

Exhibit No.\_\_\_\_(NCS-2)  
Docket UE-14\_\_\_\_  
Witness: Natasha C. Siores

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,  
a division of PacifiCorp

Respondent.

Docket UE-14\_\_\_\_

**PACIFIC POWER & LIGHT COMPANY**

**EXHIBIT OF NATASHA C. SIORES**

**Summary of the Washington Results of Operations for the Test Period**

**May 2014**

## Revenue Requirement Adjustment Summary

The table below presents the Company's restating and pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement.

Line No.	Adj. No.	A	B	C			F
				NOI	Rate Base	Rev. Req.	
Unadjusted Washington Allocated Data (Per Books)				40,389,778	788,256,372	32,401,495	(NCS-3) Page 1.0
1	3.1	Temperature Normalization		(3,700,295)	-	5,973,999	(NCS-3), Page 3.0 Total
2	3.2	Revenue Normalization		(4,827,930)	-	7,794,527	(NCS-3), Page 3.0 Total
3	3.3	Effective Price Change		11,066,786	-	(17,866,946)	(NCS-3), Page 3.0 Total
4	3.4	SO2 Emission Allowance Sales		481,473	(249,925)	(808,270)	(NCS-3), Page 3.0 Total
5	3.5	Renewable Energy Credit and Renewable Energy Attribute Revenue		(1,464,670)	-	2,364,660	(NCS-3), Page 3.0 Total
6	3.6	Wheeling Revenue		225,695	-	(364,377)	(NCS-3), Page 3.0 Total
7	3.7	Ancillary Revenue		26,862	-	(43,367)	(NCS-3), Page 3.1 Total
8	3.8	Schedule 300 Fee Change		55,085	-	(88,933)	(NCS-3), Page 3.1 Total
9	3.9	Wind Wake Loss Revenues		16,828	-	(27,168)	(NCS-3), Page 3.1 Total
10			<b>Tab 3 - Revenue - Subtotal</b>	<b>1,879,834</b>	<b>(249,925)</b>	<b>(3,065,876)</b>	
11							
12	4.1	Miscellaneous Expense & Revenue		14,374	-	(23,206)	(NCS-3), Page 4.0 Total
13	4.2	General Wage Increase - Restating		30,934	-	(49,943)	(NCS-3), Page 4.0 Total
14	4.3	General Wage Increase - Pro Forma		(801,979)	-	1,294,767	(NCS-3), Page 4.0 Total
15	4.4	Irrigation Load Control Program		3,471	-	(5,605)	(NCS-3), Page 4.0 Total
16	4.5	Remove Non-Recurring Entries		(101,034)	-	163,116	(NCS-3), Page 4.0 Total
17	4.6	DSM Revenue and Expense Removal		6,923,689	-	(11,178,058)	(NCS-3), Page 4.0 Total
18	4.7	Insurance Expense		1,590,632	-	(2,568,021)	(NCS-3), Page 4.0.1 Total
19	4.8	Advertising		261	-	(422)	(NCS-3), Page 4.0.1 Total
20	4.9	Memberships & Subscriptions		(973)	-	1,570	(NCS-3), Page 4.0.1 Total
21	4.10	Uncollectible Expense		(274,576)	-	443,294	(NCS-3), Page 4.0.1 Total
22	4.11 - 4.11.1	Legal Expenses		(139,979)	-	225,991	(NCS-3), Page 4.0.1 Total
23	4.12	Collection Agency Fees		27,339	-	(44,138)	(NCS-3), Page 4.0.1 Total
24	4.13.1 - 4.13.5	IHS Global Insight Escalation		(936,191)	-	1,511,448	(NCS-3), Page 4.0.2 Total
25			<b>Tab 4 - O&amp;M - Subtotal</b>	<b>6,335,970</b>	<b>-</b>	<b>(10,229,205)</b>	
26							
27	5.1	Net Power Costs - Restating		7,484,568	-	(12,083,577)	(NCS-3), Page 5.0 Total
28	5.1.1	Net Power Costs - Pro Forma		(5,539,983)	-	8,944,111	(NCS-3), Page 5.0 Total
29	5.2	James River Royalty Offset		441,934	-	(713,487)	(NCS-3), Page 5.0 Total
30	5.3	Colstrip #3 Removal		314,399	(8,567,345)	(1,568,476)	(NCS-3), Page 5.0 Total
31			<b>Tab 5 - NPC - Subtotal</b>	<b>2,700,918</b>	<b>(8,567,345)</b>	<b>(5,421,429)</b>	
32							
33	6.1	Hydro Decommissioning		(3,781)	(212,765)	(20,243)	(NCS-3), Page 6.0 Total
34	6.2 - 6.2.2	Depreciation and Amortization Reserve to December 2013 Balance		-	(6,526,993)	(808,234)	(NCS-3), Page 6.0 Total
