

January 21, 2011

Patricia Clark  
Administrative Law Judge

RE: **In the matter of WUTC v. PacifiCorp, Docket UE-100749**  
Bench Request (2)

Please find enclosed an original and three copies of PacifiCorp's Response to Bench Request 2.

If you have any questions, please call Cathie Allen (503) 813-5934.

Sincerely,



Cathie Allen  
Manager, Regulation

Enclosures

C.c: Donald Trotter/WUTC (C)/3 copies  
Betsy DeMarco/WUTC (W)  
Krista Gross/WUTC (W)  
Arthur Butler/Wal-mart (C)  
Irion Sanger/ICNU (C)  
Randall Falkenberg/ICNU (C)  
Lea Daeschel/PC (W)  
Carol Williams/PC (W)  
Sarah Shifley/PC (W)  
Simon ffitich/ PC (C)

## **Bench Request Data Request 2**

PacifiCorp's filing includes a results-of-operations statement showing test year actual results (per books). The following accounts are included in rate base. For each account, please explain if these items should be included in per books rate base and, if so, why?

- *Plant Held for Future Use.* The filing includes \$37,310 of Plant Held for Future Use in per books rate base.<sup>1</sup>
- *Miscellaneous Deferred Debits.* The filing includes \$6,671,729 in Miscellaneous Deferred Debits in per books rate base.<sup>2</sup>
- *Fuel Stock.* The Company includes \$3,524,551 of Fuel Stock in per books rate base.<sup>3</sup>
- *Materials & Supplies.* The Company includes in per books rate base \$7,763,143 of Materials & Supplies.<sup>4</sup>
- *Weatherization.* PacifiCorp includes \$2,046,741 of Weatherization in per books rate base.<sup>5</sup>
- *Customer Advances for Construction.* The Company includes in per books rate base Customer Advances for Construction of (\$334,500).<sup>6</sup>
- *Miscellaneous Rate Base Deductions.* PacifiCorp includes (\$4,865,967) of Miscellaneous Rate Base Deductions in per books rate base.<sup>7</sup>

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<sup>1</sup> Supplemental Response to Bench Request No. 1, Supplemental Workpaper entitled "Cash Working Capital," November 30, 2010, and Dalley Exh. No. RBD-3 at 1.0, line 34 (revised 11/23/10).

<sup>2</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 35 (revised 11/23/10).

<sup>3</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 39 (revised 11/23/10).

<sup>4</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 40 (revised 11/23/10).

<sup>5</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 42 (revised 11/23/10).

<sup>6</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 51 (revised 11/23/10).

<sup>7</sup> Supplemental Workpaper and Dalley, Exh. No. RBD-3 at 1.0, line 53 (revised 11/23/10).

## Response to Bench Request Data Request 2

Yes. Each of these accounts is properly included in the Company's per books rate base. These accounts are defined in accordance with FERC regulations as outlined in the Code of Federal Regulations. The Company reflects per books balances in these accounts in each of the states in which it operates. Balances in these accounts are allocated to Washington consistent with the procedures outlined in the West Control Area Allocation Handbook. In addition, the Company has reflected per books balances associated with these accounts in at least the past four Washington rate case filings, including the Company's last litigated case, Docket UE-061546. These accounts are recorded on the Company's books as follows:

- *Plant Held for Future Use* – (FERC Account 105) This account includes the original cost of electric plant owned and held for future use in electric service under a definite plan for such use. The \$37,310 in the per books data represents Washington's allocation based on the West Control Area (WCA) allocation methodology. No restating or proforma adjustments were made to the per books balances included in this account.
- *Miscellaneous Deferred Debits* – (FERC Accounts 182 and 186) Costs recorded in these accounts are regulatory-created assets and miscellaneous debits which are in the process of being amortized. All costs in these accounts are allocated to Washington based on the WCA allocation methodology. The following restating and proforma adjustments were made to these accounts as discussed in the direct and rebuttal testimonies of Company witness R. Bryce Dalley:
  - Remove MEHC Severance of (\$637,047), (Exhibit No. \_\_\_ (RBD-3), page 4.8)
  - Environmental Remediation, \$155,566, (Exhibit No. \_\_\_ (RBD-3), page 8.3)
  - Jim Bridger Mine Rate Base, \$514,243, (Exhibit No. \_\_\_ (RBD-3), page 8.2 – Revised 11/23/10)
  - Miscellaneous Rate Base Adjustment, (\$2,867,116), (Exhibit No. \_\_\_ (RBD-3), page 8.5)
  - Powerdale Hydro Removal, \$75,958, (Exhibit No. \_\_\_ (RBD-3), page 8.7)
  - Chehalis Regulatory Asset, \$15,750,000, (Exhibit No. \_\_\_ (RBD-3), page 8.10)
  - Production Factor adjustment, (\$909), (Exhibit No. \_\_\_ (RBD-3), page 9.1.1 – Revised 11/23/10)  
This adjustment was replaced in the Company's rebuttal position, (\$909), (Exhibit No. \_\_\_ (RBD-6) – Revised 12/10/10, page 12.7.1)
- *Fuel Stock* – (FERC Account 151) This account represents the amount of fuel stock on hand. The \$3,524,551 is allocated to Washington based on the WCA allocation methodology. The following restating and proforma adjustments were made to the per books balance as discussed in the direct and rebuttal testimonies of Company witness R. Bryce Dalley.

