

Bench Request No. 3

For Pacific Power & Light Company (Pacific Power or Company):

1. The Company proposes the inclusion in rates of a group of transmission assets related to the Idaho Power Asset Exchange.¹ Please provide separate revenue impacts for each of Mr. Ball's categories of assets.²

Pacific Power's Response to Bench Request No. 3

Related to the Idaho Power Asset Exchange, Mr Ball has categorized the Company's transmission assets into three categories, defined as follows.

Exchanged Assets – The assets acquired or sold in the exchange with Idaho Power Company.

Reassigned Assets – Assets owned by the Company that are now serving Washington customers as a result of the exchange and require a change in allocation to the west control area.

Correction Assets – Identified during the Company's review of assets in the exchange. These assets have always been part of the west control area, but were inadvertently excluded in previous Washington rate proceedings due incorrect allocation keys assigned in the Company's accounting system.

Please see below for the revenue requirement impact for each of Mr. Ball's category of assets related to the Idaho Power Asset Exchange.

Exchanged assets	\$350,838
Reassigned assets	\$201,563
Corrected assets	\$977,176

Please refer to Attachment ALJ Bench No. 3 for workpapers supporting the calculation of revenue requirement impacts of each of Mr. Ball's categories of assets as described above.

PREPARER: Shelley McCoy

SPONSOR: Shelley McCoy

¹ McCoy, Exh. No. SEM-1T at 9:22-11:6; McCoy, Exhibit No. SEM-6T at 17:4-18:2.

² Ball, Exh. No. JLB-1T at 61:2-17.

ALJ Bench Request No. 3

The table below presents the Company's calculation of revenue requirement impact by asset category as described in Mr. Ball's testimony with regards to the Idaho Power Asset Exchange.

A	B	C	D	E
Line No.	Adj. Description	NOI	Rate Base	Rev. Req.
1	Exchanged Assets - Gross Plant	-	(882,531)	(103,888)
2	Exchanged Assets - Accum. Reserve		(801,563)	(94,357)
3	Exchanged Assets - ADIT	-	(1,727,109)	(203,308)
4	Interest Synchronization - Exchanged Assets	(31,450)		50,714
5	Exchanged Assets - Subtotal	(31,450)	(3,411,203)	(350,838)
6				
7	Reassigned Assets - Gross Plant		(2,303,664)	(271,178)
8	Reassigned Assets - Gross Accum. Reserve		871,731	102,616
9	Reassigned Assets - Depreciation Expense	41,762		(67,344)
10	Reassigned Assets - AMA-to-EOP Rate Base Adj.		(29,682)	(3,494)
11	Reassigned Assets - AMA-to-EOP Expense Adj.	552		(891)
12	Reassigned Assets - ISWC		(38,491)	(4,531)
13	Interest Synchronization - Reassigned Assets	(13,830)		22,302
14	Factor Impact - Reassigned Assets	(15,230)	(30,608)	20,956
15	Reassigned Assets - Subtotal	13,255	(1,530,715)	(201,563)
16				
17	Correction Assets - Gross Plant		(11,960,217)	(1,407,906)
18	Correction Assets - Gross Accum. Reserve		3,131,506	368,628
19	Correction Assets - Depreciation Expense	225,448		(363,545)
20	Correction Assets - AMA-to-EOP Rate Base Adj.		1,298,301	152,831
21	Correction Assets - AMA-to-EOP Expense Adj.	348		(561)
22	Correction Assets - ISWC		(236,585)	(27,850)
23	Interest Synchronization - Correction Assets	(71,607)		115,469
24	Factor Impact - Correction Assets	(111,775)	46,832	185,755
	Correction Assets - Subtotal	42,414	(7,720,164)	(977,176)

Notes:

(1) The revenue requirement column is calculated using the Company's approved return on rate base of 7.30% and NOI conversion factor of 62.014%. The development of these percentages can be found in Exhibit No.____(SEM-8) on pages 2.1 and 1.3 respectively.

