

Exhibit No. \_\_\_\_ (TES-13)  
Docket No. UE-050684  
Witness: Thomas E. Schooley

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

DOCKET NO. UE-050684

Complainant,

v.

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

Respondent.

EXHIBIT TO SUPPLEMENTAL TESTIMONY OF

THOMAS E. SCHOOLEY

STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

RE: PACIFICORP GENERAL RATE CASE

*PacifiCorp results of Operations for Ratemaking Purposes  
For the Twelve Months Ended September 2004 – Washington  
Staff Proposed Revenue Requirement with MEHC*

January 27, 2006

PacifiCorp Results of Operations For Ratemaking Purposes  
For The Twelve Months Ended September 2004 - Washington  
Staff Proposed Revenue Requirement with MEHC

	(1)	(2)	(3)	(4)	(5)
	Unadjusted Results	Ratemaking Adjustments	Total Adjusted at Present Rates	Price Change with MEHC	Results With Price Change
<b>Operating Revenues:</b>					
1 General Business Revenues	\$190,885,740	\$32,667,558	\$223,553,298	(\$10,728,694)	\$212,824,604
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>(\$10,728,694)</b>	<b>\$284,836,972</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	\$57,041,688	79,801,259		79,801,259
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	(38,623)	8,001,882
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	(\$1,622,374)	15,872,870		15,872,870
18 <b>Total O&amp;M Expense</b>	<b>132,966,260</b>	<b>59,532,011</b>	<b>192,498,271</b>	<b>(38,623)</b>	<b>192,459,648</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	(434,411)	5,670,642
22 Income Taxes: Federal	8,137,654	(\$2,545,388)	5,592,266	(3,426,518)	2,165,748
23 : State	1,437,537	(\$297,795)	1,139,742	(465,607)	674,135
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>60,580,304</b>	<b>251,264,258</b>	<b>(4,365,160)</b>	<b>246,899,098</b>
29 <b>Operating Revenue for Return:</b>	<b>\$39,417,271</b>	<b>\$4,884,137</b>	<b>\$44,301,408</b>	<b>(\$6,363,534)</b>	<b>\$37,937,874</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>8.186%</b>		<b>7.010%</b>

PacifiCorp Results of Operations For Ratemaking Purposes  
For The Twelve Months Ended September 2004 - Washington  
Staff Proposed Revenue Requirement with MEHC

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Price Change with MEHC	(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	6,321,798	62,792,616	(10,255,660)	52,536,956
65 Other Deductions					
66 Interest (AFUDC)	0	\$0	0	0	0
67 Interest	20,082,950	\$2,973,814	23,056,764	0	23,056,764
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	(4,930,469)	19,757,508	(10,255,660)	(75,843,766)
72 State Income Tax	1,437,537	(\$297,795)	1,139,742	(465,607)	674,135
73 Taxable Income	23,250,440	(4,632,675)	18,617,765	(9,790,053)	(76,517,902)
74 Adjustments to FIT	0	(\$353,842)	(353,842)	0	(353,842)
75 Federal Income Tax-Current	8,137,654	(1,975,278)	6,162,376	(3,426,518)	2,735,857
76	Fill above = sum of adjustments				

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

	<i>With Staff MEHC impact</i>
a) Net Rate Base - Washington Jurisdiction	541,157,929
b) Proposed Rate of Return	7.0105%
c) Net Operating Income Requirement	37,937,877
d) Proforma Net Operating Income	44,301,408
e) Net Operating Income Excess	(6,363,531)
f) NOI > Revenue Conversion Factor	59.3132%
g) Revenue Requirement Excess (line e/line f)	<u>\$ (10,728,694)</u>

PacifiCorp General Rate Case			
<b>Conversion Factor</b>			Nominal 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%	<u>31.9379%</u>	35%
11	<b>Net Operating Income Conversion Factor</b>	<u><b>59.3132%</b></u>	
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><u>0.36000%</u></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><u>3.8591%</u></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 with MEHC**

