



Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

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January 21, 2011

David W. Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

RE: *WUTC v. PacifiCorp (PacifiCorp 2010 General Rate Case)*  
Docket UE-100749

Dear Mr. Danner:

Enclosed for filing in the above proceeding are the original and 17 copies of the revised Supplemental Testimony of Kathryn H. Breda (page 3). This correction is related to Exhibit No. RF-12. The corrections are to the chart on page 3, line 29 (Fuller Exhibit No. \_\_\_ (RF-12)) line 30 (Staff Commission Basis vs. Company Commission Basis). Distribution has been made to all other parties of record.

The enclosures are not to be construed as testimony or evidence until such time as they are received into the record. Accordingly, we reserve the right to make revisions or additions to them as may become necessary prior to the time that this witness presents his testimony.

Sincerely,

DONALD T. TROTTER  
Assistant Attorney General

DTT:klg  
Enclosures  
cc: All parties

## Deferred Federal Income Tax

Twelve Months Ending - December 2009

Line No. (a)	Description (b)	Deferred Income Tax Expense (c)	Accum. Deferred Income Tax (d)
1	<b>Washington Unadjusted Results</b>	<b>\$ 22,359,798</b>	<b>\$ (128,569,574)</b>
2	Adjustment 3.2 Revenue Normalization	623,320	2,751,332
3	Adjustment 3.4 SO2 Emission Allowances	192,892	1,600,912
4	Adjustment 4.4 Pension Curtailment	384,714	
5	Adjustment 4.6 DSM Removal	(525,945)	472,406
6	Adjustment 4.8 MEHC Severance	218,152	330,671
7	Adjustment 5.6 Removal of Colstrip 3	136,253	1,810,649
8	Adjustment 8.3 Environmental Remediation	22,534	105,943
9	Adjustment 8.5 Miscellaneous Rate Base	(178,075)	1,697,440
10	Adjustment 8.7 Powerdale	118,650	386,866
11	Adjustment 8.8 Trojan	131,967	(168,275)
12	Adjustment 8.10 Chehalis	(1,138,530)	(6,261,915)
13	Adjustment 7.2 Tax Factor Correction		(5,199,035)
14	Adjustment 7.4 Malin	(291,667)	(510,417)
15	Adjustment 7.5 FAS 109 Adjustment	5,532,834	
16	Adjustment 7.8 State Income Tax	(2,199,228)	1,099,614
17	Adjustment 7.9 Normalization Vs Flow-Through	525,562	(262,781)
18	Adjustment 7.10 Medicare Deferred Tax	170,464	
19	Adjustment 7.11 Average ADIT Balance		(9,873,199)
20	<b>Total Company Test Year Adjustments</b>	<b>\$ 3,723,897</b>	<b>\$ (12,019,788)</b>
21	<b>Washington Adjusted Results - Company</b>	<b>\$ 26,083,695</b>	<b>\$ (140,589,362)</b>
	Staff Adjustments		
22	Reverse Company Adjustment 7.9	(525,562)	262,781
23	New Adjustment 7.9.2 Remove State Tax	40,867	(20,433)
24	New Adjustment 7.9.3 Non-Prop Flow-Through	(364,732)	(5,381,142)
25	<b>Total New Staff Adj. 7.9 Normalization vs. Flow-Through</b>	<b>\$ (323,865)</b>	<b>\$ (5,401,575)</b>
26	Staff Adjustment 8.11 Repair Deduction		(14,463,670)
27	<b>Washington Adjusted Results - Staff (Comm. Basis)</b>	<b>\$ 25,234,268</b>	<b>\$ (160,191,827)</b>
28	<b>Difference Staff versus Company</b>	<b>\$ (849,427)</b>	<b>\$ (19,602,464)</b>
29	Fuller Exhibit No. ___(RF-12)	<del>26,002,815</del>	<del>(139,257,432)</del>
		25,993,904	(139,304,697)
1	30 <b>Staff Commission Basis vs. Company Commission Basis</b>	<b>\$ (768,547)</b>	<b>\$ (20,934,396)</b>
		(759,636)	(20,887,131)

2 Q. Please explain the table.

3 A. Line 1 of the table reflects the Company's unadjusted federal income tax expense  
4 and accumulated deferred income taxes on a Washington basis.<sup>2</sup> It is now my  
5 understanding that the Company reflects in its unadjusted results ("per books")  
6 column all non-property related tax-book timing differences on a normalized basis.

<sup>2</sup> Lines 1, 20 and 21 agree with the figures in Mr. Dalley's Exhibit No. \_\_\_(RBD-2), lines 25 and 49.. Lines 2 through 19 agree with Mr. Dalley's individual adjustments included in Exhibit No. \_\_\_(RBD-3), but do not add down to the total, consistent with the Company's presentation.