(2) Allocation Factors:

CAGW 22.565%

JBG 22.437%

Asset Reallocation Resulting from Idaho Asset Exchange
(\$ Thousands)

Location	Location Description	Current WCA Factor	Proposed WCA Factor	AMA Balances as of 6/30/15			12 ME Jun 2015 Depr /Amort Exp	Comments
				Gross Plant	Accum Depr/Amort	Net Plant		
13019	GOSHEN SUBSTATION AND MAINT SHOP	CAGE	CAGW	\$ 4,062	\$ (1,264)	\$ 2,798	\$ 44	On Bridger-Goshen transmission line
65002	BRIDGER-GOSHEN LOOP-THREEMILE KNOLL 345K	CAGE	JBG	1,309	(182)	1,127	22	Bridger-Goshen transmission line
84000	GOSHEN - KINPORT 345 KV LINE	CAGE	CAGW	3,293	(2,153)	1,139	55	Power flows west to Washington
85038	KINPORT TELEMETERING	CAGE	CAGW	1,553	(265)	1,288	63	Power flows west to Washington
84003	POPULUS-BORAH #1 ID 345KV	CAGE	CAGW	7,310	(3,647)	3,663	146	Power flows west to Washington
65001	POPULUS-BORAH #2 345 KV ID	CAGE	CAGW	15,830	(7,551)	8,279	278	Power flows west to Washington
86041	BORAH SUBSTATION TELEMETERING	CAGE	CAGW	17,151	(1,562)	15,589	350	Power flows west to Washington
335038	HEMINGWAY SUBSTATION(JOINT OWNED)	CAGE	CAGW	12,712	(1,117)	11,595	225	On Midpoint-Malin transmission line already allocated CAGW
				\$ 63,219,694	\$ (17,741,900)	\$ 45,477,794	\$ 1,184,304	

PacifiCorp
Washington Expedited Rate Filing - June 2015
Idaho Power Asset Exchange Adjustment

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Rate Base:							
Remove Plants to Idaho Power	352	PRO	(88,857)	CAGE	0.000%	-	
	353	PRO	(9,765,627)	CAGE	0.000%	-	
	355	PRO	(804,038)	CAGE	0.000%	-	
	356	PRO	(1,848,587)	CAGE	0.000%	-	
	352	PRO	(9,365)	CAGW	22.565%	(2,113)	
	353	PRO	(4,326,909)	CAGW	22.565%	(976,369)	
	397	PRO	(1,899)	CAGW	22.565%	(429)	
	398	PRO	(219)	CAGW	22.565%	(50)	
	354	PRO	(9,458,992)	CAGE	0.000%	-	
	362	PRO	(11,960)	ID	0.000%	-	
	397	PRO	(120,817)	CAGE	0.000%	-	
	353	PRO	(366,555)	JBG	22.437%	(82,244)	
	397	PRO	(41,363)	JBG	22.437%	(9,281)	
	354	PRO	(7,603,314)	JBG	22.437%	(1,705,956)	
	355	PRO	(276,825)	JBG	22.437%	(62,111)	
	356	PRO	(5,480,394)	JBG	22.437%	(1,229,636)	
	356	PRO	(15,176,148)	CAGW	22.565%	(3,424,506)	
	354	PRO	(14,170,109)	CAGW	22.565%	(3,197,493)	
	355	PRO	<u>(3,842,096)</u>	CAGW	22.565%	<u>(866,971)</u>	
			<u>(73,394,075)</u>			<u>(11,557,158)</u>	8.13.2
Remove Reserves to Idaho Power	108TP	PRO	7,039,810	CAGE	0.000%	-	
	108TP	PRO	16,381,461	CAGW	22.565%	3,696,485	
	108GP	PRO	681	CAGW	22.565%	154	
	108GP	PRO	25,236	CAGE	0.000%	-	
	108TP	PRO	7,079,860	JBG	22.437%	1,588,508	
	108GP	PRO	10,313	JBG	22.437%	2,314	
	108362	PRO	<u>3,941</u>	ID	0.000%	<u>-</u>	
			<u>30,541,303</u>			<u>5,287,462</u>	8.13.2
Net Balance Transferred to Idaho Power			<u>(42,852,772)</u>			<u>(6,269,696)</u>	
Add Plants from Idaho Power	352	PRO	1,826,454	CAGE	0.000%	-	
	352	PRO	1,344,696	CAGW	22.565%	303,431	
	352	PRO	18,869	JBG	22.437%	4,234	
	353	PRO	6,622,693	CAGE	0.000%	-	
	353	PRO	20,946,823	CAGW	22.565%	4,726,662	
	353	PRO	3,073,893	JBG	22.437%	689,689	
	354	PRO	9,856,028	CAGW	22.565%	2,224,018	
	354	PRO	6,436,371	JBG	22.437%	1,444,129	
	355	PRO	283,563	CAGE	0.000%	-	
	355	PRO	2,535,285	CAGW	22.565%	572,088	
	355	PRO	45,987	JBG	22.437%	10,318	
	356	PRO	384,023	CAGE	0.000%	-	
	356	PRO	5,514,590	CAGW	22.565%	1,244,370	
	356	PRO	5,439,587	JBG	22.437%	1,220,480	
	397	PRO	<u>1,198</u>	JBG	22.437%	<u>269</u>	
			<u>64,330,061</u>			<u>12,439,689</u>	8.13.3

