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November 3, 2004

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Room 1A East
Washington, D.C. 20426

Re: FERC Docket Number P-1971-079, Additional Information Requests LU-1 (Project Boundary Change) and DR-1 (Thermal Alternative Cost of Capital) for the Hells Canyon Project (FERC Project 1971)

Dear Secretary Salas:

Enclosed for filing with the Commission is an original and eight (8) CD copies of additional information requests (AIR) LU-1 and DR-1. Each CD contains complete copies of LU-1 and DR-1.

In addition to the above, AIR DR-1 includes an original and eight (8) CD copies of Idaho Power Company's most recent Integrated Resource Plan as requested by the Commission, and AIR LU-1 includes an original and eight (8) printed copies of the requested USGS quad maps.

Please contact me with any questions regarding this filing.

Sincerely,

Craig A. Jones

CAJ/da

Enclosures
By Federal Express
Cc: Service List
Allan Mitchnick, FERC
Jim Vasile, Davis Wright Tremaine
Jim Tucker, IPC
Nathan Gardiner, IPC

Response to FERC Additional Information Request DR-1

Thermal Alternative Cost of Capital

Final Report

Pete Newton
Engineering Project Leader

Randy Henderson
Business Analyst

November 2004

Hells Canyon Project
FERC No. P-1971-079

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SCHEDULE A: ADDITIONAL INFORMATION REQUEST DR-1 THERMAL ALTERNATIVE COST OF CAPITAL

Time Required: 6 months

In your license application (section H.3.3.2), you provide information supporting your estimate for the alternative cost of power based on gas-fired generating resources. This information is largely based on your 2002 Integrated Resource Plan. However, with the information provided we are unable to replicate the annual estimated cost of the capital component of your alternative cost. We need to be able to replicate this cost so that we can fully understand your calculations and support our analysis in the developmental resources section of the EIS.

Please provide the calculation sequence on pages H-23 through H-25 of your application in Microsoft Excel, including the supporting formulas. If your 2004 Integrated Resource Plan updates and modifies any of the economic parameters or thermal resource planning criteria (such as reserves, fuel costs, heat rates, and O&M costs), please provide the updated values in your submittal. We note that your discount rate of 7.13% is less than your weighted average cost of capital of 8.48%. Please provide an explanation of this 1.35 percentage point discrepancy.

Also, please file a copy of the 2004 Integrated Resource Plan with the Commission within 60 days of publication.

1. INTRODUCTION

Additional and updated information is being provided to estimate the cost of alternative(s) to the Hells Canyon Complex (HCC). Estimates are still based on replacing the capacity and generation of the project with gas-fired generators. It is believed that the least cost and reasonably feasible replacement alternative is a combination of combined cycle (CCCT) and simple cycle (SCCT) gas-fired generators. This alternative is also believed to be a reasonable surrogate for both the market purchase and demand-side (DSM) alternatives. The costs of energy and capacity from the market purchase and DSM alternatives are largely driven by and dependent on the cost of building new least-cost generating resources. This analysis is based on replacing the average annual generation of the Hells Canyon Complex with combined cycle gas generators (base load resources), and replacing the balance of the capacity provided by the HCC with simple cycle generators (peaking resources).

2. RESPONSES

2.1. Response

The calculation sequence for estimating the cost of alternatives to the HCC, along with the supporting formulas are being provided in Microsoft Excel. Heat rates, reserves, construction costs, cost of capital, fuel costs, and operating and maintenance (O&M) cost estimates for the gas-fired alternatives have all been updated based on cost information and operating assumptions in the Idaho Power 2004 Integrated Resource Plan (IRP).

Detailed calculations are being provided within the calculation sequence spreadsheet, specifically cost of capital information and 30-year revenue requirement streams, and fuel expense calculations. Some additional explanations and points are made within the calculation sequence spreadsheet as well. The calculation format for the annual cost of capital for the CCCT and SCCT resources is being provided from the Applicant's revenue requirements model. This model is proprietary so formulas are not included, however the general format is provided on separate tabs of the calculation sequence worksheet.

