

Exhibit No.____(SRM-2)
Docket UE-13____
Witness: Steven R. McDougal

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba
Pacific Power & Light Company

Respondent.

Docket UE-13____

PACIFICORP

EXHIBIT OF STEVEN R. MCDOUGAL

**Summary of Results of Operations
Twelve-Months Ended June 30, 2012**

January 2013

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	D	E	F
				NOI	Rate Base	Rev. Req.	Reference
Unadjusted Washington Allocated Data (Per Books)				32,980,840	773,492,974	44,200,339	(SRM-3) Page 1.0
1	3.1	Temperature Normalization		(434,297)	-	701,826	(SRM-3), Page 3.0 Total
2	3.2	Revenue Normalizing		6,191,105	-	(10,004,856)	(SRM-3), Page 3.0 Total
3	3.3	Effective Price Change		2,814,575	-	(4,548,367)	(SRM-3), Page 3.0 Total
4	3.4	SO2 Emission Allowance Sales		530,211	(1,067,999)	(991,444)	(SRM-3), Page 3.0 Total
5	3.5	REC Revenues		(1,375,737)	-	2,223,198	(SRM-3), Page 3.0 Total
6	3.6	Wheeling Revenue		(31,593)	-	51,055	(SRM-3), Page 3.0 Total
7	3.7	Ancillary Revenue		326,904	-	(528,278)	(SRM-3), Page 3.1 Total
8	3.8	Schedule 300 Fee Change		55,153	-	(89,127)	(SRM-3), Page 3.1 Total
			Tab 3 - Revenue - Subtotal	8,076,320	(1,067,999)	(13,185,992)	
10	4.1	Miscellaneous Expense & Revenue		11,484	-	(18,557)	(SRM-3), Page 4.0 Total
11	4.2	General Wage Increase - Restating		(54,727)	-	88,439	(SRM-3), Page 4.0 Total
12	4.3	General Wage Increase - Pro Forma		(161,390)	-	260,807	(SRM-3), Page 4.0 Total
13	4.4	Irrigation Load Control Program		155,201	-	(250,806)	(SRM-3), Page 4.0 Total
14	4.5	Remove Non-Recurring Entries		(874,645)	-	1,413,431	(SRM-3), Page 4.0 Total
15	4.6	Pension Curtailment		(661,676)	(563,394)	998,257	(SRM-3), Page 4.0 Total
16	4.7	DSM Revenue and Expense Removal		3,101,879	-	(5,012,652)	(SRM-3), Page 4.0.1 Total
17	4.8	Insurance Expense		(264,192)	-	426,936	(SRM-3), Page 4.0.1 Total
18	4.9	Advertising		(6,076)	-	9,819	(SRM-3), Page 4.0.1 Total
19	4.10	Memberships & Subscriptions		(1,075)	-	1,737	(SRM-3), Page 4.0.1 Total
20	4.11	AMR Savings		633	-	(1,023)	(SRM-3), Page 4.0.1 Total
21	4.12	Uncollectible Expense		(88,426)	-	142,896	(SRM-3), Page 4.0.1 Total
22	4.13	Legal Expenses		(48,551)	-	78,459	(SRM-3), Page 4.0.1 Total
23	4.14	Naughton Write-Off		138,837	-	(224,361)	(SRM-3), Page 4.0.2 Total
24	4.15	O&M Efficiency		513,039	-	(829,073)	(SRM-3), Page 4.0.2 Total
			Tab 4 - O&M - Subtotal	1,760,314	(563,394)	(2,915,691)	
26	5.1	Net Power Costs - Restating		3,206,605	-	(5,181,889)	(SRM-3), Page 5.0 Total
27	5.1.1	Net Power Costs - Pro Forma		1,842,319	-	(2,977,197)	(SRM-3), Page 5.0 Total
28	5.2	James River Royalty Offset		632,823	-	(1,022,645)	(SRM-3), Page 5.0 Total
29	5.3	BPA Residential Exchange		(4,796,915)	-	7,751,838	(SRM-3), Page 5.0 Total
30	5.4	Colstrip #3 Removal		473,942	(8,328,882)	(1,815,734)	(SRM-3), Page 5.0 Total
			Tab 5 - NPC - Subtotal	1,358,774	(8,328,882)	(3,245,628)	
33	6.1	Hydro Decommissioning		(50,952)	95,198	94,338	(SRM-3), Page 6.0 Total
34	6.2 - 6.2.3	Depreciation and Amortization Reserve to June 2012 Year-End Balance		-	(12,988,907)	(1,637,231)	(SRM-3), Page 6.0 Total
