

Exhibit No. \_\_\_\_ (TES-3)  
Docket No. UE-050684  
Witness: Thomas E. Schooley

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP, d/b/a Pacific Power &  
Light Company,

Respondent.

DOCKET NO. UE-050684

EXHIBIT TO  
TESTIMONY OF

THOMAS E. SCHOOLEY

STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

RE: PACIFICORP GENERAL RATE CASE

*Revenue Requirement Presentation*

November 3, 2005

PacifiCorp Results of Operations For Ratemaking Purposes  
For The Twelve Months Ended September 2004 - Washington  
Revised Protocol Cost Assignments & Allocations

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Price Change	(5) Results With Price Change
<b>Operating Revenues:</b>					
				-1.9%	
1 General Business Revenues	\$190,885,740	\$32,667,558	\$223,553,298	(\$4,188,781)	\$219,364,517
2 Interdepartmental	139	(\$139)	0	0	0
3 Special Sales	27,193,457	\$39,002,238	66,195,695	0	66,195,695
4 Other operating revenues	12,021,889	(\$6,205,216)	5,816,673	0	5,816,673
5 <b>Total Operating Revenues</b>	<b>\$230,101,225</b>	<b>\$65,464,441</b>	<b>\$295,565,666</b>	<b>(\$4,188,781)</b>	<b>\$291,376,885</b>
<b>Operating Expenses:</b>					
8 Steam Production	57,125,483	\$3,726,290	60,851,773		60,851,773
9 Nuclear Production	0	\$0	0		0
10 Hydro Production	3,078,509	\$918,859	3,997,368		3,997,368
11 Other Power Supply	22,759,571	\$57,454,851	80,214,422		80,214,422
12 Transmission	9,160,028	\$517,412	9,677,440		9,677,440
13 Distribution	13,155,664	\$620,185	13,775,849		13,775,849
14 Customer Accounting	7,519,963	\$520,542	8,040,505	(15,080)	8,025,426
15 Customer Service & Info	2,667,155	(\$2,190,610)	476,545		476,545
16 Sales	4,643	\$19	4,662		4,662
17 Administrative & General	17,495,244	(\$1,902,783)	15,592,461		15,592,461
18 <b>Total O&amp;M Expense</b>	<b>132,966,260</b>	<b>59,664,765</b>	<b>192,631,025</b>	<b>(15,080)</b>	<b>192,615,946</b>
19 Depreciation	30,326,447	(\$351,839)	29,974,608		29,974,608
20 Amortization	5,091,055	(\$491,569)	4,599,486		4,599,486
21 Taxes Other than Income	5,340,479	\$764,574	6,105,053	(169,606)	5,935,447
22 Income Taxes: Federal	8,137,654	(\$1,112,455)	7,025,199	(1,337,808)	5,687,390
23 : State	1,437,537	(\$103,083)	1,334,454	(181,786)	1,152,668
24 Deferred Income Taxes	7,478,356	\$4,280,843	11,759,199		11,759,199
25 Investment Tax Credit Adj.	0	\$0	0		0
26 Misc. Revenue & Expense	(93,834)	(\$310,534)	(404,368)		(404,368)
27 <b>Total Operating Expenses:</b>	<b>190,683,954</b>	<b>62,340,702</b>	<b>253,024,656</b>	<b>(1,704,280)</b>	<b>251,320,376</b>
29 <b>Operating Revenue for Return:</b>	<b>\$39,417,271</b>	<b>\$3,123,739</b>	<b>\$42,541,010</b>	<b>(\$2,484,501)</b>	<b>\$40,056,509</b>
<b>Rate Base:</b>					
32 Electric Plant in Service	1,111,571,570	(\$15,066,117)	1,096,505,453		1,096,505,453
33 Plant Held for Future Use	103,004	\$0	103,004		103,004
34 Misc. Deferred Debits	9,176,647	(\$4,697,721)	4,478,926		4,478,926
35 Electric Plant Acq Adj	7,969,300	\$0	7,969,300		7,969,300
36 Nuclear Fuel	0	\$0	0		0
37 Prepayments	2,022,441	(\$2,095,473)	(73,032)		(73,032)
38 Fuel Stock	4,242,137	(\$4,242,137)	0		0
39 Material & Supplies	7,538,018	(\$7,510,396)	27,622		27,622
40 Working Capital	3,109,343	(\$3,134,862)	(25,519)		(25,519)
41 Weatherization Loans	795,339	\$33,180	828,519		828,519
42 Misc. Rate Base	(641,095)	\$657,963	16,868		16,868
43 <b>Total Electric Plant:</b>	<b>1,145,886,704</b>	<b>(36,055,563)</b>	<b>1,109,831,141</b>	<b>0</b>	<b>1,109,831,141</b>
<b>Deductions:</b>					
46 Accum. Prov. for Depreciation	(450,410,809)	(\$845,159)	(451,255,968)		(451,255,968)
47 Accum. Prov. for Amortization	(26,346,583)	\$934,440	(25,412,143)		(25,412,143)
48 Accum. Deferred Income Tax	(71,446,449)	(\$4,895,676)	(76,342,125)		(76,342,125)
49 Unamortized ITC	(2,123,888)	\$315,488	(1,808,400)		(1,808,400)
50 Customer Advances for Const.	(837,950)	\$717,441	(120,509)		(120,509)
51 Customer Service Deposits	(1,606,372)	\$0	(1,606,372)		(1,606,372)
52 Miscellaneous Deductions	(8,169,862)	(\$3,957,833)	(12,127,695)		(12,127,695)
54 <b>Total Rate Base Deductions:</b>	<b>(560,941,913)</b>	<b>(7,731,299)</b>	<b>(568,673,212)</b>	<b>0</b>	<b>(568,673,212)</b>
56 <b>Total Rate Base:</b>	<b>584,944,791</b>	<b>(43,786,862)</b>	<b>541,157,929</b>	<b>0</b>	<b>541,157,929</b>
58 <b>Return on Rate Base</b>	<b>6.739%</b>		<b>7.861%</b>		<b>7.402%</b>

