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April 30, 2013

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Attn: Steven V. King
Acting Executive Director and Secretary

RE: UE-130043—Preliminary Issues List

PacifiCorp d/b/a Pacific Power & Light Company submits for filing the preliminary issues list in the above-referenced proceeding.

Please direct any informal inquiries regarding this filing to Bryce Dalley, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

Sincerely,

William R. Griffith
Vice President, Regulation

Enclosures

cc: Service List UE-130043

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding by electronic mail.

Washington Utilities & Transportation

Commission

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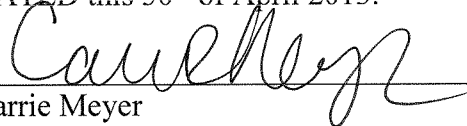
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DATED this 30th of April 2013.



Carrie Meyer

Supervisor, Regulatory Operations

PACIFICORP GENERAL RATE CASE DOCKET UE-130043
ISSUES MATRIX

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
<i>Overall Revenue / Rate Increase</i>	\$42,800,673 (14.1%)					
<i>Capital Structure and Cost of Capital</i>	<p>Capital Structure Long-term Debt: 47.21% Preferred Stock: 0.28% Common Equity: 52.51%</p> <p>Cost of Capital: Long-term Debt: 5.37% Preferred Stock: 5.43% Common equity: 10.0%</p> <p>Overall Rate of Return: 7.80% Capital structure, cost of long-term debt, and cost of preferred stock are addressed in Exhibit No. ___ (BNW-1T). Cost of common equity is addressed in Exhibit No. ___ (SCH-1T).</p>					
Revenue Requirement Adjustments to Operating Revenues (Tab 3 of Exhibit No. ___ (SRM-3))						
3.1 <i>Temperature Normalization</i>	This adjustment normalizes residential, commercial, and irrigation revenues in the test period by comparing actual sales to temperature normalized sales. Temperature normalization of the commercial class is addressed in Exhibit NO. ___ (KAB-1T). Decreases net operating income ("NOI") by \$434,297. Exhibit No. ___ (SRM-3), page 3.0 Total, line 30.					

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
3.2 <i>Revenue Normalization</i>	This adjustment removes revenue items that should not be included in regulatory results. Increases NOI by \$6,191,105. Exhibit No. (SRM-3), page 3.0 Total, line 30.					
3.3 <i>Effective Price Change</i>	This adjustment normalizes retail revenues for known and measurable changes after June 2012. Increases NOI by \$2,814,575. Exhibit No. (SRM-3), page 3.0 Total, line 30.					
3.4 <i>SO2 Emission Allowance Sales</i>	This adjustment removes sales revenue booked during the 12 months ended June 2012 and includes amortization of sales over a five-year period, consistent with Order 06 in docket UE-100749. Increases NOI by \$530,211. Decreases rate base by \$1,067,999. Exhibit No. (SRM-3), page 3.0 Total, lines 30 and 57.					
3.5 <i>Renewable Energy Credit and Renewable Energy Attribute Revenue</i>	This adjustment removes REC/REA revenues recorded during the 12 months ended June 2012. Consistent with Order 06 in docket UE-100749, REC revenues are passed back to customers through a separate tracker mechanism effective April 2011. Decreases NOI by \$1,375,737. Exhibit No. (SRM-3), page 3.0 Total, line 30.					
3.6 <i>Wheeling Revenue Adjustment</i>	This adjustment reflects known and measurable changes to wheeling revenues for the 12 months ended June 2012. Decreases NOI by \$31,593. Exhibit No. (SRM-3), page 3.0 Total, line 30.					

