

Exhibit No. ____ (DJR-3)
Docket UE-130043
Witness: Deborah J. Reynolds

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFICORP D/B/A PACIFIC POWER
& LIGHT COMPANY,**

Respondent.

DOCKET UE-130043

**EXHIBIT TO
TESTIMONY OF**

Deborah J. Reynolds

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Enhanced Commission Basis Report

June 21, 2013

Exhibit No. ____ (DJR-3)
Docket UE-130043
Page 1

Enhanced Commission Basis Report

For Use in a 2014 PacifiCorp Expedited Rate Filing

The requirement for an annual Commission basis report (“CBR”) is established by WAC 480-100-257 (attached). As stated in subsection (1) of the rule, the intent of a CBR is to depict an electric company’s actual operations and earnings over the past year under normal temperatures and power supply conditions. The actual operations are meant to show what did happen under normal conditions, not what might have happened if revenues, costs, or prices were in place for the full year. The CBR must include the adjustments accepted by the Commission in a company’s most recent general rate case or subsequent orders. The CBR must remove from revenues, expenses and rate base any material distorting factors such as out-of-period, non-operating, non-recurring, and extraordinary items. The basis of any cost allocations and allocation factors used to develop intrastate operating results must also be included in the CBR.

The results presented in the CBR are acceptable for comparisons of operating results over time and across an industry. However, they are less than satisfactory for rate making purposes. To improve this report for a 2014 Expedited Rate Filing for PacifiCorp, the information listed below is necessary in addition to the information already required by WAC 480-100-257(2) and (4). The result is an Enhanced Commission Basis Report (“ECBR”) to be used for that Expedited Rate Filing. Staff’s proposal relaxes the constraints of 480-100-257(3) in order to make the ECBR useful for developing rates.

The ECBR must include only wage, price, and cost changes during the reporting year to be applied across the year:

- a. Wage increases during the year can be expressed for the full year for known and implemented wage changes.
- b. Price changes can be applied to the normal sales units of the year to give a full year’s effect to any Commission-ordered rate and other revenue changes during or after the reporting year.
- c. Cost changes may include only:
 - i. Annualizing new rate base additions of the year by allowing a full year of depreciation costs and associated accumulated depreciation for those rate base additions; and

Exhibit No. ____ (DJR-3)
Docket UE-130043
Page 2

- ii. Updating and dispatching power costs to include the full year of operations for new or upgraded production plant, and including the latest market prices for natural gas or electricity, applied to the normalized production units of the year.
- d. No updates or changes to the authorized rate of return will be allowed.

WAC 480-100-257(4) requires the submission of cost allocations and allocation factors used to develop Washington results of operations. The ECBR used in a 2014 Expedited Rate Filing by PacifiCorp must use cost allocation factors based on the Commission order in this general rate case, Docket UE-130043.

Exhibit No. ____ (DJR-3)
Docket UE-130043
Page 3

WAC 480-100-257
Commission basis report.

- (1) Commission basis reports are due within four months of the end of a utility's fiscal year.
- (2) The intent of the commission basis report is to depict the electric operations of an electric utility under normal temperature and power supply conditions during the reporting period. The commission basis report must include:
 - (a) Booked results of electric operations and rate base, and all the necessary adjustments as accepted by the commission in the utility's most recent general rate case or subsequent orders;
 - (b) Results of operations adjusted for any material out-of-period, nonoperating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base; and
 - (c) Booked revenues and power supply expenses adjusted to reflect operations under normal temperature and power supply conditions before the achieved return on rate base is calculated.
- (3) Commission basis reports should not include adjustments that annualize price, wage, or other cost changes during a reporting period, nor new theories or approaches that have not been previously addressed and resolved by the commission.
- (4) Each utility must submit the basis of any cost allocations and the allocation factors necessary to develop the commission basis results of electric operations for the state of Washington.

[Statutory Authority: RCW [80.01.040](#), [80.04.160](#), [81.04.160](#) and [34.05.353](#). 05-06-051 (Docket No. A-021178 and TO-030288, General Order No. R-518), § 480-100-257, filed 2/28/05, effective 3/31/05.]