The historical weighted average cost of capital (WACC) of 8.48% stated in the HCC license application is based on a capital structure and rate of return as set forth in Idaho Public Utilities Commission Order No. 25880. This published rate is pre-tax with respect to the cost of debt portion of WACC. A traditional after-tax WACC of 7.13% (with the cost of debt and equity components stated after tax) is what was used for discounting because the annual cost of capital streams was stated after-tax. Cost of capital is made up of annual carrying charges on the investment, depreciation, and state and federal income taxes. A discount rate of 7.20%, per IPC's 2004 Integrated Resource Plan, was used to calculate the levelized cost of capital for the CCCT and SCCT resources.

A copy of the 2004 IRP is being filed with the FERC.

Table 1. Thermal Alternative Cost of Capital—Calculation Sequence

Existing HCC nameplate capacity:	1,167 MW	
Existing HCC peak capacity:	1,398 MW	
Existing HCC peak capacity minus required 5% reserve:	1,328 MW	
Equivalent thermal generating capacity required, including 7% reserve:	1,421 MW	
Existing HCC average annual energy production, 01/01/81-12/31/01:	6,053 GWh	
(Note: HCC annual avg production from 01/01/81 through 12/31/03 is 5,904.75 GWh, however, the average through 2001 has been retained for this estimate to provide consistency with the balance of the license application.)		
Required equivalent thermal replacement capacity and energy:	1,421 MW capacity	
	6,053 GWh/year energy	
Capacity needed to replace 6,053 GWh of energy annually:		
6,053 GWh/8,766 hr/year	690.5 MW	
Estimated cost of constructing 690,500 kW of CCCT generation:		
Estimated cost per kW:	$617/kW (see 2004 IPC IRP)	
Estimated total cost:	$617/kW x 690,500 kW =	$426,038,500
CCCT cost of capital, annual levelized equivalent:		
(Note: the rate used to discount the cost of capital streams for the alternative CCCT resource was 7.13% in the HCC license Application. The levelized cost of capital component of the CCCT resource is based on these new construction cost estimates, and a discount rate of 7.20%, as referenced in the 2004 IRP.)		

Table 1. (Continued)

Period	Revenue Rqmt	Period	Revenue Rqmt
1	$63,576,236	16	$33,635,262
2	$60,523,069	17	$31,757,342
3	$58,362,069	18	$29,879,422
4	$56,281,292	19	$28,001,502
5	$54,274,720	20	$26,123,582
6	$52,336,789	21	$25,082,136
7	$50,462,351	22	$24,433,968
8	$48,646,643	23	$23,342,602
9	$46,780,701	24	$22,251,237
10	$44,902,781	25	$21,159,872
11	$43,024,861	26	$20,068,507
12	$41,146,941	27	$18,977,142
13	$39,269,021	28	$17,885,776
14	$37,391,101	29	$16,794,411
15	$35,513,182	30	$15,703,046
		Sum	**$1,087,587,565**
		PV	**$560,717,129**
		Levelized	**$44,523,279**

Cost of simple cycle turbines to make up the balance of the capacity needed to replace the HCC:

Thermal capacity needed to match HCC peak capacity (see above):		1,421 MW	
Capacity assumed to be provided by CCCT baseload units:		690.5 MW	
Balance of capacity to be provided by SCCT's:	1,421 MW - 690.5 MW =	730.5 MW	
Estimated cost per kW:	$350/kW (see 2004 IPC IRP)		
Estimated total cost:	$350/kW x 730,500 kW =		$255,675,000

Table 1. (Continued)

SCCT cost of capital, annual levelized equivalent:

(Note: the rate used to discount the revenue requirements for the alternative CCCT resource was 7.13% in the HCC license Application. The levelized cost of capital component of the CCCT resource is based on these new construction cost estimates, and a discount rate of 7.20%, as referenced in the 2004 IRP)

Period	Rev. Rqmt	Period	Rev. Rqmt
1	$38,153,487	16	$20,185,254
2	$36,321,214	17	$19,058,274
3	$35,024,351	18	$17,931,293
4	$33,775,631	19	$16,804,312
5	$32,571,444	20	$15,677,332
6	$31,408,449	21	$15,052,337
7	$30,283,558	22	$14,663,357
8	$29,193,912	23	$14,008,405
9	$28,074,119	24	$13,353,453
10	$26,947,139	25	$12,698,501
11	$25,820,158	26	$12,043,549
12	$24,693,177	27	$11,388,597
13	$23,566,197	28	$10,733,645
14	$22,439,216	29	$10,078,693
15	$21,312,235	30	$9,423,740
		Sum	**$652,685,029**
		PV	**$336,498,584**
		Levelized	**$26,719,391**

Estimated annual fuel, operating, and maintenance costs:

Note: It is assumed that the 690.5 MW of highly efficient combined cycle turbines would be used to provide 85% of the generation now provided by the HCC, based on an expected availability factor of 85%. The remaining 15% is assumed to be provided by the simple cycle standby turbines.