35	6.3	Proposed Depreciation Rates - Expense		(225,013)	1,901,316	603,281	(SRM-3), Page 6.0 Total
36	6.3.1	Proposed Depreciation Rates - Reserve		-	(400,538)	(50,487)	(SRM-3), Page 6.0 Total
			Tab 6 - Depreciation/Amortization - Subtotal	(275,965)	(11,392,931)	(990,099)	
37	7.1	Interest True Up		(355,765)	-	574,918	(SRM-3), Page 7.0 Total
38	7.2	Property Tax Expense		(214,813)	-	347,139	(SRM-3), Page 7.0 Total
39	7.3	Renewable Energy Tax Credit		(602,684)	-	973,940	(SRM-3), Page 7.0 Total
40	7.4	PowerTax ADIT Balance		-	(7,524,077)	(948,398)	(SRM-3), Page 7.0 Total
41	7.5	WA Low Income Tax Credit		8,543	-	(13,805)	(SRM-3), Page 7.0 Total
42	7.6/7.6.1	Flow-Through Adjustment		(1,173,806)	(9,135,825)	745,321	(SRM-3), Page 7.0/7.0.1 Total
43	7.7	Remove Deferred State Tax Expense & Balance		1,383,991	691,996	(2,149,311)	(SRM-3), Page 7.0/7.0.1 Total
44	7.8	WA Public Utility Tax Adjustment		(544,749)	-	880,317	(SRM-3), Page 7.0/7.0.1 Total
45	7.9	AFUDC - Equity		66,727	-	(107,832)	(SRM-3), Page 7.0/7.0.1 Total
			Tab 7 - Tax - Subtotal	(1,432,556)	(15,967,906)	302,289	
48	8.1	Jim Bridger Mine Rate Base		-	27,864,469	3,512,271	(SRM-3), Page 8.0 Total
49	8.2	Environmental Settlement (PERCO)		(176,089)	(147,788)	265,933	(SRM-3), Page 8.0 Total
50	8.3	Customer Advances for Construction		-	(159,521)	(20,107)	(SRM-3), Page 8.0 Total
51	8.4	Major Plant Additions		(949,180)	38,505,986	6,387,496	(SRM-3), Page 8.0 Total
52	8.5/8.5.1	Miscellaneous Rate Base		127,564	(21,971,598)	(2,975,629)	(SRM-3), Page 8.0 Total
53	8.6	Powerdale Hydro Removal		(203,522)	56,565	336,023	(SRM-3), Page 8.0.1 Total
54	8.7	Removal of Colstrip #4 AFUDC		17,991	(387,034)	(77,858)	(SRM-3), Page 8.0.1 Total
55	8.8	Trojan Unrecovered Plant		(6,989)	1,143,691	155,454	(SRM-3), Page 8.0.1 Total
56	8.9	Customer Service Deposits		(4,404)	(3,236,612)	(400,853)	(SRM-3), Page 8.0.1 Total
57	8.10	Reg Asset Amortization		(1,948,686)	1,664,438	3,358,886	(SRM-3), Page 8.0.1 Total
58	8.11	Misc. Asset Sales and Removals		342,698	(165,819)	(574,703)	(SRM-3), Page 8.0.1 Total
59	8.12 - 8.12.6	Adjust June 2012 AMA Plant Balances to June 2012 Year-End		-	19,911,959	2,509,870	(SRM-3), Page 8.0.1/8.0.2 Total
60	8.13	Investor Supplied Working Capital		-	28,493,964	3,591,618	(SRM-3), Page 8.0.2 Total
			Tab 8 - Rate Base- Subtotal	(2,800,617)	91,572,700	16,068,401	
1	9.1	Production Factor		(1,535,147)	684,251	2,567,054	(SRM-3), Page 9.0 Total
			Tab 9 - Production Factor- Subtotal	(1,535,147)	684,251	2,567,054	
61							
62							
63		Subtotal Normalizing Adjustments		5,151,123	54,935,840	(1,399,666)	
64							
65		Total Adjusted Results		38,131,963	828,428,814	42,800,673	(SRM-3) Page 1.0
66							
67							
68		Notes:					
69		(1) The revenue requirement column is calculated using the Company's proposed return on rate base of 7.80% and the NOI conversion factor of 61.881%.					
70		The development of these percentages can be found in Exhibit No.____(SRM-3) on pages 2.1 and 1.3 respectively.					