35	6.3 - 6.3.2	Depreciation Study & Annual Depreciation		(1,249,180)	-	1,862,073	(NCS-3), Page 6.0/6.0.1 Total
36	6.4 - 6.4.2	Vehicle Depreciation - Depreciation Study		74,724	(143,764)	(138,441)	(NCS-3), Page 6.0/6.0.1 Total
37			<b>Tab 6 - Depreciation/Amortization - Subtotal</b>	<b>(1,178,237)</b>	<b>(8,132,702)</b>	<b>895,155</b>	
38							
39	7.1	Interest True Up		(87,526)	-	141,307	(NCS-3), Page 7.0 Total
40	7.2	Property Tax Expense		(335,269)	-	541,280	(NCS-3), Page 7.0 Total
41	7.3	Renewable Energy Tax Credit		661,917	-	(1,068,642)	(NCS-3), Page 7.0 Total
42	7.4	PowerTax ADIT Balance		-	(1,637,024)	(202,712)	(NCS-3), Page 7.0 Total
43	7.5	WA Low Income Tax Credit		(25,873)	-	41,770	(NCS-3), Page 7.0 Total
44	7.6/7.6.1	Flow-Through Adjustment		407,649	(9,662,969)	(1,854,696)	(NCS-3), Page 7.0/7.0.1 Total
45	7.7	Remove Deferred State Tax Expense & Balance		493,727	246,864	(766,536)	(NCS-3), Page 7.0/7.0.1 Total
46	7.8	WA Public Utility Tax Adjustment		524,709	-	(847,125)	(NCS-3), Page 7.0/7.0.1 Total
47			<b>Tab 7 - Tax - Subtotal</b>	<b>1,639,335</b>	<b>(11,053,129)</b>	<b>(4,015,353)</b>	
48							
49	8.1	Jim Bridger Mine Rate Base		(138,615)	26,734,872	3,534,355	(NCS-3), Page 8.0 Total
50	8.2	Environmental Remediation		(171,517)	(250,034)	245,946	(NCS-3), Page 8.0 Total
51	8.3	Customer Advances for Construction		-	(481,414)	(59,613)	(NCS-3), Page 8.0 Total
52	8.4 - 8.4.1	Pro Forma Major Plant Additions		(633,489)	37,099,266	5,616,730	(NCS-3), Page 8.0 Total
53	8.5 - 8.5.1	Miscellaneous Rate Base		-	(23,721,364)	(2,937,405)	(NCS-3), Page 8.0/8.0.1 Total
54	8.6	Powerdale Hydro Removal		(58,361)	97,700	106,320	(NCS-3), Page 8.0.1 Total
55	8.7	Removal of Colstrip #4 AFUDC		17,991	(360,049)	(73,630)	(NCS-3), Page 8.0.1 Total
56	8.8	Trojan Unrecovered Plant		(99,762)	(83,643)	150,705	(NCS-3), Page 8.0.1 Total
57	8.9	Customer Service Deposits		(2,710)	(3,361,134)	(411,832)	(NCS-3), Page 8.0.1 Total
58	8.10	Reg Asset Amortization		(1,950,000)	-	3,148,208	(NCS-3), Page 8.0.1 Total
59	8.11	Misc. Asset Sales and Removals		236,963	-	(382,568)	(NCS-3), Page 8.0.1 Total
60	8.12 - 8.12.6	Adjust December 2013 AMA Plant Balances to December 2013 Balance		-	22,392,711	2,772,878	(NCS-3), Page 8.0.2 Total
61	8.13	Investor Supplied Working Capital		0	31,018,483	3,841,003	(NCS-3), Page 8.0.3 Total
62			<b>Tab 8 - Rate Base - Subtotal</b>	<b>(2,799,500)</b>	<b>89,085,395</b>	<b>15,551,097</b>	
63							
64	9.1 - 9.1.1	Production Factor		(650,290)	286,777	1,085,383	(NCS-3), Page 9.0 Total
65			<b>Tab 9 - Production Factor - Subtotal</b>	<b>(650,290)</b>	<b>286,777</b>	<b>1,085,383</b>	
66							
67							
68		<b>Subtotal Normalizing Adjustments</b>		<b>7,928,029</b>	<b>61,369,071</b>	<b>(5,200,228)</b>	
69							
70		<b>Total Adjusted Results</b>		<b>48,317,807</b>	<b>849,625,443</b>	<b>27,201,266</b>	(NCS-3) Page 1.0
71							
72							
73		Notes:					
74		(1) The revenue requirement column is calculated using the Company's proposed return on rate base of 7.67% and the NOI conversion factor of 61.940%.					
75		The development of these percentages can be found in Exhibit No. (NCS-3) on pages 2.1 and 1.3 respectively.					

