

Attention PacifiCorp Transmission Customers and Transmission Rate Case Stakeholders

On March 10 and 16, 2011, PacifiCorp conducted public meetings to provide information and details about PacifiCorp's upcoming transmission rate case filing. Presentation materials and meeting minutes are posted on the OASIS. PacifiCorp provides the following additional responses and clarifications to questions presented during the March 16 meeting. Please send any additional inquiries to:

Transmission_Rate_Case@pacificorp.com.

- 1. In review of the slide materials outlining proposed annual protocol timelines (Slides 26-29), the timeline indicates there will be protocol activity (i.e., discovery, challenges, etc.) beyond the annual June 1 effective date for the new projected rate. A customer asked what happens if the protocol process results in any adjustments to the projected rate; when would any such adjustments be reflected in rates?**

Response: In general, any adjustments to the projected rate resulting from the annual review period process, including resolution of any challenges, would be reflected in the next annual update, including interest. This is the preferred method so that rates change only once per year.

- 2. In explaining that the formula models PacifiCorp is considering forecast capital additions through the rate year, a customer asked whether the formula rate models will also project demand for the rate year to be reflected in the projected rate. In the meeting, PacifiCorp responded that in the calculation of the projected rate, demand is not forecasted for the rate year and is instead based on the demand reflected in the most recent FERC Form No. 1.**

Response: PacifiCorp confirms that demand will not be forecasted for each annual projected rate. The annual true-up performed will reconcile what customers were charged with actual costs and demands as established in the FERC Form No. 1 for the applicable rate year and any difference will be refunded or surcharged back to customers, including interest. This is a standard function of the true-up mechanism of formula rates and ensures that actual costs are properly matched to actual demands.

- 3. A customer asked if the annual update will include any normalizing adjustments to transmission rate base additions.**

Response: Formula rate models do not typically include normalizing adjustments for transmission rate base additions since they will reflect actual costs in each year. This is unlike stated rates where it is common to have normalizing adjustments since stated rates are set and in place for a number of years.