

APPENDIX

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Table 1
Net Operating Income Impacts

	Adjustment No.	With MEHC	Without
		Double Leverage	Double Leverage
1	Net Operating Income "Unadjusted"	39,417,271	39,417,271
2			
3	Temperature Normalization Settlement	(593,064)	(593,064)
4	Effective Price Change	9,326,667	9,326,667
5	Revenue Normalizing Adjs.	12,123,251	12,123,251
6	Little Mountain Steam Revenues	(23,526)	(23,526)
7	Special Revenue Reclassification	(2,985,799)	(2,985,799)
8	SO2 Allowances	202,011	202,011
9	Centralia Gain	(3,452,624)	(3,452,624)
10	Update to Revenues	972,205	972,205
11	Capital Stock Expense Amort	-	-
12	Blue Sky Program Costs	32,843	32,843
13	Misc. General Expense	15,327	15,327
14	Regulatory Asset	(863,018)	(863,018)
15	CA Sale Termination Settlement	(18,087)	(18,087)
16	Interest on Cust. Service Deposits	(9,329)	(9,329)
17	Wages & Benefits normalizing	(872,932)	(872,932)
18	Wages & Benefits proforma	(1,540,334)	(1,540,334)
19	Wages & Benefits - Staff	712,516	712,516
20	International Assignees	245,274	245,274
21	Customer Guarantees	2,528	2,528
22	Scottish Power Cross Charge	(166,722)	(166,722)
23	Cholla Transaction Costs	50,353	50,353
24	DSM Amortization Removal	1,352,847	1,352,847
25	Hydro Relicense Settlement	(50,706)	(50,706)
26	Property Insurance	95,136	95,136
27	Miscellaneous A & G (revised)	85,242	85,242
28	Remove RTO Expenses	46,741	46,741
29	Remove Naches O&M	7,051	7,051
30	West Valley Non-fuel Cost(MEHC)	-	-
31	Affiliate Mgmt Fee(MEHC)	17,829	17,829
32	A&G Stretch (MEHC)	-	-
33	Net Power Cost T3 Study	(5,569,974)	(5,569,974)
34	ICNU Net Power Cost Settlement	1,489,664	1,489,664
35	System Balancing Activity	(365,367)	(365,367)
36	BPA Regional Exchange	(13,326,508)	(13,326,508)
37	Colstrip #3 Removal	207,438	207,438
38	Mid-Columbia Contract Allocation	970,888	970,888
39	Seasonal Contract Allocation	1,588,771	1,588,771
40	QF Contract Allocation	1,077,995	1,077,995
41	Hydro Deferral Recovery	(435,134)	(435,134)
42	Interest True-up (only difference in columns)	1,222,279	(455,056)
43	Property Tax Expense	(21,415)	(21,415)
44	Renewable Energy Tax Credit	171,092	171,092

Table 1
Net Operating Income Impacts

	Adjustment No.	With MEHC	Without
		Double Leverage	Double Leverage
45 IRS Settlement Amortization	7.4	-	-
46 Malin Midpoint	7.5	151,400	151,400
47 Flow-through Deferred Taxes	7.6	(3,699,000)	(3,699,000)
48 Domestic Manufacturing Deduct	7.7	182,751	182,751
49 Update Sch. M	7.8	3,612,102	3,612,102
50 Cash Working Capital	8.1	-	-
51 Remove Current Assets	8.1a	-	-
52 Trapper Mine Rate Base	8.2	-	-
53 Bridger Mine Rate Base	8.3	-	-
54 Major Plant - Pro Forma	8.4	(998,911)	(998,911)
55 Environmental Settlement	8.5	-	-
56 Reverse PERCO Adj. 8.5	8.5a	-	-
57 Customer Advances	8.6	-	-
58 Dave Johnston Mine Closure	8.7	(115,131)	(115,131)
59 Remove Colstrip #4 AFUDC	8.8	33,000	33,000
60 Trojan Removal	8.9	12,966	12,966
61 Production Factor Rate Base	8.10	857,417	857,417
62 Remove Naches Rate Base	8.11	-	-
63 Remove Skookumchuck	8.11a	16,774	16,774
64 Remove Trail Mountain	8.12	-	-
65 Remove Deferred Environmental	8.13	101,819	101,819
66 Remove Transition Plan	8.14	899,568	899,568
67 New Eastside Resource Allocation	8.15	1,714,261	1,714,261
68 A & G Allocator - per books	8.16	609,573	609,573
69 A & G Allocator - Uncontested Adjs.	8.17	(149,163)	(149,163)
70 A & G Allocator - Staff Adjs.	8.18	(1,759)	(1,759)
71			
72 Total of Net Operating Income Adjustments		4,949,077	3,271,742
73 (sum of lines 3 through 70)			
74 Sum of Unadjusted NOI plus Adjustments		44,366,348	42,689,013
75 (lines 1 plus line 72)			
76			
77			
78			
79 Adjustment 7.1, Interest True-up calculation		With MEHC	Without
80		Double Leverage	Double Leverage
81 Rate Base from Table 2, line 77		540,934,119	540,934,119
82 Add back Adjustment 3.6 (Table 8 at 6, line 56)		2,197,971	2,197,971
83 Basis for interest true-up		543,132,090	543,132,090
84 Weighted average debt rate from Table 3		4.2906%	3.4769%
85 Pro forma Interest		23,303,625	18,883,888
86 Actual Interest		20,082,950	20,082,950
87 Increase (decrease) in Interest Expense		3,220,675	(1,199,062)
88 NOI Impact to Adjustment 7.1 above		1,222,279	(455,056)

Table 2
Net Rate Base Impacts

	Adjustment	Adj. No.	Staff with MEHC
1	Net Rate Base "Unadjusted"		584,944,791
2			
3	Temperature Normalization Settlement	3.1	-
4	Effective Price Change	3.2	-
5	Revenue Normalizing Adjs.	3.3	-
6	Little Mountain Steam Revenues	3.4	-
7	Special Revenue Reclassification	3.5	-
8	SO2 Allowances	3.6	(2,197,971)
9	Centralia Gain	3.7	-
10	Update to Revenues	3.8	-
11	Capital Stock Expense Amort	4.1	-
12	Blue Sky Program Costs	4.2	-
13	Misc. General Expense	4.3	-
14	Regulatory Asset	4.4	-
15	CA Sale Termination Settlement	4.5	-
16	Interest on Cust. Service Deposits	4.6	-
17	Wages & Benefits normalizing	4.7+4.8	-
18	Wages & Benefits proforma	4.9+4.10	-
19	Wages & Benefits - Staff	4.10a+b	-
20	International Assignees	4.11	-
21	Customer Guarantees	4.12	-
22	Scottish Power Cross Charge	4.13	-
23	Cholla Transaction Costs	4.14	-
24	DSM Amortization Removal	4.15	-
25	Hydro Relicense Settlement	4.16	(777,356)
26	Property Insurance	4.17	-
27	Miscellaneous A & G (revised)	4.18	(57,761)
28	Remove RTO Expenses	4.19	-
29	Remove Naches O&M	4.20	-
30	West Valley Non-fuel Cost(MEHC)	4.21	-
31	Affiliate Mgmt Fee(MEHC)	4.22	-
32	A&G Stretch (MEHC)	4.23	-
33	Net Power Cost T3 Study	5.1	-
34	ICNU Net Power Cost Settlement	5.1a	-
35	System Balancing Activity	5.2	-
36	BPA Regional Exchange	5.3	-
37	Colstrip #3 Removal	5.4	(3,500,734)
38	Mid-Columbia Contract Allocation	5.5	-
39	Seasonal Contract Allocation	5.6	-
40	QF Contract Allocation	5.7	-
41	Hydro Deferral Recovery	5.8	1,139,571