		Exhibit No. (NCS-3)						
		Tab 3	Tab 4	Tab 5	Tab 6	Tab 7	Tab 8	Tab 9
Washington Allocated Actual Results		Revenue	O&M	Net Power Cost	Depreciation & Amortization	Tax Adjustments	Rate Base	Production
December 2013		Adjustments	Adjustments	Adjustments	Adjustments		Adjustments	Factor
1	Operating Revenues:							
2	General Business Revenues	317,700,180	3,905,479	-	-	-	-	-
3	Interdepartmental	-	-	-	-	-	-	-
4	Special Sales	18,487,997	-	2,625,166	-	-	-	163,205
5	Other Operating Revenues	11,424,456	(1,866,284)	679,898	-	-	(3,000,000)	5,575
6	Total Operating Revenues	347,612,633	2,039,195	3,305,065	-	-	(3,000,000)	168,780
7								
8	Operating Expenses:							
9	Steam Production	59,484,322	-	585,584	6,034,730	(50,322)	-	390,838
10	Nuclear Production	-	-	-	-	-	-	-
11	Hydro Production	7,355,376	-	294,362	(16,833)	-	(6,984)	-
12	Other Power Supply	94,996,039	-	396,793	(10,201,095)	(9,067)	-	582,139
13	Transmission	27,085,771	(112,130)	323,681	3,799,862	(4,684)	-	196,588
14	Distribution	12,193,373	-	77,920	-	(18,634)	-	-
15	Customer Accounting	6,347,128	-	630,360	-	(10,104)	-	-
16	Customer Service & Info	11,445,807	-	(10,653,365)	-	(1,548)	-	-
17	Sales	-	-	-	-	-	-	-
18	Administrative & General	13,226,426	-	(903,146)	-	(20,966)	168,766	-
19	Total O&M Expenses	232,134,241	(112,130)	(9,247,811)	(366,503)	(132,158)	161,782	1,169,565
20	Depreciation	42,465,252	-	(428,046)	2,013,216	-	369,281	5,758
21	Amortization	5,034,157	-	-	-	-	82,362	-
22	Taxes Other Than Income	21,700,554	-	(41,073)	-	(251,643)	(0)	(1)
23	Income Taxes - Federal	1,000,694	752,283	2,761,386	1,326,664	(131,172)	(2,853,158)	(371,098)
24	Income Taxes - State	-	-	-	-	-	-	-
25	Income Taxes - Def Net	4,870,545	295,256	-	113,105	(571,649)	2,035,064	14,846
26	Investment Tax Credit Adj.	-	-	-	-	-	-	-
27	Misc Revenue & Expense	17,412	(776,049)	(7,660)	-	-	4,169	-
28	Total Operating Expenses:	307,222,855	159,361	(6,494,085)	604,147	1,178,237	(1,639,335)	819,070
29								
30	Operating Rev For Return:	40,389,778	1,879,834	6,335,970	2,700,918	(1,178,237)	1,639,335	(2,799,500)
31								
32	Rate Base:							
33	Electric Plant In Service	1,647,982,661	-	(28,327,256)	-	-	131,957,797	312,482