1	Type of Capital	Cap.Structure	Weighted Cost	Debt Rate
2	Long-term Debt	51.30%	6.4266%	3.29685%
3	<b>MEHC Double Leverage adjustment</b>	<b>15.50%</b>	<b>5.2500%</b>	<b>0.81375%</b>
4	Short term Debt	4.00%	3.3200%	0.13280% 4.2434%
5	Preferred Stock	1.20%	6.5898%	0.07908%
6	<b>Common Stock</b>	<b>28.00%</b>	<b>9.6000%</b>	<b>2.68800%</b>
7	Weighted Average Cost of Capital	100.00%	<u>7.0105%</u>	
8				
9				
10				
11				
12				
13	Per Company for Comparison			
14	Type of Capital	Cap.Structure	Weighted Cost	Debt Rate
15	Long-term Debt	49.40%	6.427%	3.1747%
16	Short term Debt			0.0000% 3.1747%
17	Preferred Stock	1.10%	6.590%	0.0725%
18	Common Stock	49.50%	11.125%	5.5069%
19	Weighted Average Cost of Capital	100.00%	<u>8.7541%</u>	



PacifiCorp  
 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
	Weather	Effective	Revenue	Little Mtn	Special Revenue	SO2 Emission	Centralia Gain	Capital Stock	Blue Sky
	Normalization	Price Change	Normalizing	Steam	Reclassification	Allowances		Expense Amort	Program Costs
revised Total									
Ratemaking Adjustments									
(4,242,137)									
38 Fuel Stock									
39 Material & Supplies									
(7,510,396)									
40 Working Capital									
(3,134,862)									
41 Weatherization Loans									
33,180									
42 Misc. Rate Base									
657,963									
43 Total Electric Plant:									
(36,055,563)									
44									
45 Deductions:									
46 Accum. Prov. for Depreciation									
(845,159)									
47 Accum. Prov. for Amortization									
934,440									
48 Accum. Deferred Income Tax									
(4,895,676)									
49 Unamortized ITC									
315,488						1,267,166			
50 Customer Advances for Const.									
717,441									
51 Customer Service Deposits									
-									
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									
6,321,798	1,419,339	15,032,852	19,538,189	(37,916)	(4,812,001)	325,569	(5,564,350)	-	52,930
64 Other Deductions									
-									
65 Interest (AFUDC)									
2,973,814									
66 Interest									
1,664,553									
67 Schedule "M" additions									
9,943,006						77,391			
68 Schedule "M" deductions						402,960			
69									
70 Income Before Tax									
(4,930,469)	1,419,339	15,032,852	19,538,189	(37,916)	(4,812,001)	-	(5,564,350)	-	52,930
71 State Income Tax									
(297,795)	64,438	682,492	887,034	(1,721)	(218,465)	-	(252,621)	-	2,403
72 Taxable Income									
(4,632,675)	1,354,901	14,350,361	18,651,155	(36,195)	(4,593,536)	-	(5,311,729)	-	50,527
73 Adjustments to FIT									
(363,842)									
74 Federal Income Tax									
(2,545,388)	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 Gen. Expense	Regulatory Asset	Cal. Sale Term. Settlement	Interest Exp. On Customer Deposit	Wage & Benefits Restating	Wage & Benefits Proforma	Wage & Benefits Staff Adjustment	International Assignees	Customer Guarantees
38 Fuel Stock	-	-	-	-	-	-	-	-	-
39 Material & Supplies	-	-	-	-	-	-	-	-	-
40 Working Capital	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-
56	-	-	-	-	-	-	-	-	-
57	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-
60 TAX CALCULATION									
61 Per Company									
62	24,701	(1,390,865)	(29,149)	(15,035)	(1,406,843)	(2,482,447)	1,148,312	395,291	4,075
63 Operating Revenue									
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	4.21	4.22	4.23
	Scottish Power Cross Charge	Cholla Transaction	DSM Amort Removal	Hydro Relicence Settlement Oblig.	Property Insurance	Misc. A & G	Remove RTO Expenses	West Valley Non-fuel Cost	Affiliate Mgmt Fee	A & G Stretch
Operating Revenues:										
1 General Business Revenues	-	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
6										
7 Operating Expenses:										
8 Steam Production	-	-	-	-	-	-	-	-	-	-
9 Nuclear Production	-	-	-	-	-	-	-	-	-	-
10 Hydro Production	-	-	-	112,986	-	-	-	-	-	-
11 Other Power Supply	-	(81,150)	-	-	-	-	-	(413,163)	-	-
12 Transmission	-	-	-	-	-	-	-	-	-	-
13 Distribution	-	-	-	-	-	-	-	-	-	-
14 Customer Accounting	-	-	-	-	-	-	-	-	-	-
15 Customer Service & Info	-	-	(2,180,288)	-	-	-	-	-	-	-
16 Sales	-	-	-	-	-	-	-	-	-	-
17 Administrative & General	355,390	(81,150)	(2,180,288)	112,986	(153,324)	(137,379)	(75,329)	(28,733)	-	-
18 Total O&M Expense	355,390	(81,150)	(2,180,288)	112,986	(153,324)	(137,379)	(75,329)	(413,163)	(28,733)	(28,733)
19 Depreciation	-	-	-	-	-	-	-	-	-	-
20 Amortization	-	-	-	(31,267)	-	-	-	-	-	-
21 Taxes Other than Income	-	-	-	-	-	-	-	-	-	-
22 Income Taxes: Federal	(166,098)	27,113	728,456	(27,303)	51,227	45,900	25,168	138,042	9,600	-
23 : State	(22,570)	3,684	98,985	(3,710)	6,961	6,237	3,420	18,758	1,304	-
24 Deferred Income Taxes	-	-	-	-	-	-	-	-	-	-
25 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-	-
26 Misc. Revenue & Expense	-	-	-	-	-	-	-	-	-	-
27 Total Operating Expenses:	166,722	(50,353)	(1,352,847)	50,706	(95,136)	(85,242)	(46,741)	(256,364)	(17,829)	-
28										
29 Net Operating Income:	(166,722)	50,353	1,352,847	(50,706)	95,136	85,242	46,741	256,364	17,829	-
30										
31 Rate Base:										
32 Electric Plant in Service	-	-	-	(782,941)	-	-	-	-	-	-
33 Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-
34 Misc. Deferred Debits	-	-	-	-	-	-	-	-	-	-
35 Electric Plant Acq Adj	-	-	-	-	-	-	-	-	-	-
36 Nuclear Fuel	-	-	-	-	-	-	-	-	-	-
37 Prepayments	-	-	-	-	-	-	-	-	-	-