Table 2
Net Rate Base Impacts

Adjustment	Adj. No.	Staff with MEHC
42 Interest True-up	7.1	-
43 Property Tax Expense	7.2	-
44 Renewable Energy Tax Credit	7.3, 7.3a	-
45 IRS Settlement Amortization	7.4	-
46 Malin Midpoint	7.5	(1,644,000)
47 Flow-through Deferred Taxes	7.6	(7,357,000)
48 Domestic Manufacturing Deduct	7.7	-
49 Update Sch. M	7.8	-
50 Cash Working Capital	8.1	1,044,155
51 Remove Current Assets	8.1a	(17,956,094)
52 Trapper Mine Rate Base	8.2	432,239
53 Bridger Mine Rate Base	8.3	3,355,261
54 Major Plant - Pro Forma	8.4	36,329,508
55 Environmental Settlement	8.5	(1,579,666)
56 Reverse PERCO Adj. 8.5	8.5a	-
57 Customer Advances	8.6	717,441
58 Dave Johnston Mine Closure	8.7	-
59 Remove Colstrip #4 AFUDC	8.8	(531,339)
60 Trojan Removal	8.9	1,289,240
61 Production Factor Rate Base	8.10	(15,445,867)
62 Remove Naches Rate Base	8.11	(137,101)
63 Remove Skookumchuck	8.11a	(271,001)
64 Remove Trail Mountain	8.12	(1,538,585)
65 Remove Deferred Environmental	8.13	(521,441)
66 Remove Transition Plan	8.14	(2,249,464)
67 New Eastside Resource Allocation	8.15	(31,477,428)
68 A & G Allocator - per books	8.16	(1,215,543)
69 A & G Allocator - Uncontested Adjs.	8.17	88,485
70 A & G Allocator - Staff Adjs.	8.18	51,779
71		
72 Total of Net Rate Base Adjustments (sum of lines 3 through 70)		(44,010,672)
73		
74 Sum of Unadjusted Net Rate Base plus Adjustments (line 1+ line 72)		540,934,119
75		

**Table 3
Rate of Return**

Part A

Staff Recommended Weighted Average Cost of Capital With Double Leverage

	Type of Capital	Capital Structure	Interest Rate	Weighted Cost	Weighted Debt Rate 1*
1	Long-term Debt	51.30%	6.4266%	3.29685%	
2	MEHC Double Leverage adjustment	15.50%	5.2500%	0.81375%	
3	Short term Debt	4.00%	4.5000%	0.18000%	4.29060%
4	Preferred Stock	1.20%	6.5898%	0.07908%	
5	Common Stock	28.00%	9.6000%	2.68800%	
6	Weighted Average Cost of Capital	<u>100.00%</u>		<u>7.0577%</u>	

7
8
9

Part B

Staff Recommended Weighted Average Cost of Capital Without Double Leverage

	Type of Capital	Capital Structure	Interest Rate	Weighted Cost	Weighted Debt Rate 2*
15	Long-term Debt	51.30%	6.4266%	3.29685%	
16	Short term Debt	4.00%	4.5000%	0.18000%	3.47685%
17	Preferred Stock	1.20%	6.5898%	0.07908%	
18	Common Stock	43.50%	8.9500%	3.89325%	
19	Weighted Average Cost of Capital	<u>100.00%</u>		<u>7.4492%</u>	

1* Weighted cost of debt: Part A is sum of lines 1 through 3

2* Weighted cost of debt: Part B is sum of lines 15 and 16

Data Sources:

Part A: The source of the figures in Part A is Exh. 798 (Elgin) except the cost of short-term debt is updated to 4.5% per Tr. 1309:24-1310:5 (Williams).

Part B: The source of the figures in Part B is Exh. 153 (Rothschild) also with the cost of short-term debt updated to 4.5%.

**Table 4
Conversion Factor**

			Nominal Tax Rate
1	Operating Revenue	100.0000%	
2	Operating Revenue Deductions:		
3	Uncollectible Accounts	0.3570%	
4	Franchise Tax	0.0000%	
5	WA Revenue Tax	3.8730%	
6	WUTC Fee	<u>0.1900%</u>	
7	Sub-Total	95.5800%	
8	State Income Tax	4.3393%	4.540%
9	Sub-Total	<u>91.2407%</u>	
10	Federal Income Tax @ 35%	<u>31.9342%</u>	35%
11	Net Operating Income Conversion Factor	<u>59.30643%</u>	
12	Company uses inverse known as "Net to Gross Bump-up".	168.61578%	

Source: Staff accepts the conversion factor presented in Exhibit 227 at 2 with sufficient digits to eliminate rounding differences.

Table 5
Staff Recommended
Decrease in Net Operating Income

	With MEHC Double Leverage	Without MEHC Double Leverage
1 Net Rate Base - Washington Jurisdiction	\$ 540,934,119	\$ 540,934,119
2 Proposed Rate of Return	7.0577%	7.4492%
3 Net Operating Income Requirement	\$ 38,177,507	\$ 40,295,264
4 Proforma Net Operating Income	\$ 44,366,348	\$ 42,689,013
5 Recommended Increase (Decrease) in Net Operating Income	\$ (6,188,840)	\$ (2,393,749)

Sources:

Line 1: From Table 2, line 77

Line 2: From Table 3, lines 6 or 19

Line 3: Line 1 times line 2

Line 4: From Table 1, line 74

Line 5: Line 3 less line 4

Table 6
Staff Recommended
Decrease to Revenue Requirements

Revenue Requirement Calculation	Notes	With MEHC Double Leverage	Without MEHC Double Leverage
1 Net Operating Income Excess	1*	\$ (6,188,840)	\$ (2,393,749)
2			
3 NOI > Revenue Conversion Factor	2*	59.30643%	59.30643%
4			
5 Revenue Requirement Increase (Decrease)	3*	\$ (10,435,362)	\$ (4,036,238)
6			
7 Adjusted Revenues at Present Rates	4*	\$ 221,977,589	\$ 221,977,589
8			
9 Percentage decrease	5*	-4.7%	-1.8%

Sources:

1* From Table 5, line 5

2* From Table 4, line 11

3* Line 1 divided by line 3

4* Exhibit 227 (Wrigley) at 5 shows \$220,279,183. The Stipulation on Temperature Normalization (Exh. No. 593) revises this amount to \$221,977,589.

5* Line 5 divided by line 7.