		Exhibit No. ____ (SRM-3)					
Washington Allocated Actual Results June 2012		Tab 3	Tab 4	Tab 5	Tab 6	Tab 7	Tab 8
		Revenue Adjustments	O&M Adjustments	Net Power Cost Adjustments	Depreciation & Amortization Adjustments	Tax Adjustments	Rate Base Adjustments
1	Operating Revenues:						
2	General Business Revenues	291,874,412	12,188,798	-	-	-	-
3	Interdepartmental	-	-	-	-	-	-
4	Special Sales	20,284,350	-	(3,579,527)	-	-	-
5	Other Operating Revenues	14,731,219	(1,638,470)	(4,270,713)	973,574	-	(3,000,000)
6	Total Operating Revenues	326,889,981	10,550,328	(4,270,713)	(2,605,953)	-	(3,000,000)
7							
8	Operating Expenses:						
9	Steam Production	57,640,155	-	(83,978)	2,943,198	-	-
10	Nuclear Production	-	-	-	-	-	-
11	Hydro Production	6,663,591	-	(36,354)	-	-	213,251
12	Other Power Supply	93,525,238	-	1,072,947	(7,604,963)	-	(3,087)
13	Transmission	29,812,193	(61,125)	26,933	694,532	-	-
14	Distribution	11,776,964	-	32,492	-	-	-
15	Customer Accounting	7,337,446	-	36,661	-	-	-
16	Customer Service & Info	9,564,879	-	(8,653,849)	-	-	-
17	Sales	-	-	-	-	-	-
18	Administrative & General	9,591,956	-	300,755	-	-	99,342
19	Total O&M Expenses	225,912,423	(61,125)	(7,304,393)	(3,967,234)	-	309,505
20	Depreciation	40,395,166	-	-	(692,040)	801,076	782,621
21	Amortization	5,224,757	-	-	-	-	322,905
22	Taxes Other Than Income	18,862,104	-	-	(34,742)	1,155,415	-
23	Income Taxes - Federal	(16,440,176)	3,065,296	1,258,127	514,099	2,622,262	(901,756)
24	Income Taxes - State	-	-	-	-	-	-
25	Income Taxes - Def Net	19,964,719	324,347	-	215,190	(3,147,373)	(719,434)
26	Investment Tax Credit Adj.	-	-	-	-	-	-
27	Misc Revenue & Expense	(9,852)	(854,511)	15,240	-	-	6,775
28	Total Operating Expenses:	293,909,141	2,474,008	(6,031,027)	(3,964,727)	275,965	(199,383)
29							
30	Operating Rev For Return:	32,980,840	8,076,320	1,760,314	1,358,774	(275,965)	(1,432,556)
31							
32	Rate Base:						
33	Electric Plant In Service	1,548,941,051	-	-	(27,440,038)	-	133,153,477
34	Plant Held for Future Use	43,755	-	-	-	-	-
