

IC-446 PUB

Please confirm that the data used in the PacifiCorp review, which is the basis of EES calculations at pages 4-5 of Exhibit C, reflects a mix of supply side resources that do not contain either hydro or oil fired generation. Please confirm that 18 of the 28 options reviewed are based on natural gas.

Response:

The intent of a peak credit calculation is to look at differentials between pure peaking and pure baseload generating resources. By its nature, it does not relate to the embedded resources in a system that are used to serve both peak and energy needs. Therefore, we used information that is generic in nature rather than specific to resources used by NLH. The PacifiCorp information was published data that reflects our own findings with respect to plant costs. The primary differences relate to the capital cost and heat rate associated with different type plants. While the options examined are designed as natural gas units, they can be used to burn oil or aviation fuel. Therefore the generic capital cost and heat rate data is appropriate. If NLH has completed internal integrated resource plans or feasibility studies for new generation on its system that can be clearly defined as peaking or baseload units, those costs could be readily substituted for the generic costs we used calculation the peak credit factor.