PacifiCorp Results of Operations For Ratemaking Purposes  
For The Twelve Months Ended September 2004 - Washington  
Revised Protocol Cost Assignments & Allocations

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Price Change	(5) Results With Price Change
61 TAX CALCULATION		State Income Tax Rate		4.54%	
62 PER company		Federal Income Tax Rate		35.00%	
63					
64 Operating Revenue	56,470,818	6,189,044	62,659,862	(4,004,095)	58,655,767
65 Other Deductions					
66 Interest (AFUDC)	0	\$0	0	0	0
67 Interest	20,082,950	(\$1,447,744)	18,635,206	0	18,635,206
68 Schedule "M" additions	41,008,254	\$1,664,553	42,672,807	0	42,672,807
69 Schedule "M" deductions	52,708,145	\$9,943,006	62,651,151	0	62,651,151
70					
71 Income Before Tax	24,687,977	(641,665)	24,046,312	(4,004,095)	(65,303,397)
72 State Income Tax	1,437,537	(\$103,083)	1,334,454	(181,786)	1,152,668
73 Taxable Income	23,250,440	(538,582)	22,711,858	(3,822,309)	(66,456,065)
74 Adjustments to FIT	0	(\$353,842)	(353,842)	0	(353,842)
75 Federal Income Tax-Current	8,137,654	(542,346)	7,595,308	(1,337,808)	6,257,500
76	FIT above = sum of adjustments				

**Calculation of Revenue Requirement Deficiency or (Excess):**

a) Net Rate Base - Washington Jurisdiction	541,157,929
b) Proposed Rate of Return	7.4020%
c) Net Operating Income Requirement	40,056,510
d) Proforma Net Operating Income	42,541,010
e) Net Operating Income Excess	(2,484,500)
f) NOI > Revenue Conversion Factor	59.3132%
g) Revenue Requirement Excess (line e/line f)	<u><u>\$ (4,188,781)</u></u>

