

PACIFICORP'S DATA REQUEST NO. 1.3 to BOISE:

Referring to Mr. Gorman's testimony at page 42, lines 1-6, please identify and distinguish between the factors that are reflected in PacifiCorp's cost of service and the factors for which Mr. Gorman states he "could not find evidence that they relate to regulated utility operations." Please describe the process Mr. Gorman used to attempt to find such evidence.

RESPONSE TO PACIFICORP'S DATA REQUEST NO. 1.3:

Mr. Gorman reviewed the Company's cost of service filing to identify regulatory treatment afforded to the off-balance sheet financial obligations noted by Standard & Poor's. Those which Mr. Gorman could confirm were related to regulated utility operations were considered. Those he could not confirm were related to regulatory operations were not included in his analysis of PacifiCorp's regulated obligations.

For example, pension expense and post-retirement benefits were included in cost of service in a manner consistent with the Washington Commission's regulatory treatment. Interest cost was included as reflected as rate of return on rate base investment. Additional interest expense unrelated to rate base investment was not considered. The Company's cost of decommissioning and retiring assets is included in its depreciation rates. As such, these factors were considered by Mr. Gorman to the extent he could establish they were reflective of the cost of providing regulated utility service.

Date: July 10, 2013
Respondent: Melinda J. Davison
Witness: Michael Gorman