- Jim Bridger Mine, \$2,033,952, (Exhibit No. \_\_\_(RBD-3), page 8.2 – Revised 11/23/10)
- Production Factor adjustment, (\$3,595), (Exhibit No. \_\_\_(RBD-3), page 9.1.1 – Revised 11/23/10)  
This adjustment was replaced in the Company’s rebuttal position, (\$3,595), (Exhibit No. \_\_\_(RBD-6) – Revised 12/10/10, page 12.7.1)

As discussed in the supplemental testimony of R. Bryce Dalley, in the Company’s last fully litigated Washington general rate case (Docket UE-061546) the Commission order removed rate base balances associated with this FERC account. Since the Company’s proposal with respect to this account in this proceeding is different than that Commission order, the Company provided a workpaper entitled “Supplemental Workpaper – Cash Working Capital” as part of its supplemental filing to demonstrate the impact of removing fuel stock balances from the normalized test period results.

- *Materials & Supplies* – (FERC Account 154) This account includes the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. The \$7,763,143 in the per books data represents Washington’s allocated balance based on the WCA allocation methodology. The following restating and proforma adjustments were made to the per books balance as described in the direct and rebuttal testimonies of Company witness R. Bryce Dalley.
  - Jim Bridger Mine, \$2,005,618, (Exhibit No. \_\_\_(RBD-3), page 8.2 – Revised 11/23/10);
  - Miscellaneous Rate Base, \$12,560, (Exhibit No. \_\_\_(RBD-3), page 8.5);
  - Production Factor adjustment, (\$3,545), (Exhibit No. \_\_\_(RBD-3) -, page 9.1.1- Revised 11/23/10)  
This adjustment was replaced in the Company’s rebuttal position, (\$3,545), (Exhibit No. \_\_\_(RBD-6) – Revised 12/10/10, page 12.7.1)

As discussed in the supplemental testimony of R. Bryce Dalley, in the Company’s last fully litigated Washington general rate case (Docket UE-061546) the Commission order removed rate base balances associated with this FERC account. Since the Company’s proposal with respect to this account in this proceeding is different than that Commission order, the Company provided a workpaper entitled “Supplemental Workpaper – Cash Working Capital” as part of its supplemental filing to demonstrate the impact of removing material and supplies balances from the normalized test period results.

- *Weatherization* – (FERC Account 124) The balances included in this account represent loans made from the Company to customers for demand side management weatherization programs. No new loans have been made since the 1990’s. The \$2,046,741 per books balance is Washington’s allocated total based on the WCA allocation methodology. No restating or proforma adjustments were made to this account.
- *Customer Advances for Construction* – (FERC Account 252) This account includes advances by customers for construction which are to be refunded either wholly or in part.

The (\$334,500) per books balance is Washington allocated total based on the WCA allocation methodology. The following restating adjustment was made to the per books balance as described in the direct testimony of Company witness R. Bryce Dalley.

- Customer Advances for Construction, \$23,143 (Exhibit No. \_\_\_(RBD-3), page 8.4).
- *Miscellaneous Rate Base Deductions* – (FERC accounts 228, ,230, 253, and 258) These accounts represent miscellaneous rate base reductions and/or miscellaneous liabilities not accounted for elsewhere. All balances in these accounts are allocated to Washington based on the WCA allocation methodology. The following restating and proforma adjustments were made to the per books balances as described in the direct and rebuttal testimonies of Company witness R. Bryce Dalley.
  - SO2 Emission Allowances, (\$4,218,445), (Exhibit No. \_\_\_(RBD-3), page 3.4 This adjustment was replaced in the Company’s rebuttal position, (\$3,762,046), (Exhibit No. \_\_\_(RBD-6) – Revised 12/10/10, page 12.1)
  - Electric Lake Settlement, (\$212,583), (Exhibit No. \_\_\_(RBD-3), page 5.3)
  - Trojan Unrecovered Plant, \$1,185,109, (Exhibit No. \_\_\_(RBD-3), page 8.8)
  - Production Factor adjustment, \$7,457, (Exhibit No. \_\_\_(RBD-3), page 9.1.1) This adjustment was replaced in the Company’s rebuttal position, \$6,650, (Exhibit No. \_\_\_(RBD-6) – Revised 12/10/10, page 12.7.1)

PREPARER: R. Bryce Dalley

SPONSOR: R. Bryce Dalley