PacifiCorp General Rate Case			Nominal
Conversion Factor			Tax Rate
1	Operating Revenue	100.0000%	
2	Operating Revenue Deductions:		
3	Uncollectible Accounts	0.3600% *1	
4	Franchise Tax	0.0000%	
5	WA Revenue Tax	3.8591% *2	
6	WUTC Fee	0.1900% *3	
7	Sub-Total	<u>95.5909%</u>	
8	State Income Tax	4.3398%	4.540%
9	Sub-Total	<u>91.2511%</u>	
10	Federal Income Tax @ 35%	31.9379%	35%
11	<b>Net Operating Income Conversion Factor</b>	<b><u>59.3132%</u></b>	
12	Company uses inverse known as "Net to Gross Bump-up".	168.5965%	
13			
14	Per Company for Comparison		
15	Exhibit No. ____ (PMW-3), Tab 1, pages 1.3, Net Operating Income	59.3046%	
16	Exhibit No. ____ (PMW-3), Tab 1, page 1.2, Net to Gross Bump-up	168.6211%	
17			
18			
19	Revenue Sensitive Tax Rates		
20	customer accounting	0.3600%	
21	other taxes	4.0491%	
22			
23	*1 Uncollectible Rate		
24	uncollectible rate per Company	<u>0.36000%</u>	
25			
26			
27			
28			
29	*2 Effective WA Revenue Tax		
30	Total Revenue	100.0000%	
31	Uncollectible	0.36000%	
32	Revenue Tax Base	99.6400%	
33	Revenue Tax Rate	3.8730%	
34	Effective rate	<u>3.8591%</u>	

\*1 accepted Company number

\*2 revised to reflect nominal tax rate on adjusted revenues

\*3 current rate of February 2005

**Weighted Average Cost of Capital****Staff Proposal**

1	Type of Capital	Cap.Structure		Weighted Cost	Debt Rate
2	Long-term Debt	51.30%	6.427%	3.29685%	
3	Short term Debt	4.00%	3.320%	0.13280%	3.4297%
4	Preferred Stock	1.20%	6.590%	0.07908%	
5	Common Stock	43.50%	8.950%	3.89325%	
6	Weighted Average Cost of Capital	100.00%		<u>7.4020%</u>	
7					
8					
9					
10					
11					
12	Per Company for Comparison				
13	Type of Capital	Cap.Structure		Weighted Cost	Debt Rate
14	Long-term Debt	49.40%	6.427%	3.1747%	
15	Short term Debt			0.0000%	3.1747%
16	Preferred Stock	1.10%	6.590%	0.0725%	
17	Common Stock	49.50%	11.125%	5.5069%	
18	Weighted Average Cost of Capital	100.00%		<u>8.7541%</u>	



PacificCorp  
State of Washington  
Electric Utility Results of Operations  
for the twelve months ended September 2004

	3.1	3.2	3.3	3.4	3.5	3.6	3.7	4.1	4.2
	Total	Weather Normalization	Effective Price Change	Little Mtn Steam	Special Revenue Reclassification	SO2 Emission Allowances	Centralia Gain	Capital Stock Expense Amort	Blue Sky Program Costs
38 Fuel Stock									
39 Material & Supplies	(4,242,137)								
40 Working Capital	(7,510,396)								
41 Weatherization Loans	(3,134,862)								
42 Misc. Rate Base	33,180								
43 Total Electric Plant:	657,963								
44	(36,055,563)								
45									
46 Accum. Prov. for Depreciation									
47 Accum. Prov. for Amortization	(845,159)								
48 Accum. Deferred Income Tax	934,440								
49 Unamortized ITC	(4,895,676)					1,267,166			
50 Customer Advances for Const.	315,488								
51 Customer Service Deposits	717,441								
52 Miscellaneous Deductions	(3,957,833)					(3,465,137)			
53									
54 Total Deductions:	(7,731,299)					(2,197,971)			
55									
56 Total Rate Base:	(43,786,862)					(2,197,971)			
57									
58									
59									
60 TAX CALCULATION									
61 Per Company									
62									
63 Operating Revenue	6,189,044	1,419,339	15,032,852	19,538,189	(37,916)	(4,812,001)	(5,564,350)		52,930
64 Other Deductions									
65 Interest (AFUDC)									
66 Interest	(1,447,744)								
67 Schedule "M" additions	1,664,553								
68 Schedule "M" deductions	9,943,006								
69									
70 Income Before Tax	(641,665)	1,419,339	15,032,852	19,538,189	(37,916)	(4,812,001)	(5,564,350)		52,930
71 State Income Tax	(103,083)	64,438	682,492	887,034	(1,721)	(218,465)	(252,621)		2,403
72 Taxable Income	(538,582)	1,354,901	14,350,361	18,651,155	(36,195)	(4,593,536)	(5,311,729)		50,527
73 Adjustments to FIT	(353,842)								
74 Federal Income Tax	(1,112,455)	474,215	5,022,626	6,527,904	(12,668)	(1,607,738)	(1,859,105)		17,684