35	Misc Deferred Debits	18,044,510	-	-	-	-	(3,277,777)
36	Elec Plant Acq Adj	-	-	-	-	-	-
37	Nuclear Fuel	-	-	-	-	-	-
38	Prepayments	1,897,443	-	-	-	-	(1,897,443)
39	Fuel Stock	5,765,129	-	-	-	-	(5,765,129)
40	Material & Supplies	7,434,252	-	-	-	-	(7,434,252)
41	Working Capital	3,527,567	-	-	-	-	24,966,397
42	Weatherization	1,957,722	-	-	-	-	-
43	Misc Rate Base	-	-	-	-	-	-
44	Total Electric Plant:	1,587,611,430	-	-	(27,440,038)	-	139,745,274
45							
46	Rate Base Deductions:						
47	Accum Prov For Deprec	(562,037,870)	-	-	17,910,434	(10,022,106)	(35,151,233)
48	Accum Prov For Amort	(40,901,907)	-	-	-	(2,563,934)	-
49	Accum Def Income Tax	(207,777,188)	653,175	(563,394)	1,177,547	1,193,109	(10,768,899)
50	Unamortized ITC	(546,503)	-	-	23,175	-	-
51	Customer Adv For Const	15,642	-	-	-	-	(159,521)
52	Customer Service Deposits	-	-	-	-	-	(3,236,612)
53	Misc Rate Base Deductions	(2,870,631)	(1,721,174)	-	-	-	1,143,691
54							
55	Total Rate Base Deductions	(814,118,456)	(1,067,999)	(563,394)	19,111,156	(11,392,931)	(48,172,573)
56							
57	Total Rate Base:	773,492,974	(1,067,999)	(563,394)	(8,328,882)	(11,392,931)	(15,967,906)
58							
59	Return on Equity	3.26%	2.00%	0.44%	0.43%	0.05%	-0.19%
60	Price Change	44,200,340	(13,185,992)	(2,915,691)	(3,245,628)	(990,099)	302,289
61							
62	TAX CALCULATION:						
63	Operating Revenue	36,505,383	11,465,963	3,018,441	2,088,063	(801,076)	(4,421,807)
64	Other Deductions	-	-	-	-	-	-
65	Interest (AFUDC)	(3,411,397)	-	-	-	30,428	-
66	Interest	22,026,430	-	-	-	(1,016,472)	-
67	Schedule "M" Additions	65,020,860	(1,853,327)	(129,106)	(52,188)	10,019,848	597,712
68	Schedule "M" Deductions	113,634,319	854,648	(705,313)	567,020	1,726,595	(1,247,648)
69	Income Before Tax	(30,723,109)	8,757,988	3,594,648	1,468,855	7,492,178	(2,576,447)
70							
71	State Income Taxes	-	-	-	-	-	-
72	Taxable Income	(30,723,109)	8,757,988	3,594,648	1,468,855	7,492,178	(2,576,447)
73							
74	Federal Income Taxes + Other	(16,440,176)	3,065,296	1,258,127	514,099	2,622,262	(901,756)