The simplifications described about are considered to be reasonable, given the inherently speculative nature of this analysis. It is believed that the simplifying assumptions made do not materially affect the overall reasonableness of this estimate, the objective of which is to estimate as reasonably as possible the cost of replacing the HCC capacity and generation. The most relevant inaccuracy is likely to result from having to predict future fuel prices. Future fuel prices will be dependent on future regulations, hydrocarbon finding and production costs, and global energy demands, predictions of all of which are beyond the scope of this document.

Table 1. (Continued)

Fuel demand to produce 6,053.13 GWh per year using new gas-fired turbine-generators:

85% of 6053.13 GWh per year using CCCT's with a heat rate of 6,880 Btu/kWh (see 2004 IPC IRP):

0.85 x 6053.13 GWh x 6,880 Btu/kWh = 5,145.16 GWh x 6,880 Btu/kWh = 35,399,000 MMBtu

15% of 6053.13 GWh per year using SCCT's with a heat rate of 10,500 Btu/kWh (see 2004 IPC IRP):

0.15 x 6053.13 GWh x 10,500 Btu/kWh = 907.97 GWh x 10,500 Btu/kWh = 9,534,000 MMBtu

Total estimated fuel use per year to generate 6053.13 GWh/year:	44,933,000 MMBtu	
Cost of estimated annual fuel demand:		
44,933,000 MMBtu x current year cost of $4.55/MMBtu =		$206,806,481 /year
Average annual escalated fuel cost over a 30-year period =		$302,088,969 /year

Table 1. (Continued)

Period	Gas Cost Per MMBTU	CCCT Annual Gen (MWh)	SSCT Annual Gen (MWh)	CCCT Fuel Cost	SSCT Fuel Cost	Total Fuel Cost
1	4.55	5,141,463	959,877	160,948,358	45,858,124	206,806,481
2	4.80	5,141,463	959,877	169,791,674	48,377,801	218,169,475
3	4.89	5,141,463	959,877	172,975,268	49,284,885	222,260,153
4	4.86	5,141,463	959,877	171,914,070	48,982,523	220,896,593
5	4.92	5,141,463	959,877	174,036,466	49,587,246	223,623,712
6	5.01	5,141,463	959,877	177,220,060	50,494,330	227,714,389
7	5.14	5,141,463	959,877	181,818,584	51,804,562	233,623,146
8	5.35	5,141,463	959,877	189,246,970	53,921,090	243,168,061
9	5.57	5,141,463	959,877	197,029,089	56,138,406	253,167,495
10	5.78	5,141,463	959,877	204,457,474	58,254,935	262,712,409
11	6.05	5,141,463	959,877	214,008,256	60,976,186	274,984,442
12	6.30	5,141,463	959,877	222,851,572	63,495,864	286,347,436
13	6.05	5,141,463	959,877	214,008,256	60,976,186	274,984,442
14	6.20	5,141,463	959,877	219,314,246	62,487,993	281,802,238
15	6.40	5,141,463	959,877	226,388,899	64,503,734	290,892,633
16	6.56	5,141,463	959,877	232,048,621	66,116,328	298,164,949
17	6.79	5,141,463	959,877	240,184,472	68,434,431	308,618,903
18	6.80	5,141,463	959,877	240,538,205	68,535,218	309,073,423
19	6.96	5,141,463	959,877	246,197,927	70,147,811	316,345,739
20	7.18	5,141,463	959,877	253,980,046	72,365,127	326,345,173
21	7.54	5,141,463	959,877	266,714,421	75,993,462	342,707,884
22	7.69	5,141,463	959,877	272,020,411	77,505,268	349,525,680
23	7.87	5,141,463	959,877	278,387,599	79,319,436	357,707,035
24	8.05	5,141,463	959,877	284,754,787	81,133,603	365,888,390
25	8.23	5,141,463	959,877	291,121,975	82,947,771	374,069,746
26	8.41	5,141,463	959,877	297,489,162	84,761,938	382,251,101
27	8.59	5,141,463	959,877	303,856,350	86,576,106	390,432,456
28	8.77	5,141,463	959,877	310,223,538	88,390,274	398,613,811
29	8.95	5,141,463	959,877	316,590,726	90,204,441	406,795,167
30	9.13	5,141,463	959,877	322,957,913	92,018,609	414,976,522
Sum				7,053,075,396	2,009,593,688	9,062,669,084
Ave Annual Fuel				235,102,513	66,986,456	302,088,969