PacifiCorp  
State of Washington

	4.3	4.4	4.5	4.6	4.7&4.8	4.9&4.10	4.10a	4.11	4.12
	Miscellaneous	Regulatory	Cal. Sale	Interest Exp. On	Wage & Benefits	Wage & Benefits	Wage & Benefits	International	Customer
	Gen. Expense	Asset	Term. Settlement	Customer Deposit	Restating	Proforma	Staff Adjustment	Assignees	Guarantees
1 General Business Revenues	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	-	-	-	-	-	-
6									
7 Operating Expenses:									
8 Steam Production					289,663	795,748			
9 Nuclear Production					-	-			
10 Hydro Production					40,813	112,120			
11 Other Power Supply					73,129	200,897			
12 Transmission					31,887	87,599			
13 Distribution					199,342	547,625		(126,782)	
14 Customer Accounting					121,680	334,274			
15 Customer Service & Info					(1,667)	(4,580)			(4,075)
16 Sales					5	14			
17 Administrative & General	(24,701)	1,390,865	29,149		651,991	408,750	(1,148,312)	(268,509)	
18 Total O&M Expense	(24,701)	1,390,865	29,149	-	1,406,843	2,482,447	(1,148,312)	(395,291)	(4,075)
19 Depreciation									
20 Amortization									
21 Taxes Other than Income									
22 Income Taxes: Federal	8,253	(464,702)	(9,739)	(5,023)	(470,040)	(829,410)	383,663	132,071	1,361
23 : State	1,121	(63,145)	(1,323)	(683)	(63,871)	(112,703)	52,133	17,946	185
24 Deferred Income Taxes									
25 Investment Tax Credit Adj.				15,035					
26 Misc. Revenue & Expense									
27 Total Operating Expenses:	(15,327)	863,018	18,087	9,329	872,932	1,540,334	(712,516)	(245,274)	(2,528)
28									
29 Net Operating Income:	15,327	(863,018)	(18,087)	(9,329)	(872,932)	(1,540,334)	712,516	245,274	2,528
30									
31 Rate Base:									
32 Electric Plant in Service									
33 Plant Held for Future Use									
34 Misc. Deferred Debits									
35 Electric Plant Acq Adj									
36 Nuclear Fuel									
37 Prepayments									

Contested Adjustments shaded

PacifiCorp  
State of Washington

	4.3	4.4	4.5	4.6	4.7&4.8	4.9&4.10	4.10a	4.11	4.12
	Miscellaneous	Regulatory	Cal. Sale	Interest Exp. On	Wage & Benefits	Wage & Benefits	Wage & Benefits	International	Customer
	Gen. Expense	Asset	Term. Settlement	Customer Deposit	Restating	Proforma	Staff Adjustment	Assignees	Guarantees
38 Fuel Stock									
39 Material & Supplies									
40 Working Capital									
41 Weatherization Loans									
42 Misc. Rate Base									
43 Total Electric Plant:									
44									
45 Deductions:									
46 Accum. Prov. for Depreciation									
47 Accum. Prov. for Amortization									
48 Accum. Deferred Income Tax									
49 Unamortized ITC									
50 Customer Advances for Const.									
51 Customer Service Deposits									
52 Miscellaneous Deductions									
53									
54 Total Deductions:									
55									
56 Total Rate Base:									
57									
58									
59									
60 TAX CALCULATION									
61 Per Company									
62									
63 Operating Revenue	24,701	(1,390,865)	(29,149)	(15,035)	(1,406,843)	(2,482,447)	1,148,312	395,291	4,075
64 Other Deductions									
65 Interest (AFUDC)									
66 Interest									
67 Schedule "M" additions									
68 Schedule "M" deductions									
69									
70 Income Before Tax	24,701	(1,390,865)	(29,149)	(15,035)	(1,406,843)	(2,482,447)	1,148,312	395,291	4,075
71 State Income Tax	1,121	(63,145)	(1,323)	(683)	(63,871)	(112,703)	52,133	17,946	185
72 Taxable Income	23,580	(1,327,720)	(27,826)	(14,352)	(1,342,972)	(2,369,744)	1,096,179	377,345	3,890
73 Adjustments to FIT									
74 Federal Income Tax	8,253	(464,702)	(9,739)	(5,023)	(470,040)	(829,410)	383,663	132,071	1,361



