator**

1	<u>12 CP Load (MW)</u>	
2	Firm Network Service For Self	2,306
3	Firm Network Service For Others	199
4	Other LTF Transmission Service	1
5	Long Term Firm PTP Transmission	519
6	Short Term Firm PTP Transmission	29
7		
8	Total:	3,054

SCHEDULE 5 WORKPAPER
MONTHLY TRANSMISSION PEAK LOAD WORKPAPER
2005

		A	B	C	D	E	F
		Firm Network	Firm Network	Long-Term Firm	Other Long Term	Short-Term Firm	
		<u>Service for Self 1/</u>	<u>Service for</u>	<u>Transmission</u>	<u>Firm Service</u>	<u>Transmission</u>	<u>TOTAL</u>
		Form 1	Form 1	OASIS RES	Colton	OASIS RES	
1	January	2052	169	488	3	0	2712
2	February	2072	175	469	3	38	2757
3	March	1805	147	488	0	50	2490
4	April	2160	141	488	0	150	2939
5	May	2306	179	493	0	0	2978
6	June	2979	265	494	0	0	3738
7	July	2960	286	494	0	0	3740
8	August	2812	261	563	0	0	3636
9	September	2392	232	563	0	68	3255
10	October	1744	157	563	0	40	2504
11	November	2059	179	563	0	0	2801
12	December	2332	197	563	0	0	3092
13							
14	CP (Rounded)	2306	199	519	1	29	3054
15							

1/ Includes Weiser and Raft River

SCHEDULE 6
RATE OF RETURN AND INCOME TAX EXPENSE

1 **A OVERALL RATE OF RETURN**

	Capitalization Structure		Effective Cost	
	Amount	Percent	Embedded	Weighted
6 Long Term Debt	\$ 955,460,000	0.5048	0.05718	0.02886
8 Preferred Stock	\$ -	0.0000	0.00000	0.00000
10 Common Equity	<u>\$ 937,318,467</u>	<u>0.4952</u>	0.11250	<u>0.05571</u>
12 Total Capitalization	\$ 1,892,778,467	1.0000		0.08457
			Rate of Return	0.08457

17 **B INCOME TAX EXPENSE**

19 Federal Tax Rate	35.00%	
20 Composite State Tax Rate	6.30%	
22 Federal Tax Factor:		
23 $((ROR - Wtd.LTD) + [(EqAFUDC + ITC) / RateBase] * (FT)) / (1 - FT)$		0.03052
25 State Tax Factor:		
26 $((ROR - Wtd.LTD) + [(EqAFUDC + ITC) / RateBase] + Federal Income Tax Rate) * (ST) / (1 - ST)$		0.00586
29 Sum of Federal and State Tax Factors		0.03638

32 EQAFUDC = \$ 15,129
 33 ITC= 346,969 Schedule 2
 34