Table 7
Schedule of Uncontested Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Revenue Requirement Impact per Staff	Acceptance cited at:	
1	Temperature Normalized Settlement	3.1	(593,064)	-	1,000,000	Exh. No. 593
2	Effective Price Change	3.2	9,326,667	-	(15,726,232)	Exh. No. 634
3	Revenue Normalizing Adjs.	3.3	12,123,251	-	(20,441,714)	Exh. No. 634
4	Little Mountain Steam Revenues	3.4	(23,526)	-	39,669	Exh. No. 634
5	Special Revenue Reclassification	3.5	(2,985,799)	-	5,034,527	Exh. No. 634
6	SO2 Allowances	3.6	202,011	(2,197,971)	(602,190)	Exh. No. 634
7	Centralia Gain	3.7	(3,452,624)	-	5,821,668	Exh. No. 634
8	Update to Revenues	3.8	972,205	-	(1,639,291)	Company accepts PC adjustment at Exh. No. 195T at 3:3, Exh. No. 197
9	Blue Sky Program Costs	4.2	32,843	-	(55,378)	Exh. No. 634
10	Misc. General Expense	4.3	15,327	-	(25,843)	Exh. No. 634
11	Regulatory Asset	4.4	(863,018)	-	1,455,184	Exh. No. 634
12	CA Sale Termination Settlement	4.5	(18,087)	-	30,497	Exh. No. 634
13	Interest on Cust. Service Deposits	4.6	(9,329)	-	15,730	Exh. No. 634
14	Wages & Benefits normalizing	4.7+4.8	(872,932)	-	1,471,901	Exh. No. 634
15	Wages & Benefits proforma	4.9+4.10	(1,540,334)	-	2,597,245	Exh. No. 634
16	International Assignees	4.11	245,274	-	(413,571)	Exh. No. 634
17	Customer Guarantees	4.12	2,528	-	(4,263)	Exh. No. 634
18	Scottish Power Cross Charge	4.13	(166,722)	-	281,119	Company accepts staff adjustment in Exh. No. 195T at 3:10, Exh. No. 197:1, Adj. 4.13 corrected
19	Cholla Transaction Costs	4.14	50,353	-	(84,903)	Exh. No. 634
20	DSM Amortization Removal	4.15	1,352,847	-	(2,281,113)	Exh. No. 634
21	Hydro Relicense Settlement	4.16	(50,706)	(777,356)	(7,010)	Exh. No. 634
22	Property Insurance	4.17	95,136	-	(160,414)	Exh. No. 634
23	Remove Naches O&M	4.20	7,051	-	(11,890)	Company accepts staff adjustment in Exh. No. 195T table at 3:1, Exh. No. 197:2
25	Affiliate Mgmt Fee(MEHC)	4.22	17,829	-	(30,062)	accepted by Staff in Exh. No. 642 at 5:2
27	Net Power Cost T3 Study	5.1	(5,569,974)	-	9,391,855	Exh. No. 634
28	ICNU Power Cost Settlement	5.1a	1,489,664	-	(2,511,808)	Staff accepts ICNU- Company Settlement Exh. No. 401, & Exh. No. 197:2
29	System Balancing Activity	5.2	(365,367)	-	616,066	Exh. No. 634
30	BPA Regional Exchange	5.3	(13,326,508)	-	22,470,596	Exh. No. 634
31	Colstrip #3 Removal	5.4	207,438	(3,500,734)	(766,374)	Exh. No. 634
32	Interest True-up	7.1	1,222,279	-	(2,060,955)	Exh. No. 634
33	Renewable Energy Tax Credit	7.3, 7.3a	171,092	-	(288,488)	Company accepts staff adjustment at Exh. 193, Tab 7, page 7.3 plus Exh. No. 197:2 at 7.3a
34	Flow-through Deferred Taxes	7.6	(3,699,000)	(7,357,000)	5,361,586	Exh. No. 634
35	Domestic Manufacturing Deduct	7.7	182,751	-	(308,147)	Exh. No. 634
36	Update Sch. M	7.8	3,612,102	-	(6,090,574)	Exh. No. 634
37	Customer Advances	8.6	-	717,441	85,378	Exh. No. 634
38	Remove Colstrip #4 AFUDC	8.8	33,000	(531,339)	(118,875)	Exh. No. 634
39	Trojan Removal	8.9	12,966	1,289,240	131,561	Exh. No. 634

Table 7
Schedule of Uncontested Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Revenue Requirement Impact per Staff	Acceptance cited at:	
40	Production Factor Rate Base	8.10	857,417	(15,445,867)	(3,283,859)	Company accepts Staff adjustment and Staff accepts corrected figure in Exh. No. 197 at 2
41	Remove Naches Rate Base	8.11	-	(137,101)	(16,316)	Company accepts Staff adjustments and Staff accepts revised figure in Exh. No. 197 at 2
42	Remove Skookumchuck	8.11a	16,774	(271,001)	(60,534)	Company accepts Staff adjustments and Staff accepts revised figure in Exh. No. 197 at 3
43	Remove Trail Mountain	8.12	-	(1,538,585)	(183,098)	Exh. 631T at 54:5, Exh. No. 633 at 16-17, Company accepts in Exh. No. 195T table at 3:1 and Exh. No. 197 at 3
44	Remove Deferred Environmental	8.13	101,819	(521,441)	(233,737)	Company accepts Staff adjustment & Staff accepts corrected figure in Exh. No. 197 at 3
45	Remove Transition Plan	8.14	899,568	(2,249,464)	(1,784,509)	Company accepts Staff adjustment & Staff accepts corrected figure in Exh. No. 197 at 3
46	Total Uncontested Adjustments		(286,797)	(32,521,178)	(3,386,566)	

**Table 8
PacifiCorp Results of Operations For Ratemaking Purposes
For The Twelve Months Ended September 2004 - Washington**

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Staff Recommended Reduction -4.7%	(5) Results With Price Change
Operating Revenues:					
1 General Business Revenues	\$190,885,740	\$31,091,849	\$221,977,589	(\$10,435,362)	\$211,542,227
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	(\$6,205,542)	5,816,347	0	5,816,347
5 Total Operating Revenues	\$230,101,225	\$63,888,406	\$293,989,631	(\$10,435,362)	\$283,554,269
Operating Expenses:					
8 Steam Production	57,125,483	\$2,467,159	59,592,642		59,592,642
9 Nuclear Production	0	\$0	0		0
10 Hydro Production	3,078,509	\$936,091	4,014,600		4,014,600
11 Other Power Supply	22,759,571	\$55,605,390	78,364,961		78,364,961
12 Transmission	9,160,028	\$517,412	9,677,440		9,677,440
13 Distribution	13,155,664	\$611,358	13,767,022		13,767,022
14 Customer Accounting	7,519,963	\$514,379	8,034,342	(37,254)	7,997,088
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	(\$1,744,224)	15,751,020		15,751,020
18 Total O&M Expense	132,966,260	56,716,974	189,683,234	(37,254)	189,645,980
19 Depreciation	30,326,447	(\$360,171)	29,966,276		29,966,276
20 Amortization	5,091,055	(\$481,466)	4,609,589		4,609,589
21 Taxes Other than Income	5,340,479	\$702,440	6,042,919	(423,989)	5,618,930
22 Income Taxes: Federal	8,137,654	(\$1,454,114)	6,683,540	(3,332,453)	3,351,087
23 : State	1,437,537	(\$149,509)	1,288,028	(452,825)	835,203
24 Deferred Income Taxes	7,478,356	\$4,275,709	11,754,065		11,754,065
25 Investment Tax Credit Adj.	0	\$0	0		0
26 Misc. Revenue & Expense	(93,834)	(\$310,534)	(404,368)		(404,368)
27 Total Operating Expenses:	190,683,954	58,939,329	249,623,283	(4,246,521)	245,376,762
29 Operating Revenue for Return:	\$39,417,271	\$4,949,077	\$44,366,348	(\$6,188,841)	\$38,177,507
Rate Base:					
32 Electric Plant in Service	1,111,571,570	(\$14,937,167)	1,096,634,403		1,096,634,403
33 Plant Held for Future Use	103,004	\$0	103,004		103,004
34 Misc. Deferred Debits	9,176,647	(\$4,690,449)	4,486,198		4,486,198
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 Total Electric Plant:	1,145,886,704	(35,919,341)	1,109,967,363	0	1,109,967,363
Deductions:					
46 Accum. Prov. for Depreciation	(450,410,809)	(\$922,561)	(451,333,370)		(451,333,370)
47 Accum. Prov. for Amortization	(26,346,583)	\$934,440	(25,412,143)		(25,412,143)
48 Accum. Deferred Income Tax	(71,446,449)	(\$5,178,306)	(76,624,755)		(76,624,755)
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 Total Rate Base Deductions:	(560,941,913)	(8,091,331)	(569,033,244)	0	(569,033,244)
56 Total Rate Base:	584,944,791	(44,010,672)	540,934,119	0	540,934,119
58 Return on Rate Base	6.739%		8.202%		7.058%

Table 8
PacifiCorp Results of Operations For Ratemaking Purposes
For The Twelve Months Ended September 2004 - Washington

