

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-061546

In the Matter of the Petition of)
PACIFIC POWER & LIGHT COMPANY)
For an Accounting Order Approving Deferral)
of Certain Costs Related to the MidAmerican)
Energy Holdings Company Transition.)

Docket No. UE-060817

EXHIBIT NO.__(KEI-3)

PACIFICORP MEHC TRANSITION SAVINGS

February 14, 2007

PACIFICORP
MEHC Transition Savings

	PacifiCorp	ICNU
<u>Adjustment to Expense</u>		
1. Severance - A&G:		
Remove Change-in-Control Severance in March 06 Results	(\$10,716,663)	
Remove SERP Change-in-Control Severance in March 06 Results	<u>(\$1,211,600)</u>	
Add Change-in-Control Amortization Expense	<u>\$9,297,737</u>	\$0
Total Adjustment for Severance - A&G	(\$2,630,526)	(\$15,295,161)
2. Fiscal Year Conversion Costs - A&G	\$341,864	\$0
3. MEHC Transition Savings:		
Estimated Annual Savings	\$26,030,589	\$35,880,886
Less: Change in Control Severance included in March 2006 Results		
Change-in-Control Severance in March 06 Results	(\$10,716,663)	
SERP Change in Control Severance	<u>(\$1,211,600)</u>	
MEHC Transition Savings Adjustment	\$14,102,326	\$35,880,886
MEHC Transition Savings	(\$14,102,326)	(\$35,880,886)
Total Adjustment to Expenses	(\$16,390,988)	(\$51,176,047)
Washington SO Factor	7.45610%	7.45610%
Washington Allocated	<u>(\$1,222,128)</u>	<u>(\$3,815,737)</u>
<u>Adjustment to Rate Base:</u>		
1. Unamortized Change-in-Control Severance	\$23,244,342	
2. Unamortized Fiscal Year Conversion Costs	<u>\$854,661</u>	
Washington SO Factor	7.45610%	7.45610%
Washington Allocated	<u>\$1,796,846</u>	<u>\$0</u>
<u>Revenue Requirement Impact</u>		
Adjustment to Expenses	(\$1,222,128)	(\$3,815,737)
Income Taxes	\$427,745	\$1,335,508
Net Operating Income	(\$794,383)	(\$2,480,229)
Adjustment to Rate Base	\$1,796,846	\$0
Revenue Requirement Impact ⁽¹⁾	(\$1,046,960)	(\$3,997,546)
Change from PacifiCorp	<u>(\$2,950,585)</u>	

Notes:

(1) Based on Rate of Return as filed by Company of 8.0591%, and revenue conversion factor of 0.620438.

PACIFICORP
A&G Expense Cap Detail

	<u>PacifiCorp</u>	<u>ICNU</u>
	<u>Adjustment to Expense</u>	
1	A&G Expense Cap Adj	
2	Total Adjustment to Expenses	\$0
3	Washington SO Factor	7.45610%
4	Washington Allocated	<u>\$0</u>
	<u>Revenue Requirement Impact</u>	
5	Adjustment to Expenses	(\$470,944)
6	Income Taxes	\$164,831
7	Net Operating Income	(\$306,114)
8	Revenue Requirement Impact ⁽¹⁾	(\$493,384)
9	Change from PacifiCorp	<u>\$493,384</u>
10	Change from ICNU/302 page 1	<u>(\$2,950,585)</u>
11	Total Change from PacifiCorp	<u>(\$2,457,202)</u>

Notes:

(1) Based on Rate of Return as filed by Company of 8.0591%, and revenue conversion factor of 0.620438.