

2013 Annual Update
Material Changes Summary

Pursuant to Section I.3(c) of the Formula Rate Implementation Protocols (“Protocols”) - Attachment H-2 of PacifiCorp’s Open Access Transmission Tariff, PacifiCorp provides the following identification and explanation as applicable to Material Changes, as defined in Section 1.3(c) of the Protocols:

- (i) *any change in the Transmission Provider’s accounting policies, practices or procedures (including changes resulting from revisions to FERC’s Uniform System of Accounts and/or FERC Form No. 1 reporting requirements and inter-company cost allocation methodologies) from those in effect during the calendar year upon which the most recent actual ATRR was based and that, in the Transmission Provider’s reasonable judgment, could impact the Formula Rate, including impact to the ATRR or load divisor;*

After a review and assessment of the Company’s accounting records relating to changes in accounting policies, practices, and procedures, PacifiCorp did not identify any Material Changes related to this item.

- (ii) *any change in the classification of any transmission facility that has been directly assigned and the dollar value of the change that the Transmission Provider has made in the applicable Projection or True-Up.*

PacifiCorp identified one Material Change related to a reclassification of assets associated with a third-party interconnection project that was placed into plant in service in 2010 and designated as a direct assigned facility. In 2012, the Company determined this capital investment should be designated as a network upgrade due to incorrect coding of station service work conducted at the associated substation. As a result of this change in 2012, PacifiCorp incurred approximately \$182,740 of additional charges, of which approximately \$86,962 has been designated as network upgrades (classified as distribution assets) and approximately \$95,778 as communication equipment assets for the third-party interconnection project. The amount attributable to distribution assets should have no impact to the formula rate because the underlying assets are classified as distribution and are therefore not included in the formula rate. The amount attributable to communication equipment impacts the formula rate by increasing General Plant by approximately \$95,779; this yields a net increase in Total Plant in Rate Base of approximately \$7,030.