Table 1. (Continued)

Fixed annual op & mntc cost for CCCT's:	$5,006,125 /year
Current year cost: $7.25/kW (see 2004 IRP) x 690,500 kW	
Average annual escalated fixed CCCT O&M cost over a 30-year period:	$7,349,474 /year
(2.52% Escalation)	
Fixed annual op & mntc cost for SCCT's:	$4,653,285 /year
Current year cost: $6.37/kW (see 2004 IRP) x 730,500 kW	
Average annual escalated fixed SCCT O&M cost over a 30-year period:	$6,831,471 /year
(2.52% Escalation)	
Variable annual O&M cost of CCCT's:	
Current year cost $2.80/MWh (see 2004 IRP) x 5,145,160 MWh/yr =	$14,406,000 /year
Average annual escalated variable CCCT O&M cost over a 30-year period:	$21,149,396 /year
(2.52% Escalation)	
Variable annual O&M cost of SCCT's:	
Current year cost: $4.14/MWh (see 2004 IRP) x 907,970 MWh/yr =	$3,759,000 /year
Average annual escalated variable SCCT O&M cost over a 30-year period:	$5,518,574 /year
(2.52% Escalation)	
Total estimated annual direct replacement costs, gas-fired turbines:	$414,180,554 /year
Total cost of replacement turbines (30 years, assuming escalation)	$12,028,409,104
Components:	
Total cost of capital	$1,740,272,593
Total fuel	$9,062,669,084
Total fixed O&M	$425,428,331
Total variable O&M	$800,039,095
Total cost of replacement turbines (30 years, assuming no escalation)	$8,489,417,036
Components:	
Total cost of capital	$1,740,272,593
Total fuel	$6,204,194,443
Total fixed O&M	$289,782,300
Total variable O&M	$544,950,000

Notes: 1. All unit item prices, such as construction costs for new CCCT's, have been updated based on the 2004 Idaho Power Company (IPC) Integrated Resource Plan (IRP).

2. The amount of equivalent CCCT capacity in this estimate is roughly 9% lower than the estimate in the initial license application. When recalculating the replacement costs in accord with FERC's additional information request, it was decided that applying the industry-standard CCCT availability factor of 91% to the amount of CCCT capacity was not appropriate, in recognition that additional CCCT capacity would not be procured in addition to the estimated 662 MW of SCCT standby capacity that would normally be available under this estimate.

This resulted in the following changes from what was shown in the initial license application: the total amount of thermal capacity needed to replace the HCC remained unchanged at 1421.1 MW; the amount of equivalent CCCT capacity needed was reduced from 758.8 MW to 690.5 MW; the amount of equivalent SCCT capacity needed was increased from 662 MW to 730.5 MW; the amount of baseload energy to be generated with the CCCT's was decreased by 15% to account for the 85% availability factor shown in the 2004 IRP for CCCT's; 15% of the baseload energy was assigned to be generated with the SCCT's. These changes reduced the expected capital costs and slightly increased the expected fuel and O&M costs. The changes were made to make the overall estimate more realistic.

3. Market prices for natural gas have increased significantly since the initial license was drafted. Estimated gas prices for this update are from IPC's 2004 Integrated Resource Plan. In the initial application, the long term "current" cost was estimated at $3.00/MMBtu.

Table 2. Replacement Alternatives Cost of Capital—CCCT Baseload Turbines.