MEHC Settlement Adjustments

**PacifiCorp**  
 State of Washington

	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.21	4.22	4.23
Scottish Power Cross Charge		Cholla Transaction	DSM Amort Removal	Hydro Relicence Settlement Oblig.	Property Insurance	Misc. A & G	Remove RTO Expenses	West Valley Non-fuel Cost	Affiliate Mgmt Fee	A&C Stretch
	(57,761)									
43	-	-	-	(782,941)	-	(57,761)	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-
45	Deductions:									
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	-	-	-	5,585	-	-	-	-	-	-
55	Total Deductions:									
56	-	-	-	(777,356)	-	(57,761)	-	-	-	-
57	Total Rate Base:									
58										
59										
60	TAX CALCULATION									
61	Per Company									
62										
63	(355,390)	81,150	2,180,288	(81,719)	153,324	137,379	75,329	413,163		28,733
64	Operating Revenue									
65	Other Deductions									
66	Interest (AFUDC)									
67	Interest									
68	(141,746)									
69	Schedule "M" additions									
70	(497,136)	81,150	2,180,288	(81,719)	153,324	137,379	75,329	413,163		28,733
71	(22,570)	3,684	98,985	(3,710)	6,961	6,237	3,420	18,758		1,304
72	(474,566)	77,466	2,081,303	(78,009)	146,363	131,142	71,909	394,405		27,429
73	Adjustments to FIT									
74	(166,098)	27,113	728,456	(27,303)	51,227	45,900	25,168	138,042		9,600
	Federal Income Tax									