Description of Adjustment

This adjustment reflects the rate base impacts of the Asset Exchange agreement between PacifiCorp and Idaho Power as approved in Order 01 of Docket No. UE-144136.

PacifiCorp
Washington Expedited Rate Filing - June 2015
(cont.) Idaho Power Asset Exchange Adjustment

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Rate Base:							
Add Reserves Transferred from Idaho Power	108TP	PRO	(7,285,529)	JBG	22.437%	(1,634,654)	
	108GP	PRO	(1,211)	JBG	22.437%	(272)	
	108TP	PRO	(12,634,459)	CAGW	22.565%	(2,850,972)	
	108TP	PRO	(1,251,923)	CAGE	0.000%	-	
			<u>(21,173,121)</u>			<u>(4,485,898)</u>	8.13.3
Net Balance Transferred from Idaho Power			<u>43,156,939</u>			<u>7,953,790</u>	
Total Adjustment to Rate Base			<u>304,167</u>			<u>1,684,094</u>	
Adjustment to Tax:							
ADIT Balance at June 2015 - WA	282	PRO	1,727,109	WA	100.000%	1,727,109	8.13.4

Description of Adjustment

This adjustment reflects the rate base impacts of the Asset Exchange agreement between PacifiCorp and Idaho Power as approved in Order 01 of Docket No. UE-144136.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation - REBUTTAL
Variables

1 **Capital Structure and Cost**

2 (Page 2.1 of Exhibit No.__(SEM-8))

	Capital Structure	Embedded Cost	Weighted Cost
4 DEBT%	50.880%	5.177%	2.63%
5 PREFERRED %	0.020%	6.750%	0.00%
6 COMMON %	49.100%	9.500%	4.66%
			7.30%

9 **Net to Gross Bump-up Factor**

10 (Page 1.3 of Exhibit No.__(SEM-8))

11 Operating Revenue	100.000%
12	
13 Operating Deductions	
14 Uncollectable Accounts	0.521%
15 WUTC Regulatory Fee	0.200%
16 WUTC Public Utility Tax	3.873%
17 Taxes Other - Resource Supplier	0.000%
18 Taxes Other - Gross Receipts	0.000%
19	
20 Sub-Total	95.406%
21	
22 State Taxes	0.000%
23	
24 Sub-Total	95.406%
25	
26 Federal Income Tax @ 35.00%	33.392%
27	
28 Net Operating Income	62.014%
29	
30	

31 **West Control Area Allocation Factors from UE-152253**

32 (Page 10.2 of Exhibit No.__(SEM-3))

33 Washington CAGW Factor	22.5651%
34 Washington CAEW Factor	22.8607%
35 Washington JBG Factor	22.4370%
36 Washington SO Factor	6.6548%
37	

38 **Normalized Results from UE-152253**

39 (Page 1.1 of Exhibit No.__(SEM-8))

40 Operating Revenue for Return	60,745,001
41 Rate Base	832,123,601
42 ROE	9.50%

Factor Change Impact Calculation

WA-alloc. Adjusted			
	Op. Revenue for Return	Total Rate Base	
Filed	54,518,748	838,124,164	per JAM
Exch/Corr	54,532,003	836,593,449	per JAM
Exch Only	54,574,417	828,873,285	per JAM
No Txn			
	Revenue for Return Impact	Total Rate Base Impact	
Reassigned	13,255	(1,530,715)	
Correct	42,414	(7,720,164)	