	(1)	(2)	(3)	(4)	(5)
	Unadjusted Results	Ratemaking Adjustments	Total Adjusted at Present Rates	<i>Staff Recommended Reduction</i>	Results With Price Change
59					
60					
61 TAX CALCULATION		State Income Tax Rate		4.54%	
62		Federal Income Tax Rate		35.00%	
63					
64 Operating Revenue	56,470,818	7,621,163	64,091,981	(9,974,119)	54,117,862
65 Other Deductions					
66 Interest (AFUDC)	0	\$0	0	0	0
67 Interest	20,082,950	\$3,220,675	23,303,625	0	23,303,625
68 Schedule "M" additions	41,008,254	(\$73,039)	40,935,215	0	40,935,215
69 Schedule "M" deductions	52,708,145	\$7,620,589	60,328,734	0	60,328,734
70					
71 Income Before Tax	24,687,977	(3,293,141)	21,394,836	(9,974,119)	(70,449,713)
72 State Income Tax	1,437,537	(\$149,509)	1,288,028	(452,825)	835,203
73 Taxable Income	23,250,440	(3,143,632)	20,106,808	(9,521,294)	(71,284,916)
74 Adjustments to FIT	0	(\$353,843)	(353,843)	0	(353,843)
75 Federal Income Tax-Current	8,137,654	(1,454,114)	6,683,540	(3,332,453)	3,351,087

Calculation of Revenue Requirement Deficiency or (Excess):

	<i>Final Staff Recommendation</i>
a) Net Rate Base - Washington Jurisdiction	540,934,119
b) Proposed Rate of Return	7.0577%
c) Net Operating Income Requirement	38,177,507
d) Proforma Net Operating Income	44,366,348
e) Net Operating Income Excess	(6,188,841)
f) NOI > Revenue Conversion Factor	59.3064%
g) Revenue Requirement Excess (line e/line f)	<u>\$ (10,435,362)</u>

PacifiCorp General Rate Case
Conversion Factor

		Nominal Tax Rate
1 Operating Revenue	100.0000%	
2 Operating Revenue Deductions:		
3	Uncollectible Accounts 0.3570%	
4	Franchise Tax 0.0000%	
5	WA Revenue Tax 3.8730%	
6	WUTC Fee 0.1900%	
7 Sub-Total	<u>95.5800%</u>	
8	State Income Tax 4.3393%	4.540%
9 Sub-Total	<u>91.2407%</u>	
10	Federal Income Tax @ 35% 31.9342%	35%
11 Net Operating Income Conversion Factor	<u>59.30643%</u>	
12	Company uses inverse known as "Net to Gross Bump-up". 168.61578%	
13		
14		
15 Revenue Sensitive Tax Rates		
16	customer accounting 0.3570%	
17	other taxes 4.0630%	
18		

Weighted Average Cost of Capital

		Staff Proposal with MEHC Double Leverage			
		Cap.Structure	Weighted Cost	Debt Rate	
1	Type of Capital				
2	Long-term Debt	51.30%	6.4266%	3.29685%	
3	MEHC Double Leverage adjustment	15.50%	5.2500%	0.81375%	
4	Short term Debt	4.00%	4.5000%	0.18000%	4.2906%
5	Preferred Stock	1.20%	6.5898%	0.07908%	
6	Common Stock	28.00%	9.6000%	2.68800%	
7	Weighted Average Cost of Capital	100.00%		<u>7.0577%</u>	

8
9
10
11
12

		Staff without MEHC Double Leverage			
		Cap.Structure	Weighted Cost	Debt Rate	
14	Type of Capital				
15	Long-term Debt	51.30%	6.427%	3.2969%	
16	Short term Debt	4.00%	4.500%	0.1800%	3.4769%
17	Preferred Stock	1.20%	6.590%	0.0791%	
18	Common Stock	43.50%	8.950%	3.8933%	
19	Weighted Average Cost of Capital	100.00%		<u>7.4492%</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	3.8	4.1
	Weather Normalization	Effective Price Change	Revenue Normalizing	Little Mtn Steam	Special Revenue Reclassification	SO2 Emission Allowances	Centralia Gain	Update to Revenues	Capital Stock Expense Amort
Operating Revenues:									
1 General Business Revenues	(1,000,000)	15,726,231	19,538,328		(4,812,001)	-		1,639,291	-
2 Interdepartmental			(139)						
3 Special Sales			39,002,238						
4 Other operating revenues			(6,205,542)						
5 Total Operating Revenues	(1,000,000)	15,726,231	19,538,189	(37,916)	(4,812,001)	-	(5,564,350)	1,639,291	-
6									
Operating Expenses:									
7									
8 Steam Production		2,467,159							
9 Nuclear Production									
10 Hydro Production		936,091							
11 Other Power Supply		55,605,390							
12 Transmission		517,412							
13 Distribution		611,358							
14 Customer Accounting		514,379							
15 Customer Service & Info	(3,570)	56,143						5,852	
16 Sales									
17 Administrative & General									
18 Total O&M Expense	(3,570)	56,143						5,852	
19 Depreciation	(360,171)								
20 Amortization	(481,466)								
21 Taxes Other than Income	(40,630)	638,957						66,604	
22 Income Taxes: Federal	(319,342)	5,022,051	6,527,904	(12,668)	(1,607,738)		(1,859,105)	523,495	
23 : State	(43,393)	682,413	887,034	(1,721)	(218,465)		(252,621)	71,134	
24 Deferred Income Taxes						123,558			
25 Investment Tax Credit Adj.						(325,569)			
26 Misc. Revenue & Expense	(406,936)	6,399,564	7,414,938	(14,390)	(1,826,202)	(202,011)	(2,111,726)	667,086	
27 Total Operating Expenses:	(593,064)	9,326,667	12,123,251	(23,526)	(2,985,799)	202,011	(3,452,624)	972,205	
28									
29 Net Operating Income:	4,949,077								
30									
Rate Base:									
31									
32 Electric Plant in Service		(14,937,167)							
33 Plant Held for Future Use									
34 Misc. Deferred Debits		(4,690,449)							
35 Electric Plant Acq Adj									
36 Nuclear Fuel									
37 Prepayments		(2,095,473)							

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	3.8	4.1
	Weather Normalization	Effective Price Change	Revenue Normalizing	Little Mtn Steam	Special Revenue Reclassification	SO2 Emission Allowances	Centralia Gain	Update to Revenues	Capital Stock Expense Amort
38 Fuel Stock									
39 Material & Supplies									
40 Working Capital									
41 Weatherization Loans									
42 Misc. Rate Base									
43 Total Electric Plant:	(35,919,341)								
44									
45									
46 Accum. Prov. for Depreciation	(922,561)								
47 Accum. Prov. for Amortization	934,440								
48 Accum. Deferred Income Tax	(5,178,306)					1,267,166			
49 Unamortized ITC	315,488								
50 Customer Advances for Const.	717,441								
51 Customer Service Deposits	-					(3,465,137)			
52 Miscellaneous Deductions	(3,957,833)								
53									
54 Total Deductions:	(8,091,331)					(2,197,971)			
55									
56 Total Rate Base:	(44,010,672)					(2,197,971)			
57									
58									
59									
60 TAX CALCULATION									
61 Per Company			4.54%						
62			35.00%						
63 Operating Revenue	7,621,163	15,031,132	19,538,189	(37,916)	(4,812,001)	325,569	(5,564,350)	1,566,834	
64 Other Deductions	-								
65 Interest (AFUDC)	3,220,675								
66 Interest	(73,039)								
67 Schedule "M" additions	7,620,589								
68 Schedule "M" deductions									
69									
70 Income Before Tax	(3,293,141)	15,031,132	19,538,189	(37,916)	(4,812,001)		(5,564,350)	1,566,834	
71 State Income Tax	(149,509)	682,413	887,034	(1,721)	(218,465)		(252,621)	71,134	
72 Taxable Income	(3,143,632)	14,348,718	18,651,155	(36,195)	(4,593,536)		(5,311,729)	1,495,700	
73 Adjustments to FIT	(353,843)								
74 Federal Income Tax	(1,454,114)	5,022,051	6,527,904	(12,668)	(1,607,738)		(1,859,105)	523,495	

