
RFP
Attachment 7: Estimated Owner's Costs
Implementation Phase

**ATTACHMENT 7: OWNER’S COST ASSUMPTIONS
FOR IMPLEMENTATION AND EXECUTION OF AN EPC CONTRACT FOR
CARRANT CREEK 2**

The above cost figures were developed by PacifiCorp as estimates to be used by PacifiCorp for its own purposes, including but not limited to evaluation of EPC proposals submitted pursuant to the RFP. In no event shall PacifiCorp be responsible for errors or omissions in the above figures or any cost estimates developed by respondents to the RFP. The costs are shown in nominal dollars assuming an in service date to meet the 2016 summer peak.

ESTIMATED OWNER COSTS	CARRANT CREEK 2
Project Management	\$4,400,000
Plant Startup and Commissioning Labor	\$1,850,000
IT, Voice, Communications, Security and Data Historian	\$1,100,000
Miscellaneous Consultants and Consulting Engineers	\$1,200,000
Owners' Legal Counsel	\$200,000
Regulation & Communication	\$100,000
C&T Charges for PSC Hearing	\$20,000
Legal Costs for PSC Hearings	\$200,000
Permitting & License Fees	\$200,000
Startup/Fuel and Testing ¹	Bidder to Supply
Site Surveys/Studies	\$50,000
Initial Capital Spares ⁷	\$3,100,000
Permanent Plant Equipment, Tools & Furnishings	\$370,000
Training	\$350,000
Transmission Interconnection - Directly Assigned Costs	\$2,450,000
Sales Tax & Duties ²	Bidder to Supply
Owner Contingency ³	5.50%
Capital Surcharge	\$500,000
Capitalized Property Taxes ⁴	TBD
Interest During Construction (AFUDC ⁵) (Based on payment schedule)	TBD

Notes:

1. Actual costs will depend on the then current fuel costs, the startup and commissioning schedule and the supplied equipment.
2. Costs over and above those stated in **Attachment 8** “Owner’s Development Costs”
3. Owner’s contingency percentage that will be applied to the EPC price (including estimated sales taxes) and Owner’s Direct Costs (this includes Attachment 9 and Attachment 10 costs) but excludes: Startup/Fuel and Testing, Transmission Interconnection-Directly Assigned Costs and Network Upgrades, Capital Surcharge, and Interest during Construction (AFUDC).
4. Bidder shall divide proposal into taxable and non-taxable items. Current Effective Rate for Carrant Creek is 0.86% which is subject to change.

- ⁵ The current projected AFUDC rate is 8.1% which is subject to change.
- ⁶ These are non-combustion turbine initial capital spares. Initial capital spares for the combustion turbine may be required depending on the structure of the service agreement with the combustion turbine manufacturer for long term planned maintenance of that equipment.

RFP Analysis Guidelines for AFUDC and Capitalized Property Tax

For purposes of analyzing resource RFP responses which require PacifiCorp to assume a progress payment obligation during the construction phase for a resource that will be transferred to and owned by PacifiCorp, the total capitalized cost shall include:

- (1) a capitalized financing cost as applied through the application of Allowance for Funds Used During Construction (AFUDC), pursuant to Regulatory Commissions' guidelines, and
- (2) an amount for capitalized property taxes, pursuant to PacifiCorp's property tax capitalization policy.

AFUDC

Monthly AFUDC shall be calculated by multiplying the average balance of Construction Work in Progress (CWIP) by the applicable projected AFUDC rate in use by PacifiCorp. CWIP shall include all applicable construction overheads, AFUDC from prior months, and capitalized property taxes that are associated with the final capitalized cost of such resource until such resource is projected to be placed in service.

This rate is currently projected to be 8.1% annually. The actual rate in effect at the time of the bid evaluation will be the one used.

Property Tax

If the projected CWIP balance is greater than \$5 million as of the first day of each calendar year, the amount of capitalized property taxes that will be added to CWIP will be equal to each year's beginning CWIP balance multiplied by an estimated property tax rate applicable for the resource under consideration.

The standard (non-site specific) rate for PacifiCorp is currently 1.1% of the CWIP balance. The actual rate in effect when the final RFP is issued will be the one used.