**PacifiCorp**  
State of Washington

	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	7.1	7.2
	Net Power Cost T3 Study	System Balancing Activity	BPA Regional Exchange	Colstrip #3 Removal	Mid-Columbia Contract Alloc.	Seasonal Contract Alloc.	QF Contract Alloc.	Hydro Deferral Recovery	Interest True-up	Property Tax Expense
38 Fuel Stock										
39 Material & Supplies										
40 Working Capital										
41 Weatherization Loans										
42 Misc. Rate Base										
44	-	-	-	(9,911,070)	-	-	-	1,753,186	-	-
45										
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										
53										
54	-	-	-	6,410,336	-	-	-	(613,615)	-	-
55										
56	-	-	-	(3,500,734)	-	-	-	1,139,571	-	-
57										
58										
59										
60 TAX CALCULATION										
61 Per Company										
62										
63 Operating Revenue	(8,976,734)	(588,837)	(20,107,633)	347,330	1,564,711	2,560,511	1,737,328	(701,274)	-	(34,513)
64 Other Deductions										
65 Interest (AFUDC)										
66 Interest									2,973,814	
67 Schedule "M" additions										
68 Schedule "M" deductions				(298,569)	(20,687)					
69										
70 Income Before Tax	(8,976,734)	(588,837)	(17,868,105)	69,448	1,564,711	2,560,511	1,737,328	(701,274)	(2,973,814)	(34,513)
71 State Income Tax	(407,544)	(26,733)	(811,212)	3,153	71,038	116,247	78,875	(31,838)	(135,011)	(1,567)
72 Taxable Income	(8,569,190)	(562,104)	(17,056,893)	66,295	1,493,673	2,444,264	1,658,453	(669,436)	(2,838,803)	(32,946)
73 Adjustments to FIT										
74 Federal Income Tax	(2,999,217)	(196,736)	(5,969,913)	23,203	572,786	855,492	580,459	(234,303)	(993,581)	(11,531)

**PacifiCorp**  
 State of Washington

	7.3	7.4	7.5	7.6	7.7	7.8	8.1	8.1a	8.2
	Renewable Energy Tax Credit	IRS Settlement	Malin Midpoint	Flow-through Deferred Tax	Domestic Manufacturing Deduction	Update Schedule M Difference to Case	Update Cash Working Capital	Remove Current Assets	Trapper Mine Rate Base
<b>Operating Revenues:</b>									
1 General Business Revenues	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	-	-	-	-	-	-
6									
<b>Operating Expenses:</b>									
7 Steam Production									
8 Nuclear Production									
9 Hydro Production									
10 Other Power Supply									
12 Transmission									
13 Distribution									
14 Customer Accounting									
15 Customer Service & Info									
16 Sales									
17 Administrative & General									
18 Total O&M Expense	-	-	-	-	-	-	-	-	-
19 Depreciation									
20 Amortization			(244,000)						
21 Taxes Other than Income									
22 Income Taxes: Federal	(171,091)	-	81,523	-	(182,751)	(3,179,994)	-	-	-
23 : State	-	-	11,078	-	-	(432,108)	-	-	-
24 Deferred Income Taxes				3,699,000					
25 Investment Tax Credit Adj.									
26 Misc. Revenue & Expense									
27 Total Operating Expenses:	(171,091)	-	(151,400)	3,699,000	(182,751)	(3,612,102)	-	-	-
28									
29 Net Operating Income:	171,091	-	151,400	(3,699,000)	182,751	3,612,102	-	-	-
30									
<b>Rate Base:</b>									
31									
32 Electric Plant in Service									432,239
33 Plant Held for Future Use									
34 Misc. Deferred Debits									
35 Electric Plant Acq Adj									
36 Nuclear Fuel									
37 Prepayments									

(2,022,441)

