

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

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

Respondent.

DOCKETS UE-230172

**ANDREA C. CRANE
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT ACC-3

Revenue Requirement Schedules

September 14, 2023

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**SUMMARY OF PUBLIC COUNSEL REVENUE REQUIREMENT ADJUSTMENTS**

| | <u>Year 1</u> | <u>Year 2</u> |
|-----------------------------------|---------------------------|----------------------------|
| 1 Company Claim (A) | \$26,763,219 | \$27,947,817 |
| 2 49.1% Equity @ 9.25% (B) | (9,541,132) | (2,550,217) |
| 3 Pension Expense (C) | (620,000) | (480,000) |
| 4 CETA Deferral (D) | (868,045) | 0 |
| 5 EV Pilot Deferral (E) | (957,483) | 0 |
| 6 COVID Deferral (F) | (5,541,786) | 0 |
| 7 Incremental T&D Expenses (G) | (632,602) | (632,602) |
| 8 Jim Bridger Repowering (H) | (2,640,092) | (772,812) |
| 9 Cancelled Colstrip Projects (I) | (17,536) | (28,318) |
| 10 Recommended Increase | <u>\$5,944,543</u> | <u>\$23,483,867</u> |

Sources:

(A) Company Exhibit SLC-4, page 2 and Exhibit SLC-5, page 1.

(B) Exhibit ACC-3, page 2.

(C) Response to Staff Data Request No. 71.

(D) Exhibit ACC-3, page 4.

(E) Exhibit ACC-3, page 5.

(F) Exhibit ACC-3, page 6.

(G) Exhibit ACC-3, page 7.

(H) Exhibit ACC-3, page 8.

(I) Response to Staff Data Request No. 86.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY

IMPACT of PUBLIC COUNSEL COST OF CAPITAL ADJUSTMENTS

| | Rate Year 1 | Rate Year 2 |
|---|-----------------------------|-----------------------------|
| 1. Pro Forma Rate Base (A) | \$1,100,424,347 | \$1,357,485,561 |
| 2. Required Cost of Capital (B) | 6.97% | 6.97% |
| 3. Required Return | \$76,698,234 | \$94,615,087 |
| 4. Operating Income @ Present Rates (C) | 63,750,325 | 75,520,664 |
| 5. Operating Income Deficiency | \$12,947,909 | \$19,094,423 |
| 6. Gross Up Factor (D) | 0.7518 | 0.7518 |
| 7. Base Revenue Increase (E) | \$17,222,087 | \$25,397,600 |
| 8. Company Claim (A) | \$26,763,219 | \$27,947,817 |
| 9. Recommended Adjustment | <u>(\$9,541,132)</u> | <u>(\$2,550,217)</u> |

Sources:

(A) Company Exhibit SLC-4, page 2 and Exhibit SLC-5, page 1.

(B) Exhibit ACC-3, page 3.

(C) Rate Year 1 and 2 based on Company Exhibit SLC-5, page 1, adjusted to reflect Public Counsel Cost of Capital recommendation.

(D) Company Exhibit SLC-4, page 5.

(E) Line 5 / Line 6.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**PUBLIC COUNSEL RECOMMENDED COST OF CAPITAL**

| Capital | Capitalization Ratio | Cost Rate | Weighted Cost Rate |
|-------------------|-------------------------|--------------|-----------------------|
| 1 Long-Term Debt | 50.89% | 4.77% | 2.43% |
| 2 Preferred Stock | 0.01% | 6.75% | 0.00% |
| 3 Common Stock | 49.10% | 9.25% | 4.54% |
| | | | <u>6.97%</u> |

Sources:

(A) Testimony of Dr. Woolridge.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**CETA DEFERRAL**

| | <u>Rate Year 1</u> |
|---------------------------------------|-------------------------|
| 1 Amortization Expense Adjustment (A) | \$826,093 |
| 2 Income Taxes @ 21.00% | <u>173,480</u> |
| 3 Operating Income Impact | \$652,613 |
| 4 Gross up Factor (B) | <u>0.75182</u> |
| 5 Revenue Requirement Impact (C) | <u>\$868,045</u> |

Sources:

(A) Company Exhibit SLC-4, page 261.