PacifiCorp
State of Washington

	4.2	4.3	4.4	4.5	4.6	4.7&4.8	4.9&4.10	4.10a
	Blue Sky	Miscellaneous	Regulatory	Cal. Sale	Interest Exp. On	Wage & Benefits	Wage & Benefits	Wage & Benefits
	Program Costs	Gen. Expense	Asset	Term. Settlement	Customer Deposit	Resiating	ProForma	Staff Adjustment
Operating Revenues:								
1 General Business Revenues								
2 Interdepartmental								
3 Special Sales								
4 Other operating revenues								
5 Total Operating Revenues								
6								
Operating Expenses:								
7								
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	
14 Customer Accounting						121,680	334,274	
15 Customer Service & Info						(1,667)	(4,580)	
16 Sales						5	14	
17 Administrative & General	(52,930)	(24,701)	1,390,865	29,149		651,991	408,750	(1,148,312)
18 Total O&M Expense	(52,930)	(24,701)	1,390,865	29,149		1,406,843	2,482,447	(1,148,312)
19 Depreciation								
20 Amortization								
21 Taxes Other than Income								
22 Income Taxes: Federal	17,684	8,253	(464,702)	(9,739)	(5,023)	(470,040)	(829,410)	383,663
23 : State	2,403	1,121	(63,145)	(1,323)	(683)	(63,871)	(112,703)	52,133
24 Deferred Income Taxes								
25 Investment Tax Credit Adj.								
26 Misc. Revenue & Expense	(32,843)	(15,327)	863,018	18,087	15,035	872,932	1,540,334	(712,516)
27 Total Operating Expenses:								
28								
29 Net Operating Income:	32,843	15,327	(863,018)	(18,087)	(9,329)	(872,932)	(1,540,334)	712,516
30								
Rate Base:								
31								
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								

PacifiCorp
State of Washington

	4.2	4.3	4.4	4.5	4.6	4.7&4.8	4.9&4.10	4.10a
	Blue Sky	Miscellaneous	Regulatory	Cal. Sale	Interest Exp. On	Wage & Benefits	Wage & Benefits	Wage & Benefits
	Program Costs	Gen. Expense	Asset	Term. Settlement	Customer Deposit	Restating	ProForma	Staff Adjustment
38 Fuel Stock								
39 Material & Supplies								
40 Working Capital								
41 Weatherization Loans								
42 Misc. Rate Base								
43 Total Electric Plant:	-	-	-	-	-	-	-	-
44								
45								
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	52,930	24,701	(1,390,865)	(29,149)	(15,035)	(1,406,843)	(2,482,447)	1,148,312
64 Other Deductions								
65 Interest (AFUDC)								
66 Interest								
67 Schedule "M" additions								
68 Schedule "M" deductions								
69								
70 Income Before Tax	52,930	24,701	(1,390,865)	(29,149)	(15,035)	(1,406,843)	(2,482,447)	1,148,312
71 State Income Tax	2,403	1,121	(63,145)	(1,323)	(683)	(63,871)	(112,703)	52,133
72 Taxable Income	50,527	23,580	(1,327,720)	(27,826)	(14,352)	(1,342,972)	(2,369,744)	1,096,179
73 Adjustments to FIT								
74 Federal Income Tax	17,684	8,253	(464,702)	(9,739)	(5,023)	(470,040)	(829,410)	383,663

PacifiCorp
State of Washington

	4.11	4.12	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.20
	International	Customer	Scottish Power	Cholla	DSM Amort	Hydro Reliance	Property	Misc.	Remove	Remove
	Assignees	Guarantees	Cross Charge	Transaction	Removal	Settlement Oblig.	Insurance	A & G	RIO Expenses	Naches O&M
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				(662)
11 Other Power Supply				(81,150)						
12 Transmission										
13 Distribution	(126,782)									(8,827)
14 Customer Accounting		(4,075)			(2,180,288)					
15 Customer Service & Info										
16 Sales										
17 Administrative & General	(268,509)	(4,075)	355,390				(153,324)	(137,379)	(75,329)	(99)
18 Total O&M Expense	(395,291)	(4,075)	355,390	(81,150)	(2,180,288)	112,986	(153,324)	(137,379)	(75,329)	(9,588)
19 Depreciation						(31,267)				(1,776)
20 Amortization										
21 Taxes Other than Income										
22 Income Taxes: Federal	132,071	1,361	(166,098)	27,113	728,456	(27,303)	51,227	45,900	25,168	3,797
23 : State	17,946	185	(22,570)	3,684	98,985	(3,710)	6,961	6,237	3,420	516
24 Deferred Income Taxes										
25 Investment Tax Credit Adj.										
26 Misc. Revenue & Expense										
27 Total Operating Expenses:	(245,274)	(2,528)	166,722	(50,353)	(1,352,847)	50,706	(95,136)	(85,242)	(46,741)	(7,051)
28										
29 Net Operating Income:	245,274	2,528	(166,722)	50,353	1,352,847	(50,706)	95,136	85,242	46,741	7,051
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										

(782,941)

PacifiCorp
State of Washington

	4.11	4.12	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.20
	International	Customer	Scottish Power	Cholla	DSM Amort	Hydro Reliance	Property	Misc.	Remove	Remove
	Assignees	Guarantees	Cross Charge	Transaction	Removal	Settlement Oblig.	Insurance	A & G	RTO Expenses	Naches O&M
38 Fuel Stock										
39 Material & Supplies										
40 Working Capital										
41 Weatherization Loans										
42 Misc. Rate Base										
43 Total Electric Plant:						(782,941)		(57,761)		
44								(57,761)		
45										
46 Deductions:										
47 Accum. Prov. for Depreciation										
48 Accum. Prov. for Amortization						5,585				
49 Accum. Deferred Income Tax										
50 Unamortized ITC										
51 Customer Advances for Const.										
52 Customer Service Deposits										
53 Miscellaneous Deductions										
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	395,291	4,075	(355,390)	81,150	2,180,288	(81,719)	153,324	137,379	75,329	11,364
64 Other Deductions										
65 Interest (AFUDC)										
66 Interest										
67 Schedule "M" additions										
68 Schedule "M" deductions										
69										
70 Income Before Tax	395,291	4,075	(497,136)	81,150	2,180,288	(81,719)	153,324	137,379	75,329	11,364
71 State Income Tax	17,946	185	(22,570)	3,684	98,985	(3,710)	6,961	6,237	3,420	516
72 Taxable Income	377,345	3,890	(474,566)	77,466	2,081,303	(78,009)	146,363	131,142	71,909	10,848
73 Adjustments to FIT										
74 Federal Income Tax	132,071	1,361	(166,098)	27,113	728,456	(27,303)	51,227	45,900	25,168	3,797

PacifiCorp
State of Washington

M&E Settlement Adjustments

	4.21	4.22	4.23	5.1	5.1a	5.2	5.3	5.4	5.5
	West Valley Non-fuel Cost	Affiliate Mgmt Fee	A&G Stretch	Net Power Cost T3 Study	ICNU Power Cost Settlement	System Balancing Activity	BPA Regional Exchange	Colstrip #3 Removal	Mid-Columbia Contract Alloc.
1 General Business Revenues	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	39,002,238	-	-	-	-	-
4 Other operating revenues	-	-	-	-	(588,836)	-	-	-	-
5 Total Operating Revenues	-	-	-	39,002,238	(588,836)	-	-	-	-
6									
7 Operating Expenses:									
8 Steam Production	-	-	-	2,795,469	-	-	-	-	-
9 Nuclear Production	-	-	-	-	-	-	-	-	-
10 Hydro Production	-	-	-	-	-	-	-	-	-
11 Other Power Supply	-	-	-	44,785,577	(2,400,786)	-	20,107,633	-	(1,564,711)
12 Transmission	-	-	-	397,926	-	-	-	-	-
13 Distribution	-	-	-	-	-	-	-	-	-
14 Customer Accounting	-	-	-	-	-	-	-	-	-
15 Customer Service & Info	-	-	-	-	-	-	-	-	-
16 Sales	-	-	-	-	-	-	-	-	-
17 Administrative & General	-	(28,733)	-	-	-	-	-	-	-
18 Total O&M Expense	-	(28,733)	-	47,978,972	(2,400,786)	-	20,107,633	-	(1,564,711)
19 Depreciation	-	-	-	-	-	-	-	(298,569)	-
20 Amortization	-	-	-	-	-	-	-	(48,761)	-
21 Taxes Other than Income	-	-	-	-	-	-	-	23,203	522,786
22 Income Taxes: Federal	-	9,600	-	(2,999,217)	802,127	(196,736)	(5,969,913)	3,153	71,038
23 : State	-	1,304	-	(407,544)	108,996	(26,733)	(811,212)	113,536	-
24 Deferred Income Taxes	-	-	-	-	-	-	-	-	-
25 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-
26 Misc. Revenue & Expense	-	-	-	-	-	-	-	-	-
27 Total Operating Expenses:	-	(17,829)	-	44,572,212	(1,489,664)	(223,469)	13,326,508	(207,438)	(970,888)
28									
29 Net Operating Income:	-	17,829	-	(5,569,974)	1,489,664	(365,367)	(13,326,508)	207,438	970,888
30									
31 Rate Base:									
32 Electric Plant in Service	-	-	-	-	-	-	-	-	(9,911,070)
33 Plant Held for Future Use	-	-	-	-	-	-	-	-	-
34 Misc. Deferred Debits	-	-	-	-	-	-	-	-	-
35 Electric Plant Acq Adj	-	-	-	-	-	-	-	-	-
36 Nuclear Fuel	-	-	-	-	-	-	-	-	-
37 Prepayments	-	-	-	-	-	-	-	-	-