PacifiCorp  
 State of Washington

	7.3	7.4	7.5	7.6	7.7	7.8	8.1	8.1a	8.2
	Renewable Energy Tax Credit	IRS Settlement	Malin Midpoint	Flow-through Deferred Tax	Domestic Manufacturing Deduction	Update Schedule M Difference to Case	Update Cash Working Capital	Remove Current Assets	Trapper Mine Rate Base
38 Fuel Stock	-	-	-	-	-	-	1,044,155	(4,242,137)	432,239
39 Material & Supplies	-	-	-	-	-	-	-	(7,538,018)	-
40 Working Capital	-	-	-	-	-	-	-	(4,153,498)	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	1,044,155	(17,956,094)	432,239
44	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-
46 Accum. Prov. for Depreciation	-	-	-	-	-	-	-	-	-
47 Accum. Prov. for Amortization	-	-	-	-	-	-	-	-	-
48 Accum. Deferred Income Tax	-	-	-	(7,357,000)	-	-	-	-	-
49 Unamortized ITC	-	-	-	-	-	-	-	-	-
50 Customer Advances for Const.	-	-	-	-	-	-	-	-	-
51 Customer Service Deposits	-	-	-	-	-	-	-	-	-
52 Miscellaneous Deductions	-	-	(1,644,000)	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-
54	-	-	(1,644,000)	(7,357,000)	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-
56	-	-	(1,644,000)	(7,357,000)	-	-	1,044,155	(17,956,094)	432,239
57	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-
60 TAX CALCULATION	-	-	-	-	-	-	-	-	-
61 Per Company	-	-	-	-	-	-	-	-	-
62	-	-	244,000	-	-	-	-	-	-
63 Operating Revenue	-	-	-	-	-	-	-	-	-
64 Other Deductions	-	-	-	-	-	-	-	-	-
65 Interest (AFUDC)	-	-	-	-	-	-	-	-	-
66 Interest	-	-	-	-	-	-	-	-	-
67 Schedule "M" additions	-	-	-	-	-	(1,929,778)	-	-	-
68 Schedule "M" deductions	-	-	-	-	-	7,588,027	-	-	-
69	-	-	-	-	-	-	-	-	-
70 Income Before Tax	-	-	244,000	-	-	(9,517,805)	-	-	-
71 State Income Tax	-	-	11,078	-	-	(432,108)	-	-	-
72 Taxable Income	-	-	232,922	-	-	(9,085,697)	-	-	-
73 Adjustments to FII	(171,091)	-	-	-	(182,751)	-	-	-	-
74 Federal Income Tax	(171,091)	-	81,523	-	(182,751)	(3,179,994)	-	-	-





**PacifiCorp**  
State of Washington

	8.3	8.4	8.5	8.6	8.7	8.8	8.9	8.10	8.11	8.12
	JimBridger Mine Rate Base	ProForma Plant Additions	Environmental Settlement	Customer Advances	Dave Johnston Mine Closure	Colstrip #4 AFUDC	Trojan Removal	Production Factor on Rate Base	Remove Naches & Skookumchuck	Remove Trail Mountain
38 Fuel Stock										
39 Material & Supplies										
40 Working Capital										
41 Weatherization Loans										
42 Misc. Rate Base							698,857			
43	3,355,261	39,208,573	(1,579,666)	-	-	(531,339)	698,857	(8,732,348)	(1,282,951)	(1,538,585)
44										
45										
46 Accum. Prov. for Depreciation		(1,302,029)						(7,529,012)	759,061	
47 Accum. Prov. for Amortization		(1,577,036)						1,051,800	64,358	
48 Accum. Deferred Income Tax										
49 Unamortized ITC										
50 Customer Advances for Const.		717,441								
51 Customer Service Deposits										
52 Miscellaneous Deductions							590,383			
53										
54										
55										
56										
57										
58										
59										
60 TAX CALCULATION										
61 Per Company										
62										
63 Operating Revenue		(1,302,029)								
64 Other Deductions										
65 Interest (AFUDC)							33,000			
66 Interest										
67 Schedule "M" additions		1,315,177								
68 Schedule "M" deductions		6,587,930			(303,368)					
69										
70 Income Before Tax		(6,574,782)			303,368		20,897	1,381,898	38,321	
71 State Income Tax		(298,495)			13,773		949	62,738	1,740	
72 Taxable Income		(6,276,287)			289,595		19,948	1,319,160	36,581	
73 Adjustments to FIT										
74 Federal Income Tax		(2,196,700)			101,358		6,982	461,706	12,803	