PacifiCorp  
 State of Washington

	4.13	4.14	4.15	4.16	4.17	4.18	4.19	5.1	5.2	5.3
	Scottish Power Cross Charge	Cholla Transaction	DSM Amort Removal	Hydro Reliance Settlement Oblig.	Property Insurance	Misc. A & G	Remove RTO Expenses	Net Power Cost T3 Study	System Balancing Activity	BPA Regional Exchange
38 Fuel Stock										
39 Material & Supplies										
40 Working Capital										
41 Weatherization Loans										
42 Misc. Rate Base						(57,761)				
43 Total Electric Plant:				(782,941)						
44										
45										
46 Accum. Prov. for Depreciation										
47 Accum. Prov. for Amortization				5,585						
48 Accum. Deferred Income Tax										
49 Unamortized ITC										
50 Customer Advances for Const.										
51 Customer Service Deposits										
52 Miscellaneous Deductions										
53										
54 Total Deductions:				5,585						
55										
56 Total Rate Base:				(777,356)		(57,761)				
57										
58										
59										
60 TAX CALCULATION										
61 Per Company										
62										
63 Operating Revenue		81,150	2,180,288	(81,719)	153,324	446,521	75,329	(8,976,734)	(588,837)	(20,107,633)
64 Other Deductions										
65 Interest (AFUDC)										
66 Interest										
67 Schedule "M" additions										2,239,528
68 Schedule "M" deductions										
69										
70 Income Before Tax	(497,136)	81,150	2,180,288	(81,719)	153,324	446,521	75,329	(8,976,734)	(588,837)	(17,868,105)
71 State Income Tax	(22,570)	3,684	98,985	(3,710)	6,961	20,272	3,420	(407,544)	(26,733)	(811,212)
72 Taxable Income	(474,566)	77,466	2,081,303	(78,009)	146,363	426,249	71,909	(8,569,190)	(562,104)	(17,056,893)
73 Adjustments to FIT										
74 Federal Income Tax	(166,098)	27,113	728,456	(27,303)	51,227	149,187	25,168	(2,999,217)	(196,736)	(5,969,913)



PacifiCorp  
 State of Washington

	5.4	5.5	5.6	5.7	5.8	7.1	7.2	7.3	7.4	7.5
	Colstrip #3 Removal	Mid-Columbia Contract Alloc.	Seasonal Contract Alloc.	QF Contract Alloc.	Hydro Deferral Recovery	Interest True-up	Property Tax Expense	Renewable Energy Tax Credit	IRS Settlement	Malin Midpoint
38 Fuel Stock										
39 Material & Supplies										
40 Working Capital										
41 Weatherization Loans										
42 Misc. Rate Base										
43 Total Electric Plant:	(9,911,070)	-	-	-	1,753,186	-	-	-	-	-
44										
45 Deductions:										
46 Accum. Prov. for Depreciation	5,466,681									
47 Accum. Prov. for Amortization										
48 Accum. Deferred Income Tax	628,167				(613,615)					
49 Unamortized ITC	315,488									
50 Customer Advances for Const.										
51 Customer Service Deposits										
52 Miscellaneous Deductions										(1,644,000)
53										
54 Total Deductions:	6,410,336	-	-	-	(613,615)	-	-	-	-	(1,644,000)
55										
56 Total Rate Base:	(3,500,734)	-	-	-	1,139,571	-	-	-	-	(1,644,000)
57										
58										
59										
60 TAX CALCULATION										
61 Per Company										
62										
63 Operating Revenue	347,330	1,564,711	2,560,511	1,737,328	(701,274)	-	(94,513)	-	-	244,000
64 Other Deductions										
65 Interest (AFUDC)										
66 Interest										
67 Schedule "M" additions	(298,569)									
68 Schedule "M" deductions	(20,687)									
69										
70 Income Before Tax	69,448	1,564,711	2,560,511	1,737,328	(701,274)	1,447,744	(94,513)	-	-	244,000
71 State Income Tax	3,153	71,038	116,247	78,875	(31,838)	65,728	(1,567)	-	-	11,078
72 Taxable Income	66,295	1,493,673	2,444,264	1,658,453	(669,436)	1,382,017	(32,946)	-	-	232,922
73 Adjustments to FIT										
74 Federal Income Tax	23,203	522,786	855,492	580,459	(234,303)	483,706	(11,531)	(171,091)	-	81,523