PacifiCorp
State of Washington

MPHC Settlement Adjustments

	4.21	4.22	4.23	5.1	5.1a	5.2	5.3	5.4	5.5
	West Valley Non-fuel Cost	Affiliate Mgmt Fee	A&G Stretch	Net Power Cost T3 Study	ICNU Power Cost Settlement	System Balancing Activity	BPA Regional Exchange	Colstrip #3 Removal	Mid-Columbia Contract Alloc.
38 Fuel Stock	-	-	-	-	-	-	-	-	-
39 Material & Supplies	-	-	-	-	-	-	-	-	-
40 Working Capital	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	-	-	-	-	-
43 Total Electric Plant:	-	-	-	-	-	-	-	(9,911,070)	-
44	-	-	-	-	-	-	-	-	-
45 Deductions:	-	-	-	-	-	-	-	-	-
46 Accum. Prov. for Depreciation	-	-	-	-	-	-	-	5,466,681	-
47 Accum. Prov. for Amortization	-	-	-	-	-	-	-	628,167	-
48 Accum. Deferred Income Tax	-	-	-	-	-	-	-	315,488	-
49 Unamortized ITC	-	-	-	-	-	-	-	-	-
50 Customer Advances for Const.	-	-	-	-	-	-	-	-	-
51 Customer Service Deposits	-	-	-	-	-	-	-	-	-
52 Miscellaneous Deductions	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-
54 Total Deductions:	-	-	-	-	-	-	-	6,410,336	-
55	-	-	-	-	-	-	-	-	-
56 Total Rate Base:	-	-	-	-	-	-	-	(3,500,734)	-
57	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-
60 TAX CALCULATION	-	-	-	-	-	-	-	-	-
61 Per Company	-	-	-	-	-	-	-	-	-
62	-	-	-	-	-	-	-	-	-
63 Operating Revenue	-	28,733	-	(8,976,734)	2,400,786	(588,836)	(20,107,633)	347,330	1,564,711
64 Other Deductions	-	-	-	-	-	-	-	-	-
65 Interest (AFUDC)	-	-	-	-	-	-	-	-	-
66 Interest	-	-	-	-	-	-	-	-	-
67 Schedule "M" additions	-	-	-	-	-	-	-	-	-
68 Schedule "M" deductions	-	-	-	-	-	-	2,239,528	(298,569)	(20,687)
69	-	-	-	-	-	-	-	-	-
70 Income Before Tax	-	28,733	-	(8,976,734)	2,400,786	(588,836)	(17,868,105)	69,448	1,564,711
71 State Income Tax	-	1,304	-	(407,544)	108,996	(26,733)	(811,212)	3,153	71,038
72 Taxable Income	-	27,429	-	(8,569,190)	2,291,790	(562,103)	(17,056,893)	66,295	1,493,673
73 Adjustments to FIT	-	-	-	-	-	-	-	-	-
74 Federal Income Tax	-	9,600	-	(2,999,217)	802,127	(196,736)	(5,969,913)	23,203	522,786

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	5.6	5.7	5.8	7.1	7.2	7.3	7.4	7.5	7.6
	Seasonal Contract Alloc.	QF Contract Alloc.	Hydro Deferral Recovery	Interest True-up	Property Tax Expense	Renewable Energy Tax Credit	IRS Settlement	Malin Midpoint	Flow-through Deferred Tax
Operating Revenues:									
1 General Business Revenues	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-
Operating Expenses:									
7 Steam Production	-	-	-	-	-	-	-	-	-
8 Nuclear Production	-	-	-	-	-	-	-	-	-
9 Hydro Production	-	-	701,274	-	-	-	-	-	-
10 Other Power Supply	(2,560,511)	(1,737,328)	-	-	-	-	-	-	-
11 Transmission	-	-	-	-	-	-	-	-	-
12 Distribution	-	-	-	-	-	-	-	-	-
13 Customer Accounting	-	-	-	-	-	-	-	-	-
14 Customer Service & Info	-	-	-	-	-	-	-	-	-
15 Sales	-	-	-	-	-	-	-	-	-
16 Administrative & General	-	-	-	-	-	-	-	-	-
17 Total O&M Expense	(2,560,511)	(1,737,328)	701,274	-	-	-	-	-	-
18	-	-	-	-	-	-	-	-	-
19 Depreciation	-	-	-	-	-	-	-	(244,000)	-
20 Amortization	-	-	-	-	-	-	-	-	-
21 Taxes Other than Income	-	-	-	-	34,513	-	-	-	-
22 Income Taxes: Federal	855,492	580,459	(234,303)	(1,076,060)	(11,531)	(171,092)	-	81,523	-
23 : State	116,247	78,875	(31,838)	(146,219)	(1,567)	-	-	11,078	-
24 Deferred Income Taxes	-	-	-	-	-	-	-	-	3,699,000
25 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-
26 Misc. Revenue & Expense	-	-	-	-	-	-	-	-	-
27 Total Operating Expenses:	(1,588,771)	(1,077,995)	435,134	(1,222,279)	21,415	(171,092)	-	(151,400)	3,699,000
28	-	-	-	-	-	-	-	-	-
29 Net Operating Income:	1,588,771	1,077,995	(435,134)	1,222,279	(21,415)	171,092	-	151,400	(3,699,000)
30	-	-	-	-	-	-	-	-	-

Rate Base:

31 Electric Plant in Service	
32 Plant Held for Future Use	
34 Misc. Deferred Debits	1,753,186
35 Electric Plant Acq Adj	
36 Nuclear Fuel	
37 Prepayments	