(B) Company Exhibit SLC-4, page 5.

(C) Line 3 / Line 4.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**EV PILOT PROGRAM DEFERRAL**

| | <u>Rate Year 1</u> |
|---------------------------------------|-------------------------|
| 1 Amortization Expense Adjustment (A) | \$911,209 |
| 2 Income Taxes @ 21.00% | <u>191,354</u> |
| 3 Operating Income Impact | \$719,855 |
| 4 Gross up Factor (B) | <u>0.75182</u> |
| 5 Revenue Requirement Impact (C) | <u>\$957,483</u> |

Sources:

(A) Company Exhibit SLC-4, page 261.

(B) Company Exhibit SLC-4, page 5.

(C) Line 3 / Line 4.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**COVID DEFERRAL**

| | <u>Rate Year 1</u> |
|---------------------------------------|---------------------------|
| 1 Amortization Expense Adjustment (A) | \$5,273,956 |
| 2 Income Taxes @ 21.00% | <u>1,107,531</u> |
| 3 Operating Income Impact | \$4,166,425 |
| 4 Gross up Factor (B) | <u>0.75182</u> |
| 5 Revenue Requirement Impact (C) | <u>\$5,541,786</u> |

Sources:

(A) Company Exhibit SLC-4, page 261.

(B) Company Exhibit SLC-4, page 5.

(C) Line 3 / Line 4.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY

INCREMENTAL T&D EXPENSES

| | Base Period (A) | Public Counsel (B) | Company (A) | Adjustment | WA Allocation (%) (C) | WA Allocation (\$) |
|----------------------------------|-----------------------|-----------------------|----------------|-------------|-----------------------------|-------------------------|
| 1 PP Vegetation - Admin | \$3,847,683 | \$4,888,481 | \$7,090,567 | \$2,202,086 | 6.26% | \$137,939 |
| 2 Distribution | 11,841,555 | 15,044,696 | 15,267,216 | 222,520 | 100.00% | 222,520 |
| 3 Transmission | 7,136,221 | 9,066,569 | 12,094,141 | 3,027,572 | 7.98% | 241,570 |
| 4 Total | \$22,825,459 | \$28,999,746 | \$34,451,924 | \$5,452,178 | | \$602,029 |
| 5 Income Taxes @ 21% | | | | | | <u>126,426</u> |
| 6 Operating Income Impact (D) | | | | | | \$475,603 |
| 7 Gross up Factor (E) | | | | | | <u>0.75182</u> |
| 8 Revenue Requirement Impact (F) | | | | | | <u>\$632,602</u> |

Sources:

(A) Company Exhibit SLC-4, page 135.

(B) Reflects 2.5 years at 10% annual increase.

(C) Company Exhibit SLC-4, page 134.

(D) Line 4 - Line 5.

(E) Company Exhibit SLC-4, page 5.

(F) Line 6 / Line 7.

PACIFICORP d/b/a PACIFIC POWER AND LIGHT COMPANY**JIM BRIDGER REPOWERING O&M EXPENSE**

| | <u>Rate Year 1</u> | <u>Rate Year 2</u> |
|----------------------------------|---------------------------|-------------------------|
| 1 Expense Adjustment (A) | \$2,512,499 | \$735,463 |
| 2 Income Taxes @ 21.00% | <u>527,625</u> | <u>154,447</u> |
| 3 Operating Income Impact | \$1,984,874 | \$581,016 |
| 4 Gross up Factor (B) | <u>0.75182</u> | <u>0.75182</u> |
| 5 Revenue Requirement Impact (C) | <u>\$2,640,092</u> | <u>\$772,812</u> |

Sources:

(A) Testimony of Public Counsel witness Dr. Earle.

(B) Company Exhibit SLC-4, page 5.

(C) Line 3 / Line 4.