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
3.7 <i>Ancillary Revenue</i>	This adjustment reflects known and measurable changes to ancillary revenues for the Seattle City Light Contract for the 12 months ending December 2014. Increases NOI by \$326,904. Exhibit No. (SRM-3), page 3.0.1 Total, line 30.					
3.8 <i>Schedule 300 Fee Change</i>	This adjustment reflects proposed changes associated with Schedule 300. Increases NOI by \$55,153. Exhibit No. (SRM-3), page 3.0.1 Total, line 30.					
Operation and Maintenance (O&M) Expense Revenue Requirement Adjustments (Tab 4 of Exhibit No. (SRM-3))						
4.1 <i>Miscellaneous General Expense Adjustment</i>	This adjustment removes certain miscellaneous expenses that should have been charged below the line. Increases NOI by \$11,484. Exhibit No. (SRM-3), page 4.0 Total, line 30.					
4.2 <i>General Wage Increase – Restating Adjustment</i>	This adjustment annualizes wage increases that occurred during the 12 months ended June 2012. This adjustment also removes SERP expenses from the test period. Decreases NOI by \$54,727. Exhibit No. (SRM-3), page 4.0 Total, line 30.					
4.3 <i>General Wage Increase – Pro Forma Adjustment</i>	This adjustment recognizes wage increases that have occurred or will occur through June 30, 2013. Decreases NOI by \$161,390. Exhibit No. (SRM-3), page 4.0 Total, line 30.					

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<p>4.4 <i>Irrigation Load Control Program</i></p>	<p>This adjustment situs assigns payments made to Idaho irrigators as part of the Idaho Irrigation Load Control Program to Idaho. Increases NOI by \$155,201. Exhibit No. (SRM-3), page 4.0 Total, line 30.</p>					
<p>4.5 <i>Remove Non-Recurring Entries</i></p>	<p>This adjustment removes a variety of accounting entries that were booked during the 12 months ended June 2012 that are non-recurring in nature or that relate to prior periods. Decreases NOI by \$874,645. Exhibit No. (SRM-3), page 4.0 Total, line 30.</p>					
<p>4.6 <i>Pension and Post-Retirement Curtailment and Date Change</i></p>	<p>Order 09 in docket UE-090205 permits deferral and amortization of the pension curtailment gain resulting from employee participation in the 401(k) retirement plan option. Amortization expired December 31, 2012. This adjustment removes the actual amortization expense and associated tax impacts from the test period. Decreases NOI by \$661,676. Decreases rate base by \$563,394. Exhibit No. (SRM-3), page 4.0 Total, line 30 and 57.</p>					
<p>4.7 <i>DSM Revenue and Expense Removal</i></p>	<p>This adjustment removes demand side management (DSM) revenues and expenses from regulated results since they are recovered through a separate tariff rider (Schedule 191). Increases NOI by \$3,101,879. Exhibit No. (SRM-3), page 4.0.1 Total, line 30.</p>					

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<p>4.8 <i>Insurance Expense</i></p>	<p>This adjustment replaces the base period liability and property damage expense with a six-year average consistent with the Company's previous general rate case (UE-111190). This adjustment also removes amounts from results that should not be charged to Washington, and corrects allocation and accounting of insurance charges. Decreases NOI by \$264,192. Exhibit No.__(SRM-3), page 4.0.1 Total, line 30.</p>					
<p>4.9 <i>Advertising Expense</i></p>	<p>This adjustment situs assigns all system-allocated advertising expenses incurred during the 12 months ended June 2012 that are attributable to a specific jurisdiction. Decreases NOI by \$6,076. Exhibit No.__(SRM-3), page 4.0.1 Total, line 30.</p>					
<p>4.10 <i>Memberships and Subscriptions</i></p>	<p>This adjustment situs assigns membership and subscription expenses incurred during the 12-months ended June 2012 attributable to a specific jurisdiction. Decreases NOI by \$1,075. Exhibit No.__(SRM-3), page 4.0.1 Total, line 30.</p>					
<p>4.11 <i>AMR Savings</i></p>	<p>This adjustment reflects the reduction in meter reading expense as a result of the automated meter reading program through June 2013. Increases NOI by \$633. Exhibit No.__(SRM-3), page 4.0.1 Total, line 30.</p>					