Assumptions			Book Items					Tax Items				
Description	**Amount**	**Year**	**Book Depr**	**Deferred Taxes**	**End of Period Earnings Base**	**Return on Average Earning Base**	**Rev Req for Book items**	**Tax Depr**	**Interest Deduction**	**Tax Net Income**	**Rev Req for Tax**	**Total Revenue Rqmt**
Financing:		1	14,201,283	621,306	411,215,911	35,134,162	49,956,751	15,976,444	12,767,350	21,212,957	13,619,485	63,576,236
Composition		2	14,201,283	5,793,680	391,220,947	33,673,094	53,668,057	30,754,654	12,236,415	10,676,988	6,855,012	60,523,069
Debt	51.060%	3	14,201,283	4,986,370	372,033,294	32,028,853	51,216,506	28,448,055	11,638,917	11,129,534	7,145,563	58,362,069
Preferred	2.969%	4	14,201,283	4,239,609	353,592,402	30,449,825	48,890,718	26,314,451	11,065,116	11,511,150	7,390,574	56,281,292
Common	45.971%	5	14,201,283	3,548,854	335,842,264	28,931,122	46,681,259	24,340,867	10,513,237	11,827,155	7,593,461	54,274,720
Total	100.000%	6	14,201,283	2,909,907	318,731,074	27,468,217	44,579,407	22,515,302	9,981,634	12,082,471	7,757,383	52,336,789
Cost		7	14,201,283	2,318,880	302,210,911	26,056,926	42,577,089	20,826,654	9,468,787	12,281,648	7,885,261	50,462,351
Debt	5.973%	8	14,201,283	1,772,180	286,237,447	24,693,378	40,666,842	19,264,655	8,973,290	12,428,897	7,979,801	48,646,643
Preferred	6.539%	9	14,201,283	1,682,278	270,353,886	23,356,545	39,240,106	19,007,793	8,487,500	11,744,814	7,540,595	46,780,701
Common	11.200%	10	14,201,283	1,682,278	254,470,324	22,023,484	37,907,045	19,007,793	8,003,081	10,896,171	6,995,736	44,902,781
Weighted	8.393%	11	14,201,283	1,682,278	238,586,762	20,690,422	36,573,984	19,007,793	7,518,662	10,047,529	6,450,877	43,024,861
Discount Rate	7.200%	12	14,201,283	1,682,278	222,703,200	19,357,361	35,240,923	19,007,793	7,034,242	9,198,887	5,906,018	41,146,941
Discount Delay	0.50	13	14,201,283	1,682,278	206,819,638	18,024,300	33,907,862	19,007,793	6,549,823	8,350,245	5,361,159	39,269,021
		14	14,201,283	1,682,278	190,936,076	16,691,239	32,574,801	19,007,793	6,065,404	7,501,603	4,816,300	37,391,101
Taxes		15	14,201,283	1,682,278	175,052,515	15,358,178	31,241,740	19,007,793	5,580,985	6,652,961	4,271,442	35,513,182
Tax Life	20	16	14,201,283	1,682,278	159,168,953	14,025,117	29,908,679	19,007,793	5,096,566	5,804,319	3,726,583	33,635,262
Month (Rl Prop)	6	17	14,201,283	1,682,278	143,285,391	12,692,056	28,575,618	19,007,793	4,612,147	4,955,677	3,181,724	31,757,342
DRDB Rate	150%	18	14,201,283	1,682,278	127,401,829	11,358,995	27,242,557	19,007,793	4,127,728	4,107,035	2,636,865	29,879,422
Composite Rate	39.100%	19	14,201,283	1,682,278	111,518,267	10,025,934	25,909,496	19,007,793	3,643,309	3,258,393	2,092,006	28,001,502
Deferred Rate	35.000%	20	14,201,283	1,682,278	95,634,705	8,692,873	24,576,435	19,007,793	3,158,890	2,409,751	1,547,147	26,123,582
		21	14,201,283	-1,644,085	83,077,508	7,499,398	20,056,596	9,503,897	2,725,195	7,827,504	5,025,540	25,082,136
Facility		22	14,201,283	-4,970,449	73,846,673	6,585,095	15,815,929	0	2,392,948	13,422,981	8,618,039	24,433,968
Book Life	30	23	14,201,283	-4,970,449	64,615,839	5,810,378	15,041,212	0	2,111,424	12,929,787	8,301,391	23,342,602
Investment	$426,038,500	24	14,201,283	-4,970,449	55,385,005	5,035,661	14,266,495	0	1,829,901	12,436,594	7,984,742	22,251,237
		25	14,201,283	-4,970,449	46,154,171	4,260,944	13,491,778	0	1,548,378	11,943,400	7,668,094	21,159,872
		26	14,201,283	-4,970,449	36,923,337	3,486,227	12,717,061	0	1,266,855	11,450,206	7,351,446	20,068,507
		27	14,201,283	-4,970,449	27,692,503	2,711,510	11,942,344	0	985,331	10,957,012	7,034,798	18,977,142
		28	14,201,283	-4,970,449	18,461,668	1,936,793	11,167,627	0	703,808	10,463,819	6,718,150	17,885,776