PacifiCorp  
 State of Washington

	7.6	7.7	7.8	8.1	8.1a	8.2	8.3	8.4	8.5
	Flow-through Deferred Tax	Domestic Manufacturing Deduction	Update Schedule M Difference to Case	Update Cash Working Capital	Remove Current Assets	Trapper Mine Rate Base	JimBridger Mine Rate Base	Proforma Plant Additions	Environmental Settlement
38 Fuel Stock	-	-	-	1,044,155	(4,242,137)	432,239	3,355,261	39,208,573	(1,579,666)
39 Material & Supplies					(7,538,018)				
40 Working Capital				1,044,155	(4,153,498)				
41 Weatherization Loans									
42 Misc. Rate Base									
43 Total Electric Plant:				1,044,155	(17,956,094)	432,239	3,355,261	39,208,573	(1,579,666)
44									
45 Deductions:									
46 Accum. Prov. for Depreciation								(1,302,029)	
47 Accum. Prov. for Amortization									
48 Accum. Deferred Income Tax	(7,357,000)								
49 Unamortized ITC								(1,577,036)	
50 Customer Advances for Const.									
51 Customer Service Deposits									
52 Miscellaneous Deductions									
53									
54 Total Deductions:	(7,357,000)							(2,879,065)	
55									
56 Total Rate Base:	(7,357,000)			1,044,155	(17,956,094)	432,239	3,355,261	36,329,508	(1,579,666)
57									
58									
59									
60 TAX CALCULATION									
61 Per Company									
62									
63 Operating Revenue								(1,302,029)	
64 Other Deductions									
65 Interest (AFUDC)									
66 Interest									
67 Schedule "M" additions			(1,929,778)						1,315,177
68 Schedule "M" deductions			7,588,027						6,587,930
69									
70 Income Before Tax			(9,517,805)						(6,574,782)
71 State Income Tax			(432,108)						(298,495)
72 Taxable Income			(9,085,697)						(6,276,287)
73 Adjustments to FIT		(182,751)							
74 Federal Income Tax		(182,751)	(3,179,994)						(2,196,700)





PacifiCorp  
 State of Washington

	8.6	8.7	8.8	8.9	8.10	8.11	8.12	8.13	8.14
	Customer Advances	Dave Johnston Mine Closure	Colstrip #4 AFUDC	Trojan Removal	Production Factor on Rate Base	Remove Naches & Skookumchuck	Remove Trail Mountain	Remove Environmental Remediation	Remove Transition Regulatory Asset
38 Fuel Stock	-	-	-	698,857	-	-	-	-	-
39 Material & Supplies	-	-	-	698,857	(8,732,348)	(1,282,951)	(1,538,585)	(482,508)	(2,390,210)
40 Working Capital	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	(531,339)	-	-	-	-	-	-
43 Total Electric Plant:	-	-	(531,339)	698,857	(8,732,348)	(1,282,951)	(1,538,585)	(482,508)	(2,390,210)
44									
45 Deductions:									
46 Accum. Prov. for Depreciation				759,061	(7,529,012)				
47 Accum. Prov. for Amortization				64,358	1,051,800				
48 Accum. Deferred Income Tax									
49 Unamortized ITC									
50 Customer Advances for Const.	717,441								
51 Customer Service Deposits				590,383					140,746
52 Miscellaneous Deductions									
53									
54 Total Deductions:	717,441	-	-	590,383	(6,477,212)	823,419	-	-	140,746
55									
56 Total Rate Base:	717,441	-	(531,339)	1,289,240	(15,209,560)	(459,532)	(1,538,585)	(482,508)	(2,249,464)
57									
58									
59									
60 TAX CALCULATION									
61 Per Company									
62									
63 Operating Revenue	-	-	33,000	20,897	1,381,898	38,321	-	-	-
64 Other Deductions									
65 Interest (AFUDC)									
66 Interest									
67 Schedule "M" additions			(33,000)					(118,798)	1,869,918
68 Schedule "M" deductions									2,096,168
69									
70 Income Before Tax	-	303,368	-	20,897	1,381,898	38,321	-	(118,798)	(226,250)
71 State Income Tax	-	13,773	-	949	62,738	1,740	-	(5,393)	(10,272)
72 Taxable Income	-	289,595	-	19,948	1,319,160	36,581	-	(113,405)	(215,978)
73 Adjustments to FIT									
74 Federal Income Tax	-	101,358	-	6,982	461,706	12,803	-	(39,692)	(75,592)

