

ICNU Data Request 28.5

The following questions relate to the rebuttal testimony of Bruce N. Williams dated November 2010:

At page 18 of Mr. Williams' rebuttal testimony, he is critical of Mr. Gorman's adjustment to the capital structure by the removal of an acquisition asset from the structure of the capital structure in this proceeding. With respect to this testimony, please answer the following:

- a. Please confirm or deny that the amount of acquisition adjustment PacifiCorp recorded on its balance sheet is not included in PacifiCorp's Washington test year rate base in this proceeding.
- b. Please confirm or deny if the acquisition adjustment were written off, that common equity would be reduced by the write-off of the acquisition asset.
- c. Please confirm or deny that an acquisition adjustment is created from an accounting of an acquisition of assets above their prevailing book value.
- d. Please confirm or deny that PacifiCorp Washington's rate base is based on the book value of the assets included in its cost of service.

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- a. The amount of acquisition adjustment recorded on PacifiCorp's balance sheet is not included in the Washington test year rate base.
- b. The Company denies that retirement of the acquisition adjustment would reduce common equity in its entirety. The acquisition asset would be retired with the offsetting entry going to the amortization reserve. Any remaining net book value would then be expensed.
- c. The acquisition adjustment is the amount the purchasing company was required to pay to acquire an asset over the net book value of the selling company. Rarely does the purchase price mirror the historical book value of the selling company.
- d. Washington's rate base is based on the book value of its assets included in the cost of service.

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SPONSOR: To Be Determined