34	Plant Held for Future Use	234,062	-	-	-	-	-	-
35	Misc Deferred Debits	13,696,536	-	-	-	-	(5,671,386)	-
36	Elec Plant Acq Adj	-	-	-	-	-	-	-
37	Nuclear Fuel	-	-	-	-	-	-	-
38	Prepayments	1,743,279	-	-	-	-	(1,743,279)	-
39	Fuel Stock	6,914,149	-	-	-	-	(6,914,149)	-
40	Material & Supplies	6,926,885	-	-	-	-	(6,926,885)	-
41	Working Capital	2,438,704	-	-	-	-	28,579,779	-
42	Weatherization	1,932,316	-	-	-	-	-	-
43	Misc Rate Base	-	-	-	-	-	-	-
44	Total Electric Plant:	1,681,868,591	-	(28,327,256)	-	-	139,281,878	312,482
45								
46	Rate Base Deductions:							
47	Accum Prov For Deprec	(609,540,662)	-	18,631,294	(8,697,592)	-	(40,021,040)	(5,917)
48	Accum Prov For Amort	(46,230,330)	-	-	(38,827)	-	-	-
49	Accum Def Income Tax	(231,233,127)	152,821	1,126,971	603,717	(11,053,129)	(6,249,253)	(19,788)
50	Unamortized ITC	(248,421)	-	1,646	-	-	-	-
51	Customer Adv For Const	(7,410)	-	-	-	-	(481,414)	-
52	Customer Service Deposits	-	-	-	-	-	(3,361,134)	-
53	Misc Rate Base Deductions	(6,352,268)	(402,746)	-	-	-	(83,643)	-
54								
55	Total Rate Base Deductions	(893,612,219)	(249,925)	19,759,911	(8,132,702)	(11,053,129)	(50,196,483)	(25,705)
56								
57	Total Rate Base:	788,256,372	(249,925)	(8,567,345)	(8,132,702)	(11,053,129)	89,085,395	286,777
58								
59	Return on Equity	5.07%	0.46%	1.55%	0.78%	-0.19%	0.55%	-1.62%
60	Price Change	32,401,495	(3,065,876)	(10,229,206)	(5,421,429)	895,155	(4,015,354)	1,085,383
61								
62	TAX CALCULATION:							
63	Operating Revenue	46,261,017	2,927,373	9,097,356	4,140,687	(1,881,058)	251,643	(3,617,594)
64	Other Deductions	-	-	-	-	-	-	-
65	Interest (AFUDC)	(3,560,992)	-	-	-	-	-	-
66	Interest	21,485,186	-	-	-	(250,073)	-	-
67	Schedule "M" Additions	62,962,240	58	47,838	(52,188)	1,634,402	220,668	5,758
68	Schedule "M" Deductions	72,669,282	778,052	1,255,521	298,029	128,121	4,754,955	44,876
69	Income Before Tax	18,629,780	2,149,380	7,889,673	3,790,470	(374,777)	501,716	(8,151,881)
70								
71	State Income Taxes	-	-	-	-	-	-	-
72	Taxable Income	18,629,780	2,149,380	7,889,673	3,790,470	(374,777)	501,716	(8,151,881)
73								
74	Federal Income Taxes + Other	1,000,694	752,283	2,761,386	1,326,664	(131,172)	(486,316)	(371,098)