PacifiCorp  
State of Washington

	8.15	8.16	8.17	8.18
Contested Adjustments shaded	New Eastside	A & G Allocator	A & G Allocator	A & G Allocator
	Resource Alloc.	Per Books	Uncontested Adj.	Staff Adj.
<b>Operating Revenues:</b>				
1 General Business Revenues	-	-	-	-
2 Interdepartmental	-	-	-	-
3 Special Sales	-	-	-	-
4 Other operating revenues		(14,114)		
5 Total Operating Revenues	-	(14,114)	-	-
6				
<b>Operating Expenses:</b>				
7				
8 Steam Production				
9 Nuclear Production				
10 Hydro Production				
11 Other Power Supply	(1,264,319)			
12 Transmission				
13 Distribution				
14 Customer Accounting				
15 Customer Service & Info				
16 Sales				
17 Administrative & General	(846,867)		(115,842)	22,291
18 Total O&M Expense	(1,264,319)	(846,867)	(115,842)	22,291
19 Depreciation	(1,218,115)	(81,637)		
20 Amortization		(185,302)		
21 Taxes Other than Income		34,650		
22 Income Taxes: Federal	2,441,093	261,623	233,303	(18,076)
23 : State	331,704	35,550	31,702	(2,456)
24 Deferred Income Taxes	(2,004,624)	158,295		
25 Investment Tax Credit Adj.				
26 Misc. Revenue & Expense				
27 Total Operating Expenses:	(1,714,261)	(623,687)	149,163	1,759
28				
29 Net Operating Income:	1,714,261	609,573	(149,163)	(1,759)
30				
<b>Rate Base:</b>				
31				
32 Electric Plant in Service		(3,014,869)		
33 Plant Held for Future Use	(34,264,392)			
34 Misc. Deferred Debits		(2,218)		
35 Electric Plant Acq Adj				
36 Nuclear Fuel				
37 Prepayments		(73,032)		

**PacifiCorp**  
 State of Washington

	8:15	8:16	8:17	8:18
Contested Adjustments shaded>	New Basis	A & G Allocator	A & G Allocator	A & G Allocator
	Resource Alloc.	Per Books	Uncontested Adj.	Staff Adj.
38 Fuel Stock				
39 Material & Supplies		27,622		
40 Working Capital		(25,519)		
41 Weatherization Loans		33,180		
42 Misc. Rate Base		(27,028)		43,895
43 Total Electric Plant:	(34,264,392)	(3,081,864)		43,895
44				
45				
46 Deductions:				
47 Accum. Prov. for Depreciation	1,344,833	415,307		
48 Accum. Prov. for Amortization		928,855		
49 Accum. Deferred Income Tax	1,442,131	198,353		
50 Unamortized ITC				
51 Customer Advances for Const.				
52 Customer Service Deposits			88,485	7,884
53 Miscellaneous Deductions		323,806		
54 Total Deductions:	2,786,964	1,866,321	88,485	7,884
55				
56 Total Rate Base:	(31,477,428)	(1,215,543)	88,485	51,779
57				
58				
59				
60 TAX CALCULATION				
61 Per Company				
62				
63 Operating Revenue	2,482,434	1,065,042	115,842	(22,291)
64 Other Deductions				
65 Interest (AFUDC)				
66 Interest				
67 Schedule "M" additions	(987,087)	(435,308)	98,885	7,940
68 Schedule "M" deductions	(5,810,908)	(153,312)	(483,554)	39,750
69				
70 Income Before Tax	7,306,255	783,046	698,281	(54,101)
71 State Income Tax	331,704	35,550	31,702	(2,456)
72 Taxable Income	6,974,551	747,496	666,579	(51,645)
73 Adjustments to FIT				
74 Federal Income Tax	2,441,093	261,623	233,303	(18,076)