Table 2. (Continued)

Assumptions			Book Items					Tax Items				
Description	Amount	Year	Book Depr	Deferred Taxes	End of Period Earnings Base	Return on Average Earning Base	Rev Req for Book items	Tax Depr	Interest Deduction	Tax Net Income	Rev Req for Tax	Total Revenue Rqmt
		29	14,201,283	-4,970,449	9,230,834	1,162,076	10,392,910	0	422,285	9,970,625	6,401,501	16,794,411
		30	14,201,283	-4,970,449	0	387,359	9,618,193	0	140,762	9,477,431	6,084,853	15,703,046
		Total	$426,038,500	$0	$5,382,403,335	$469,607,519	$895,646,019	$426,038,500	$170,649,970	$298,957,548	$191,941,546	$1,087,587,565
		PV	$178,847,545	$20,175,917	$3,163,178,702	$273,828,104	$472,851,567	$236,493,023	$99,505,983	$136,852,560	$87,864,287	$560,715,854
		Levelized	$14,201,283	$1,602,057	$251,170,331	$21,743,158	$37,546,498	$18,778,588	$7,901,214	$10,866,696	$6,976,812	$44,523,310

Table 3. Replacement Alternatives Cost of Capital—SCCT Standby Turbines.

Assumptions			Book Items					Tax Items				
Description	Amount	Year	Book Depr	Deferred Taxes	End of Period Earnings Base	Return on Average Earning Base	Rev Req for Book items	Tax Depr	Interest Deduction	Tax Net Income	Rev Req for Tax	Total Revenue Rqmt
Financing:		1	8,522,500	372,859	246,779,641	21,084,777	29,980,137	9,587,813	7,661,965	12,730,359	8,173,350	38,153,487
Composition		2	8,522,500	3,476,914	234,780,227	20,207,958	32,207,372	18,456,539	7,343,340	6,407,493	4,113,842	36,321,214
Debt	51.060%	3	8,522,500	2,992,430	223,265,297	19,221,213	30,736,143	17,072,299	6,984,768	6,679,076	4,288,208	35,024,351
Preferred	2.969%	4	8,522,500	2,544,282	212,198,516	18,273,605	29,340,386	15,791,876	6,640,418	6,908,092	4,435,245	33,775,631
Common	45.971%	5	8,522,500	2,129,745	201,546,271	17,362,197	28,014,442	14,607,486	6,309,223	7,097,734	4,557,002	32,571,444
Total	100.000%	6	8,522,500	1,746,298	191,277,472	16,484,276	26,753,075	13,511,924	5,990,196	7,250,954	4,655,375	31,408,449
Cost		7	8,522,500	1,391,610	181,363,362	15,637,330	25,551,440	12,498,530	5,682,426	7,370,485	4,732,117	30,283,558
Debt	5.973%	8	8,522,500	1,063,524	171,777,338	14,819,035	24,405,059	11,561,140	5,385,067	7,458,852	4,788,853	29,193,912
Preferred	6.539%	9	8,522,500	1,009,572	162,245,266	14,016,772	23,548,844	11,406,992	5,093,534	7,048,319	4,525,275	28,074,119
Common	11.200%	10	8,522,500	1,009,572	152,713,194	13,216,773	22,748,845	11,406,992	4,802,823	6,539,030	4,198,294	26,947,139
Weighted	8.393%	11	8,522,500	1,009,572	143,181,122	12,416,774	21,948,846	11,406,992	4,512,113	6,029,742	3,871,312	25,820,158
Discount Rate	7.200%	12	8,522,500	1,009,572	133,649,050	11,616,775	21,148,847	11,406,992	4,221,402	5,520,453	3,544,330	24,693,177