**PacifiCorp  
Summary  
Washington Results of Operations  
12 Months Ended December 2013**

	<u>Total</u> <u>Tabs 3-9</u>	
	<u>Normalizing</u> <u>Adjustments</u>	<u>Washington</u> <u>Normalized</u> <u>Results</u>
1 Operating Revenues:		
2 General Business Revenues	3,905,479	321,605,659
3 Interdepartmental	-	-
4 Special Sales	2,788,371	21,276,368
5 Other Operating Revenues	<u>(4,338,925)</u>	<u>7,085,531</u>
6 Total Operating Revenues	<u>2,354,925</u>	<u>349,967,558</u>
7		
8 Operating Expenses:		
9 Steam Production	6,960,830	66,445,152
10 Nuclear Production	-	-
11 Hydro Production	270,545	7,625,921
12 Other Power Supply	(9,231,230)	85,764,809
13 Transmission	4,203,318	31,289,089
14 Distribution	59,286	12,252,659
15 Customer Accounting	620,255	6,967,383
16 Customer Service & Info	(10,654,913)	790,894
17 Sales	-	-
18 Administrative & General	<u>(755,346)</u>	<u>12,471,080</u>
19 Total O&M Expenses	<u>(8,527,255)</u>	<u>223,606,986</u>
20 Depreciation	1,960,209	44,425,461
21 Amortization	82,362	5,116,519
22 Taxes Other Than Income	(292,718)	21,407,837
23 Income Taxes - Federal	998,589	1,999,283
24 Income Taxes - State	-	-
25 Income Taxes - Def Net	985,247	5,855,792
26 Investment Tax Credit Adj.	-	-
27 Misc Revenue & Expense	<u>(779,539)</u>	<u>(762,127)</u>
28 Total Operating Expenses:	<u>(5,573,105)</u>	<u>301,649,750</u>
29		
30 Operating Rev For Return:	<u>7,928,030</u>	<u>48,317,808</u>
31		
32 Rate Base:		
33 Electric Plant In Service	103,943,023	1,751,925,684
34 Plant Held for Future Use	-	234,062
35 Misc Deferred Debits	(5,671,386)	8,025,149
36 Elec Plant Acq Adj	-	-
37 Nuclear Fuel	-	-
38 Prepayments	(1,743,279)	(0)
39 Fuel Stock	(6,914,149)	(0)
40 Material & Supplies	(6,926,885)	0
41 Working Capital	28,579,779	31,018,483
42 Weatherization	-	1,932,316
43 Misc Rate Base	-	-
44 Total Electric Plant:	<u>111,267,104</u>	<u>1,793,135,695</u>
45		
46 Rate Base Deductions:		
47 Accum Prov For Deprec	(30,093,254)	(639,633,916)
48 Accum Prov For Amort	(38,827)	(46,269,157)
49 Accum Def Income Tax	(15,438,661)	(246,671,789)
50 Unamortized ITC	1,646	(246,775)
51 Customer Adv For Const	(481,414)	(488,824)
52 Customer Service Deposits	(3,361,134)	(3,361,134)
53 Misc Rate Base Deductions	(486,388)	(6,838,657)
54		
55 Total Rate Base Deductions	<u>(49,898,033)</u>	<u>(943,510,252)</u>
56		
57 Total Rate Base:	<u>61,369,071</u>	<u>849,625,443</u>
58		
59 Return on Equity		5.07%
60 Price Change	(5,200,229)	27,201,265
61		
62 TAX CALCULATION:		
63 Operating Revenue	9,911,866	56,172,882
64 Other Deductions		
65 Interest (AFUDC)	-	(3,560,992)
66 Interest	(250,073)	21,235,113
67 Schedule "M" Additions	1,856,536	64,818,776
68 Schedule "M" Deductions	<u>7,259,555</u>	<u>79,928,836</u>
69 Income Before Tax	4,758,920	23,388,701
70		
71 State Income Taxes	-	-
72 Taxable Income	<u>4,758,920</u>	<u>23,388,701</u>
73		
74 Federal Income Taxes + Other	<u>998,589</u>	<u>1,999,283</u>