PacifiCorp  
State of Washington

	8.13	8.14	8.15	8.16	8.17	8.18
	Remove Deferred	Remove Transition	New Eastside	A & G Allocator	A & G Allocator	A & G Allocator
	Environmental Remediation	Regulatory Asset	Resource Alloc.	Per Books	Uncontested Adj.	Staff Adj.
Operating Revenues:						
1 General Business Revenues	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	(14,114)	-	-
6				(14,114)		
Operating Expenses:						
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	(42,344)	(1,586,540)	(1,264,319)	(846,867)	(115,842)	22,291
18 Total O&M Expense	(42,344)	(1,586,540)	(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	(39,692)	(75,592)	2,441,093	261,623	233,303	(18,076)
23 : State	(5,393)	(10,272)	331,704	35,550	31,702	(2,456)
24 Deferred Income Taxes		(1,000)	(2,004,624)	158,295		
25 Investment Tax Credit Adj.						
26 Misc. Revenue & Expense						
27 Total Operating Expenses:	(87,429)	(1,673,404)	(1,714,261)	(623,687)	149,163	1,759
28						
29 Net Operating Income:	87,429	1,673,404	1,714,261	609,573	(149,163)	(1,759)
30						
Rate Base:						
31						
32 Electric Plant in Service						
33 Plant Held for Future Use			(34,264,392)			(3,014,869)
34 Misc. Deferred Debits						(2,218)
35 Electric Plant Acq Adj	(482,508)	(2,390,210)				
36 Nuclear Fuel						
37 Prepayments						(73,032)

PacifiCorp  
 State of Washington

	8.13	8.14	8.15	8.16	8.17	8.18
	Remove Deferred Environmental Remediation	Remove Transition Regulatory Asset	New Eastside Resource Alloc.	A & G Allocator Per Books	A & G Allocator Uncontested Adj.	A & G Allocator Staff Adj.
38 Fuel Stock				27,622		
39 Material & Supplies				(25,519)		
40 Working Capital				33,180		
41 Weatherization Loans				(27,028)		43,895
42 Misc. Rate Base				(3,081,864)		43,895
43	(482,508)	(2,390,210)	(34,264,392)			
44						
45						
46 Accum. Prov. for Depreciation			1,344,833	415,307		
47 Accum. Prov. for Amortization			1,442,131	928,855		
48 Accum. Deferred Income Tax				198,353		
49 Unamortized ITC						
50 Customer Advances for Const.						
51 Customer Service Deposits		140,746		323,806		7,884
52 Miscellaneous Deductions						
53						
54	-	140,746	2,786,964	1,866,321	88,485	7,884
55						
56	(482,508)	(2,249,464)	(31,477,428)	(1,215,543)	88,485	51,779
57						
58						
59						
60 TAX CALCULATION						
61 Per Company						
62			2,482,434	1,065,042	115,842	(22,291)
63 Operating Revenue						
64 Other Deductions						
65 Interest (AFUDC)						
66 Interest						
67 Schedule "M" additions	(118,798)	1,869,918	(987,087)	(435,308)	98,885	7,940
68 Schedule "M" deductions		2,096,168	(5,810,908)	(159,312)	(483,554)	39,750
69						
70 Income Before Tax	(118,798)	(226,250)	7,306,255	785,046	698,281	(54,101)
71 State Income Tax	(5,393)	(10,272)	331,704	35,550	31,702	(2,456)
72 Taxable Income	(113,405)	(215,978)	6,974,551	747,496	666,579	(51,645)
73 Adjustments to FIT						
74 Federal Income Tax	(39,692)	(75,592)	2,441,093	261,623	233,303	(18,076)