Discount Delay	0.50	13	8,522,500	1,009,572	124,116,978	10,816,776	20,348,848	11,406,992	3,930,692	5,011,164	3,217,349	23,566,197
		14	8,522,500	1,009,572	114,584,906	10,016,777	19,548,849	11,406,992	3,639,981	4,501,876	2,890,367	22,439,216
Taxes		15	8,522,500	1,009,572	105,052,834	9,216,778	18,748,850	11,406,992	3,349,271	3,992,587	2,563,385	21,312,235
Tax Life	20	16	8,522,500	1,009,572	95,520,762	8,416,779	17,948,851	11,406,992	3,058,561	3,483,299	2,236,404	20,185,254
Month (Rl Prop)	6	17	8,522,500	1,009,572	85,988,690	7,616,780	17,148,852	11,406,992	2,767,850	2,974,010	1,909,422	19,058,274
DRDB Rate	150%	18	8,522,500	1,009,572	76,456,618	6,816,781	16,348,853	11,406,992	2,477,140	2,464,722	1,582,440	17,931,293
Composite Rate	39.100%	19	8,522,500	1,009,572	66,924,546	6,016,782	15,548,854	11,406,992	2,186,429	1,955,433	1,255,459	16,804,312
Deferred Rate	35.000%	20	8,522,500	1,009,572	57,392,474	5,216,783	14,748,855	11,406,992	1,895,719	1,446,144	928,477	15,677,332
		21	8,522,500	-986,651	49,856,625	4,500,552	12,036,401	5,703,496	1,635,449	4,697,456	3,015,936	15,052,337
Facility		22	8,522,500	-2,982,875	44,317,000	3,951,859	9,491,484	0	1,436,060	8,055,424	5,171,873	14,663,357
Book Life	30	23	8,522,500	-2,982,875	38,777,375	3,486,934	9,026,559	0	1,267,112	7,759,448	4,981,846	14,008,405
Investment	$255,675,000	24	8,522,500	-2,982,875	33,237,750	3,022,010	8,561,635	0	1,098,164	7,463,471	4,791,818	13,353,453

Table 3. (Continued)

Assumptions			Book Items					Tax Items				
Description	Amount	Year	Book Depr	Deferred Taxes	End of Period Earnings Base	Return on Average Earning Base	Rev Req for Book items	Tax Depr	Interest Deduction	Tax Net Income	Rev Req for Tax	Total Revenue Rqmt
		25	8,522,500	-2,982,875	27,698,125	2,557,085	8,096,710	0	929,215	7,167,495	4,601,791	12,698,501
		26	8,522,500	-2,982,875	22,158,500	2,092,161	7,631,786	0	760,267	6,871,519	4,411,763	12,043,549
		27	8,522,500	-2,982,875	16,618,875	1,627,236	7,166,861	0	591,319	6,575,542	4,221,736	11,388,597
		28	8,522,500	-2,982,875	11,079,250	1,162,311	6,701,936	0	422,371	6,279,566	4,031,708	10,733,645
		29	8,522,500	-2,982,875	5,539,625	697,387	6,237,012	0	253,422	5,983,590	3,841,681	10,078,693
		30	8,522,500	-2,982,875	0	232,462	5,772,087	0	84,474	5,687,613	3,651,653	9,423,740
		Total	$255,675,000	$0	$3,230,097,685	$281,821,719	$537,496,719	$255,675,000	$102,410,771	$179,410,948	$115,188,310	$652,685,029
		PV	$107,330,314	$12,108,008	$1,898,292,560	$164,330,220	$283,768,543	$141,924,623	$59,715,712	$82,128,208	$52,729,276	$336,497,819
		Levelized	$8,522,500	$961,429	$150,732,796	$13,048,544	$22,532,473	$11,269,441	$4,741,691	$6,521,342	$4,186,937	$26,719,410