PacifiCorp UE-050684

Summary of Staff Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Revenue	As Filed Revenue	Difference
				Requirement Impact	Requirement Impact	
1						
2						
3						
4						
5						
6	3.1	880,686	-	(1,484,806)	2,823,280	(4,308,086)
7						
8	4.1	-	-	0	179,038	(179,038)
9	4.10a	712,516	-	(1,201,277)	-	(1,201,277)
10	4.13	(166,722)	-	281,087	627,341	(346,254)
11	4.18	277,062	(57,761)	(474,325)	-	(474,325)
12	4.19	46,741	-	(78,804)	-	(78,804)
14						
15	5.5	970,888	-	(1,636,883)	-	(1,636,883)
16	5.6	1,588,771	-	(2,678,614)	-	(2,678,614)
17	5.7	1,077,995	-	(1,817,462)	-	(1,817,462)
18	5.8	(435,134)	1,139,571	875,833	-	875,833
19						
20	7.2	(21,415)	-	36,105	176,912	(140,807)
21	7.3	171,091	-	(288,453)	(273,313)	(15,140)
22	7.4	-	-	0	882,491	(882,491)
23	7.5	151,400	(1,644,000)	(460,418)	350,715	(811,133)
24						
25	8.1	-	1,044,155	130,305	154,131	(23,826)
26	8.1a	-	(17,956,094)	(2,240,834)	-	(2,240,834)
27	8.2	-	432,239	53,941	70,815	(16,874)
28	8.3	-	3,355,261	418,720	574,213	(155,493)
29	8.4	(998,911)	36,329,508	6,217,877	7,047,072	(829,195)
30	8.7	(115,131)	-	194,107	234,004	(39,897)
31	8.10	857,454	(15,209,560)	(3,343,717)	-	(3,343,717)
32	8.11	23,778	(459,532)	(97,436)	-	(97,436)
33	8.12	-	(1,538,585)	(192,008)	-	(192,008)
34	8.13	87,429	(482,508)	(207,617)	-	(207,617)
35	8.14	1,673,404	(2,249,464)	(3,102,024)	-	(3,102,024)
36	8.15	1,714,261	(31,477,428)	(6,818,415)	-	(6,818,415)
37	8.16	609,573	(1,215,543)	(1,179,413)	-	(1,179,413)
38	8.17	(149,163)	88,485	262,526	-	262,526
39	8.18	(1,759)	51,779	9,428	-	9,428
42						
43	Total	\$42,541,011	\$541,157,929	(\$4,188,785)	\$39,202,699	(\$43,391,484)
44						
45			% Increase in Revenues	-1.87%	17.9%	
46						
47						
48			Rate Of Return	7.40200%	8.75411%	
49			Conversion Factor	0.593132	0.593050	

PacifiCorp General Rate Case

Appendix to Exhibit No. \_\_\_\_ (TES-3)

Mechanics of the Exhibit

The following is a description of how to navigate Exhibit No. \_\_\_\_ (TES-3) and how it compares to Exhibit No. \_\_\_\_ (PMW-3).

Starting at Exhibit No. \_\_\_\_ (TES-3), page 1, Column 1; this is the same as Exhibit No. \_\_\_\_ (PMW-3), page 2.2, Washington unadjusted results, also known as "per books" results. Column 2 is the sum of the adjustments presented in pages 5 – 19. Column 3 is the sum of columns 1 and 2. Column 4 retrieves the revenue requirement from page 2 and shows the revenue related expenses. Finally Column 5 shows the total results after Staff's revenue requirement recommendation.

Page 3 of Exhibit TES-3 shows the calculation of the revenue requirement similar to the top portion of the Company's page 1.2, Exhibit No. \_\_\_\_ (PMW-3).

Page 4 shows Staff's recommended conversion factor which may be compared to the Company's Exhibit No. \_\_\_\_ (PMW-3), page 1.3.

Page 5 of Exhibit No. \_\_\_\_ (TES-3) calculates the recommended cost of capital and return on rate base.

Pages 6-19 present Staff's adjustments to the unadjusted results of operations. The format of these pages follows the format of the first page of tabs 3, 4, 5, etc., in Exhibit No. \_\_\_\_ (PMW-3). In Exhibit No. \_\_\_\_ (PMW-3) the first page of the adjustment tabs is the sum of the Company's Types 1, 2, and 3. Staff does not distinguish between the "types" of adjustments presented by PacifiCorp and has combined them in each adjustment. Each column is one adjustment with the tax consequences of revenue or expense calculated in the lower section of the column beginning at line 60. Note that Adjustment 7.1, interest true-up, is automatically recalculated with changes in rate base or debt cost. This recalculation is not shown in the paper copies, but may be found in the Excel spreadsheet below the tax calculation in columns B – D.

Page 20 is a summary of the adjustments showing the net operating income impact and net rate base impact of the uncontested adjustments and each staff adjustment. A comparison to PacifiCorp's adjustments is included.