PacifiCorp UE-050684

Summary of Staff Adjustments

<u>Results based on Revised Protocol</u>		Adj.	NOI	Net Rate Base	Revenue	<i>As Filed</i> Revenue	Difference
		No.	Impact	Impact	Requirement	Requirement	
					Impact	Impact	
1	Per Books		\$39,417,272	\$584,944,791	\$2,681,161	\$ 19,879,477	\$(17,198,316)
2	Uncontested Adjustments		(\$3,878,856)	(\$13,937,385)	\$4,892,295	\$6,014,192	\$(1,121,897)
3							
4	Contested Adjustments						
5	REVENUES (Tab 3)						
6	Weather Normalization	3.1	880,686	-	(1,484,806)	2,823,280	(4,308,086)
7	O & M (Tab 4)						
8	Capital Stock Expense Amort	4.1	-	-	0	179,038	(179,038)
9	Wages & Benefits - Staff	4.10a	712,516	-	(1,201,277)	-	(1,201,277)
10	Scottish Power Cross Charge	4.13	(166,722)	-	281,087	627,341	(346,254)
11	Miscellaneous A & G ( <i>revised</i> )	4.18	85,242	(57,761)	(150,543)	-	(150,543)
12	Remove RTO Expenses	4.19	46,741	-	(78,804)	-	(78,804)
13	A&G Stretch (MEHC)	4.23	-	-	0	(522,802)	522,802
14	NET POWER COSTS (Tab 5)						
15	Mid-Columbia Contract Allocation	5.5	970,888	-	(1,636,883)	-	(1,636,883)
16	Seasonal Contract Allocation	5.6	1,588,771	-	(2,678,614)	-	(2,678,614)
17	QF Contract Allocation	5.7	1,077,995	-	(1,817,462)	-	(1,817,462)
18	Hydro Deferral Recovery	5.8	(435,134)	1,139,571	868,311	-	868,311
19	TAX ADJUSTMENTS (Tab 7)						
20	Property Tax Expense	7.2	(21,415)	-	36,105	176,912	(140,807)
21	Renewable Energy Tax Credit	7.3	171,091	-	(288,453)	(273,313)	(15,140)
22	IRS Settlement Amortization	7.4	-	-	0	882,491	(882,491)
23	Malin Midpoint	7.5	151,400	(1,644,000)	(449,566)	350,715	(800,281)
24	RATE BASE (Tab 8)						
25	Cash Working Capital	8.1	-	1,044,155	123,413	154,131	(30,718)
26	Remove Current Assets	8.1a	-	(17,956,094)	(2,122,313)	-	(2,122,313)
27	Trapper Mine Rate Base	8.2	-	432,239	51,088	70,815	(19,727)
28	Bridger Mine Rate Base	8.3	-	3,355,261	396,574	574,213	(177,639)
29	Major Plant - Pro Forma	8.4	(998,911)	36,329,508	5,978,082	7,047,072	(1,068,990)
30	Dave Johnston Mine Closure	8.7	(115,131)	-	194,107	234,004	(39,897)
31	Production factored Rate Base	8.10	857,454	(15,209,560)	(3,243,325)	-	(3,243,325)
32	Remove Naches & Skookumchuck	8.11	23,778	(459,532)	(94,403)	-	(94,403)
33	Remove Trail Mountain	8.12	-	(1,538,585)	(181,852)	-	(181,852)
34	Remove Environmental Remediation	8.13	87,429	(482,508)	(204,432)	-	(204,432)
35	Remove Transition Regulatory Asset	8.14	1,673,404	(2,249,464)	(3,087,176)	-	(3,087,176)
36	New Eastside Resource Allocation	8.15	1,714,261	(31,477,428)	(6,610,647)	-	(6,610,647)
37	A & G Allocator - per books	8.16	609,573	(1,215,543)	(1,171,390)	-	(1,171,390)
38	A & G Allocator - Uncontested Adjs.	8.17	(149,163)	88,485	261,941	-	261,941
39	A & G Allocator - Staff Adjs.	8.18	(1,759)	51,779	9,086	-	9,086
42							
43	Total		\$44,301,409	\$541,157,929	(\$10,728,696)	\$38,217,566	(\$48,946,262)
44						**	
45	** This column is unchanged from the			% Increase in Revenues	-4.80%	17.9%	
46	Company's filed case.						
47							
48				Rate Of Return	7.01050%	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.