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	5.6	5.7	5.8	7.1	7.2	7.3	7.4	7.5	7.6
	Seasonal Contract Alloc.	QF Contract Alloc.	Hydro Deferral Recovery	Interest True-up	Property Tax Expense	Renewable Energy Tax Credit	IRS Settlement	Matin Midpoint	Flow-through Deferred Tax
38 Fuel Stock	-	-	-	-	-	-	-	-	-
39 Material & Supplies	-	-	-	-	-	-	-	-	-
40 Working Capital	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	-	-	-	-	-
43 Total Electric Plant:	-	1,753,186	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-
46 Accum. Prov. for Depreciation	-	-	-	-	-	-	-	-	-
47 Accum. Prov. for Amortization	-	-	-	-	-	-	-	-	-
48 Accum. Deferred Income Tax	-	-	(613,615)	-	-	-	-	-	(7,357,000)
49 Unamortized ITC	-	-	-	-	-	-	-	-	-
50 Customer Advances for Const.	-	-	-	-	-	-	-	-	-
51 Customer Service Deposits	-	-	-	-	-	-	-	(1,644,000)	-
52 Miscellaneous Deductions	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-
54 Total Deductions:	-	-	(613,615)	-	-	-	-	(1,644,000)	(7,357,000)
55	-	-	-	-	-	-	-	-	-
56 Total Rate Base:	-	-	1,139,571	-	-	-	-	(1,644,000)	(7,357,000)
57	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-
60 TAX CALCULATION	-	-	-	-	-	-	-	-	-
61 Per Company	-	-	-	-	-	-	-	-	-
62	-	-	-	-	-	-	-	-	-
63 Operating Revenue	2,560,511	1,737,328	(701,274)	-	(34,513)	-	-	244,000	-
64 Other Deductions	-	-	-	-	-	-	-	-	-
65 Interest (AFUDC)	-	-	-	-	-	-	-	-	-
66 Interest	-	-	-	3,220,675	-	-	-	-	-
67 Schedule "M" additions	-	-	-	-	-	-	-	-	-
68 Schedule "M" deductions	-	-	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-	-	-
70 Income Before Tax	2,560,511	1,737,328	(701,274)	(3,220,675)	(34,513)	-	-	244,000	-
71 State Income Tax	116,247	78,875	(31,838)	(146,219)	(1,567)	-	-	11,078	-
72 Taxable Income	2,444,264	1,658,453	(669,436)	(3,074,457)	(32,946)	-	-	232,922	-
73 Adjustments to FIT	-	-	-	(171,092)	-	-	-	-	-
74 Federal Income Tax	855,492	580,459	(234,303)	(1,076,060)	(11,531)	(171,092)	-	81,523	-

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	7.7	7.8	8.1	8.1a	8.2	8.3	8.4	8.5
	Domestic Manufacturing Deduction	Update Schedule M Difference to Case	Update Cash Working Capital	Remove Current Assets	Trapper Mine Rate Base	Jim Bridger Mine Rate Base	ProForma Plant Additions	Environmental Settlement
Operating Revenues:								
1								
2								
3								
4								
5								
6								
Operating Expenses:								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
Total O&M Expense								
19							1,302,029	
20								
21								
22	(182,751)	(3,179,994)					(2,196,700)	
23		(432,108)					(298,495)	
24							2,192,078	
25								
26								
27	(182,751)	(3,612,102)					998,911	
28								
29	182,751	3,612,102					(998,911)	
30								
Rate Base:								
31								
32								
33					432,239	3,355,261	39,208,573	
34								
35								(1,579,666)
36								
37								
								(2,022,441)

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	7.7	7.8	8.1	8.1a	8.2	8.3	8.4	8.5
	Domestic Manufacturing Deduction	Update Schedule M Difference to Case	Update Cash Working Capital	Remove Current Assets	Trapper Mine Rate Base	Jim Bridger Mine Rate Base	ProForma Plant Additions	Environmental Settlement
38 Fuel Stock				(4,242,137)				
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							(1,577,036)	
48 Accum. Deferred Income Tax								
49 Unamortized ITC								
50 Customer Advances for Const.								
51 Customer Service Deposits								
52 Miscellaneous Deductions								
53								
54 Total Deductions:	-	-	-	-	-	-	(2,879,065)	-
55								
56 Total Rate Base:	-	-	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)						
68 Schedule "M" deductions		7,588,027						
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)	-

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	8.5a	8.6	8.7	8.8	8.9	8.10	8.11	8.11a	8.12
	Remove PERCO	Customer	Dave Johnston	Colstrip #4	Trojan	Production Factor	Remove Naches	Remove	Remove
	Remove PERCO	Advances	Mine Closure	AFUDC	Removal	on Rate Base	Rate Base	Skookumchuck	Trail Mountain
1 General Business Revenues	-	-	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	(326)	-	-	-
5 Total Operating Revenues	-	-	-	-	-	(326)	-	-	-
6									
7 Operating Expenses:									
8 Steam Production	-	-	-	-	-	(1,413,690)	-	(31)	-
9 Nuclear Production	-	-	-	-	-	-	-	-	-
10 Hydro Production	-	-	-	-	-	(10,013)	-	(20,427)	-
11 Other Power Supply	-	-	-	-	-	46,959	-	-	-
12 Transmission	-	-	-	-	-	-	-	-	-
13 Distribution	-	-	-	-	-	-	-	-	-
14 Customer Accounting	-	-	-	-	-	-	-	-	-
15 Customer Service & Info	-	-	-	-	-	-	-	-	-
16 Sales	-	-	-	-	-	-	-	-	-
17 Administrative & General	-	-	-	-	-	-	-	-	-
18 Total O&M Expense	-	-	-	-	-	(1,376,744)	-	(20,458)	-
19 Depreciation	-	-	-	-	-	-	-	-	-
20 Amortization	-	-	-	(33,000)	(20,897)	(22,527)	-	(6,576)	-
21 Taxes Other than Income	-	-	-	-	-	17,107	-	-	-
22 Income Taxes: Federal	-	-	101,358	-	6,982	461,686	-	9,032	-
23 : State	-	-	13,773	-	949	62,735	-	1,227	-
24 Deferred Income Taxes	-	-	-	-	-	-	-	-	-
25 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-
26 Misc. Revenue & Expense	-	-	-	-	-	-	-	-	-
27 Total Operating Expenses:	-	-	115,131	(33,000)	(12,966)	(857,743)	-	(16,774)	-
28									
29 Net Operating Income:	-	-	(115,131)	33,000	12,966	857,417	-	16,774	-
30									
31 Rate Base:									
32 Electric Plant in Service	-	-	-	(531,339)	-	(8,274,629)	(406,141)	(747,859)	-
33 Plant Held for Future Use	-	-	-	-	-	-	-	-	-
34 Misc. Deferred Debits	-	-	-	-	-	(457,720)	-	-	(1,538,585)
35 Electric Plant Acq Adj	-	-	-	-	-	-	-	-	-
36 Nuclear Fuel	-	-	-	-	-	-	-	-	-
37 Prepayments	-	-	-	-	-	-	-	-	-

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	8.5a	8.6	8.7	8.8	8.9	8.10	8.11	8.11a	8.12
	Remove PERCO	Customer Advances	Dave Johnston Mine Closure	Colstrip #4 AFUDC	Trojan Removal	Production Factor on Rate Base	Remove Naches Rate Base	Remove Skookumchuck	Remove Trail Mountain
38 Fuel Stock	-	-	-	-	698,857	-	-	-	-
39 Material & Supplies	-	-	-	-	698,857	-	-	-	-
40 Working Capital	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	698,857	-	-	-	-
43	-	-	-	(531,339)	698,857	(8,732,349)	(406,141)	(747,859)	(1,538,585)
44	-	-	-	-	-	-	-	-	-
45	-	-	-	-	-	-	-	-	-
46	-	-	-	-	-	-	-	-	-
47	-	-	-	-	-	-	-	-	-
48	-	-	-	-	-	-	-	-	-
49	-	-	-	-	-	-	-	-	-
50	-	-	-	-	-	-	-	-	-
51	-	-	-	-	-	-	-	-	-
52	-	-	-	-	-	-	-	-	-
53	-	-	-	-	-	-	-	-	-
54	-	-	-	-	-	-	-	-	-
55	-	-	-	-	-	-	-	-	-
56	-	-	-	-	-	-	-	-	-
57	-	-	-	-	-	-	-	-	-
58	-	-	-	-	-	-	-	-	-
59	-	-	-	-	-	-	-	-	-
60	-	-	-	-	-	-	-	-	-
61	-	-	-	-	-	-	-	-	-
62	-	-	-	-	-	-	-	-	-
63	-	-	-	-	-	-	-	-	-
64	-	-	-	-	-	-	-	-	-
65	-	-	-	-	-	-	-	-	-
66	-	-	-	-	-	-	-	-	-
67	-	-	-	-	-	-	-	-	-
68	-	-	-	-	-	-	-	-	-
69	-	-	-	-	-	-	-	-	-
70	-	-	-	-	-	-	-	-	-
71	-	-	-	-	-	-	-	-	-
72	-	-	-	-	-	-	-	-	-
73	-	-	-	-	-	-	-	-	-
74	-	-	-	-	-	-	-	-	-
Total Electric Plant:	-	-	-	(531,339)	698,857	(8,732,349)	(406,141)	(747,859)	(1,538,585)
Deductions:									
46 Accum. Prov. for Depreciation						(7,529,011)	240,743	440,915	
47 Accum. Prov. for Amortization						815,493	28,297	35,943	
48 Accum. Deferred Income Tax									
49 Unamortized ITC									
50 Customer Advances for Const.		717,441							
51 Customer Service Deposits									
52 Miscellaneous Deductions					590,383				
Total Deductions:		717,441			590,383	(6,713,518)	269,040	476,858	
Total Rate Base:		717,441		(531,339)	1,289,240	(15,445,867)	(137,101)	(271,001)	(1,538,585)
60 TAX CALCULATION									
61 Per Company									
62									
63 Operating Revenue					20,897	1,381,838	-	27,034	
64 Other Deductions				33,000					
65 Interest (AFUDC)									
66 Interest									
67 Schedule "M" additions									
68 Schedule "M" deductions				(33,000)					
69									
70 Income Before Tax					20,897	1,381,838	-	27,034	
71 State Income Tax					949	62,735	-	1,227	
72 Taxable Income					19,948	1,319,103	-	25,807	
73 Adjustments to FIT									
74 Federal Income Tax					6,982	461,686	-	9,032	