**PacifiCorp
Summary
Washington Results of Operations
12 Months Ended June 30, 2012**

	Tab 9		Total Tabs 3-9	
	Washington Allocated Actual Results June 2012	Production Factor	Normalizing Adjustments	Washington Normalized Results
1 Operating Revenues:				
2 General Business Revenues	291,874,412	-	12,188,798	304,063,210
3 Interdepartmental	-	-	-	-
4 Special Sales	20,284,350	296,845	(3,282,682)	17,001,667
5 Other Operating Revenues	14,731,219	-	(7,935,610)	6,795,610
6 Total Operating Revenues	<u>326,889,981</u>	<u>296,845</u>	<u>970,506</u>	<u>327,860,487</u>
7				
8 Operating Expenses:				
9 Steam Production	57,640,155	830,253	3,689,473	61,329,628
10 Nuclear Production	-	-	-	-
11 Hydro Production	6,663,591	4,174	181,070	6,844,661
12 Other Power Supply	93,525,238	1,362,770	(5,172,334)	88,352,904
13 Transmission	29,812,193	439,637	1,099,977	30,912,170
14 Distribution	11,776,964	-	32,492	11,809,456
15 Customer Accounting	7,337,446	-	36,661	7,374,108
16 Customer Service & Info	9,564,879	-	(8,653,849)	911,030
17 Sales	-	-	-	-
18 Administrative & General	9,591,956	-	400,097	9,992,053
19 Total O&M Expenses	<u>225,912,423</u>	<u>2,636,834</u>	<u>(8,386,413)</u>	<u>217,526,010</u>
20 Depreciation	40,395,166	23,282	914,939	41,310,106
21 Amortization	5,224,757	-	322,905	5,547,662
22 Taxes Other Than Income	18,862,104	-	1,120,672	19,982,776
23 Income Taxes - Federal	(16,440,176)	(815,529)	6,229,824	(10,210,352)
24 Income Taxes - State	-	-	-	-
25 Income Taxes - Def Net	19,964,719	(12,595)	(3,550,049)	16,414,670
26 Investment Tax Credit Adj.	-	-	-	-
27 Misc Revenue & Expense	(9,852)	-	(832,496)	(842,347)
28 Total Operating Expenses:	<u>293,909,141</u>	<u>1,831,992</u>	<u>(4,180,617)</u>	<u>289,728,524</u>
29				
30 Operating Rev For Return:	<u>32,980,840</u>	<u>(1,535,147)</u>	<u>5,151,123</u>	<u>38,131,963</u>
31				
32 Rate Base:				
33 Electric Plant In Service	1,548,941,051	850,068	106,563,508	1,655,504,559
34 Plant Held for Future Use	43,755	-	-	43,755
35 Misc Deferred Debits	18,044,510	-	(3,277,777)	14,766,733
36 Elec Plant Acq Adj	-	-	-	-
37 Nuclear Fuel	-	-	-	-
38 Prepayments	1,897,443	-	(1,897,443)	(0)
39 Fuel Stock	5,765,129	-	(5,765,129)	(0)
40 Material & Supplies	7,434,252	-	(7,434,252)	0
41 Working Capital	3,527,567	-	24,966,397	28,493,964
42 Weatherization	1,957,722	-	-	1,957,722
43 Misc Rate Base	-	-	-	-
44 Total Electric Plant:	<u>1,587,611,430</u>	<u>850,068</u>	<u>113,155,304</u>	<u>1,700,766,734</u>
45				
46 Rate Base Deductions:				
47 Accum Prov For Deprec	(562,037,870)	(25,441)	(27,288,346)	(589,326,216)
48 Accum Prov For Amort	(40,901,907)	-	(2,563,934)	(43,465,841)
49 Accum Def Income Tax	(207,777,188)	(140,375)	(24,416,743)	(232,193,930)
50 Unamortized ITC	(546,503)	-	23,175	(523,328)
51 Customer Adv For Const	15,642	-	(159,521)	(143,879)
52 Customer Service Deposits	-	-	(3,236,612)	(3,236,612)
53 Misc Rate Base Deductions	(2,870,631)	-	(577,483)	(3,448,114)
54				
55 Total Rate Base Deductions	<u>(814,118,456)</u>	<u>(165,817)</u>	<u>(58,219,464)</u>	<u>(872,337,919)</u>
56				
57 Total Rate Base:	<u>773,492,974</u>	<u>684,251</u>	<u>54,935,840</u>	<u>828,428,814</u>
58				
59 Return on Equity	3.26%	-0.38%		3.26%
60 Price Change	44,200,340	2,567,054	(1,399,666)	42,800,673
61				
62 TAX CALCULATION:				
63 Operating Revenue	36,505,383	(2,363,271)	7,830,898	44,336,280
64 Other Deductions	-	-	-	-
65 Interest (AFUDC)	(3,411,397)	-	30,428	(3,380,969)
66 Interest	22,026,430	-	(1,016,472)	21,009,959
67 Schedule "M" Additions	65,020,860	18,119	8,440,836	73,461,697
68 Schedule "M" Deductions	113,634,319	(15,068)	1,180,234	114,814,552
69 Income Before Tax	<u>(30,723,109)</u>	<u>(2,330,084)</u>	<u>16,077,545</u>	<u>(14,645,565)</u>
70				
71 State Income Taxes	-	-	-	-
72 Taxable Income	<u>(30,723,109)</u>	<u>(2,330,084)</u>	<u>16,077,545</u>	<u>(14,645,565)</u>
73				
74 Federal Income Taxes + Other	<u>(16,440,176)</u>	<u>(815,529)</u>	<u>6,229,824</u>	<u>(10,210,352)</u>