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	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.
Operating Revenues:						
1 General Business Revenues	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-
4 Other operating revenues	-	-	-	(14,114)	-	-
5 Total Operating Revenues	-	-	-	(14,114)	-	-
6						
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	(164,095)	(1,586,540)	(1,264,319)	(846,867)	(115,842)	22,291
18 Total O&M Expense	(164,095)	(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	59,346	605,671	2,441,093	261,623	233,303	(18,076)
23 : State	8,064	82,301	331,704	35,550	31,702	(2,456)
24 Deferred Income Taxes	(5,134)	(1,000)	(2,004,624)	158,295		
25 Investment Tax Credit Adj.						
26 Misc. Revenue & Expense						
27 Total Operating Expenses:	(101,819)	(899,568)	(1,714,261)	(623,687)	149,163	1,759
28						
29 Net Operating Income:	101,819	899,568	1,714,261	609,573	(149,163)	(1,759)
30						
Rate Base:						
31						
32 Electric Plant in Service			(34,264,392)	(3,014,869)		
33 Plant Held for Future Use						
34 Misc. Deferred Debits	(475,236)	(2,390,210)		(2,218)		
35 Electric Plant Acq Adj						
36 Nuclear Fuel						
37 Prepayments				(73,032)		

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	8.13 Remove Deferred Environmental Remediation	8.14 Remove Transition Regulatory Asset	8.15 New Eastside Resource Alloc.	8.16 A & G Allocator Per Books	8.17 A & G Allocator Uncontested Adj.	8.18 A & G Allocator Staff Adj.
38 Fuel Stock				27,622		43,895
39 Material & Supplies				(25,519)		
40 Working Capital				33,180		
41 Weatherization Loans				(27,028)		
42 Misc. Rate Base				(3,081,864)		43,895
43	(475,236)	(2,390,210)	(34,264,392)			43,895
44						
45						
46 Accum. Prov. for Depreciation			1,344,833	415,307		
47 Accum. Prov. for Amortization				928,855		
48 Accum. Deferred Income Tax	(46,205)		1,442,131	198,353		
49 Unamortized ITC						
50 Customer Advances for Const.						
51 Customer Service Deposits		140,746		323,806	88,485	7,884
52 Miscellaneous Deductions						
53						
54	(46,205)	140,746	2,786,964	1,866,321	88,485	7,884
55						
56	(571,441)	(2,249,464)	(31,477,428)	(1,215,543)	88,485	51,779
57						
58						
59						
60 TAX CALCULATION						
61 Per Company						
62						
63 Operating Revenue	164,095	1,586,540	2,482,434	1,065,042	115,842	(22,291)
64 Other Deductions						
65 Interest (AFUDC)						
66 Interest	13,528	(226,249)	(987,087)	(435,308)	98,885	7,940
67 Schedule "M" additions			(5,810,908)	(153,312)	(483,554)	39,750
68 Schedule "M" deductions						
69						
70 Income Before Tax	177,623	1,812,789	7,306,255	783,046	698,281	(54,101)
71 State Income Tax	8,064	82,301	331,704	35,550	31,702	(2,456)
72 Taxable Income	169,559	1,730,488	6,974,551	747,496	666,579	(51,645)
73 Adjustments to FIT						
74 Federal Income Tax	59,346	605,671	2,441,093	261,623	233,303	(18,076)

Summary of Staff Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Revenue Requirement Impact	Per Company** Revenue Requirement Impact	Difference
1		\$39,417,272	\$584,944,791	\$3,147,005	\$ 20,479,425	\$ (17,332,420)
2		(\$286,797)	(\$32,521,178)	(\$3,386,566)	(\$2,401,471)	\$ (985,095)
3						
4						
5						
6	4.1	-	-	0	179,033	(179,033)
7	4.10a+b	712,516	-	(1,201,415)	(82,823)	(1,118,592)
8	4.18	85,242	(57,761)	(150,606)	(26,231)	(124,375)
9	4.19	46,741	-	(78,813)	-	(78,813)
10	4.21	-	-	0	(432,269)	432,269
11	4.23	-	-	0	(522,802)	522,802
12						
13	5.5	970,888	-	(1,637,070)	-	(1,637,070)
14	5.6	1,588,771	-	(2,678,919)	-	(2,678,919)
15	5.7	1,077,995	-	(1,817,669)	-	(1,817,669)
16	5.8	(435,134)	1,139,571	869,317	3,159,473	(2,290,156)
17						
18	7.2	(21,415)	-	36,109	176,907	(140,798)
19	7.4	-	-	0	882,463	(882,463)
20	7.5	151,400	(1,644,000)	(450,926)	350,704	(801,630)
21						
22	8.1	-	1,044,155	124,259	151,900	(27,641)
23	8.1a	-	(17,956,094)	(2,136,846)	-	(2,136,846)
24	8.2	-	432,239	51,438	70,812	(19,374)
25	8.3	-	3,355,261	399,289	574,195	(174,906)
26	8.4	(998,911)	36,329,508	6,007,678	7,046,852	(1,039,174)
27	8.5	-	(1,579,666)	(187,987)	(233,171)	45,184
28	8.5a	-	-	0	233,171	(233,171)
29	8.7	(115,131)	-	194,129	233,997	(39,868)
30	8.15	1,714,261	(31,477,428)	(6,636,453)	-	(6,636,453)
31	8.16	609,573	(1,215,543)	(1,172,491)	-	(1,172,491)
32	8.17	(149,163)	88,485	262,042	-	262,042
33	8.18	(1,759)	51,779	9,128	-	9,128
34						
35	Total	\$44,366,349	\$540,934,119	(\$10,435,367)	\$29,840,165	(\$40,275,532)

36						
37						
38	** From Exh. Nos. 197, 198, 226 & 227		% Increase in Revenues	-4.70%	13.44%	
39	with Temperature Stipulation and corrections.		Rate Of Return	7.05770%	8.75411%	
40			Conversion Factor	0.593064	0.593064	

41 1* Partially accepted in Exh. 195T (Wrigley) at 5:2-11,
42 Amounts accepted are in Exh. 635 (Schooley) at 1 lines 4, 8, 11, & 19 for an NOI increase of \$60,836.
43 Issues remain for items on lines 1, 13, & 16 of Exh. 635.
44 2* PacifiCorp partially accepted Adj. 4.18 in Exh. 195T (Wrigley) beginning at 6.
45 Staff accepts PacifiCorp's revisions in Exh. 195T, except for EEI dues.

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.