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<p>4.12 <i>Uncollectible Expenses</i></p>	<p>This adjustment adjusts the Company's actual June 2012 uncollectible expense to the June 2012 normalized level by applying the unadjusted uncollectible rate (unadjusted uncollectible accounts expense/unadjusted general business revenues) to the normalized level of general business revenues. Decreases NOI by \$88,426. Exhibit No. ___ (SRM-3), page 4.0.1 Total, line 30.</p>					
<p>4.13 <i>Legal Expenses</i></p>	<p>This restating adjustment reallocates per books legal expenses in accordance with the stipulation in docket UE-111190, where costs attributable to a specific jurisdiction are situs assigned. Decreases NOI by \$48,551. Exhibit No. ___ (SRM-3), page 4.0.1 Total, line 30.</p>					
<p>4.14 <i>Naughton Write-Off</i></p>	<p>This restating adjustment removes the Naughton 3 write-off that occurred in June 2012. Increases NOI by \$138,837. Exhibit No. ___ (SRM-3), page 4.0.2 Total, line 30.</p>					
<p>4.15 <i>Operations and Maintenance Efficiency</i></p>	<p>This adjustment reflects the Company's efficiency initiatives that are not factored into the general wage increase adjustment for the 12 months ending June 2013. This restating adjustment reduces the Company's O&M expense levels. Increases NOI by \$513,039. Exhibit No. ___ (SRM-3), page 4.0.2 Total, line 30.</p>					

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
<p><i>Net Power Costs Revenue Requirement Adjustments</i> <i>(Tab 5 of Exhibit No. ___ (SRM-3))</i></p>						
<p>5.1 Net Power Costs – Restating</p>	<p>This adjustment normalizes power costs by adjusting sales for resale, purchase power, wheeling, and fuel in a manner consistent with the contractual terms of sales and purchase agreements, and normal hydro and weather conditions on a west control area basis. This restating adjustment reflects normalized power costs for the 12 months ended June 2012. Increases NOI by \$3,206,605. Exhibit No. ___ (SRM-3), page 5.0 Total, line 30.</p>					
<p>5.1.1 Net Power Costs – Pro Forma</p>	<p>This adjustment normalizes power costs by adjusting sales for resale, purchase power, wheeling, and fuel in a manner consistent with the contractual terms of sales and purchase agreements, and normal hydro and weather conditions on a west control area basis. This pro forma adjustment reflects normalized power costs for the rate effective period, 12-months ending December 2014. This adjustment also includes several proposed modifications to the west control area inter-jurisdictional allocation methodology associated with the calculation of net power costs. Exhibit No. ___ (GND-1CT). Increases NOI by \$1,842,319. Exhibit No. ___ (SRM-3), page 5.0 Total, line 30.</p>					

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<p>5.2 <i>James River Royalty Offset</i></p>	<p>This adjustment adds the royalty offset to FERC account 456 associated with the James River/Georgia Pacific contract for the 12-month period ending December 2014, the same period used in determining pro forma net power costs in this filing. Increases NOI by \$632,823. Exhibit No. (SRM-3), page 5.0 Total, line 30.</p>					
<p>5.3 <i>BPA Residential Exchange</i></p>	<p>The Company receives a monthly purchase power credit from Bonneville Power Administration (BPA). This credit is treated as a 100% pass-through to eligible customers. Both a revenue credit and a purchase power expense credit are posted to unadjusted results which need to be removed for normalized results. This adjustment reverses the BPA purchase power expense credit recorded. The Revenue Normalizing adjustment page 3.2 removes the revenue credit passed on to customers. Decreases NOI by \$4,796,915. Exhibit No. (SRM-3), page 5.0 Total, line 30.</p>					
<p>5.4 <i>Colstrip Unit #3 Removal</i></p>	<p>This adjustment removes the Colstrip unit #3 plant investments and associated costs from the test period. The Commission ordered this treatment in Cause No. U-83-57. Increases NOI by \$473,942. Decreases rate base by \$8,328,882. Exhibit No. (SRM-3), page 5.0 Total, lines 30 and 57.</p>					

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PCAM	The Company proposes a Power Cost Adjustment Mechanism (PCAM) to collect or credit the differences between the actual net power costs incurred to serve Washington customers and the amount of net power costs collected from Washington customers through rates.					
<p align="center">Depreciation Revenue Requirement Adjustments (Tab 6 of Exhibit No. ___ (SRM-3))</p>						
<p>6.1 <i>Hydro Decommissioning</i></p>	<p>This adjustment has both restating and pro forma components. The restating component of this adjustment makes a small correction to the booked accumulated reserve so that the proper balances are reflected for the east and west control areas. The pro forma aspect of the adjustment walks forward the decommissioning expenditures through June 30, 2013. Decreases NOI by \$50,952. Increases rate base by \$95,198. Exhibit No. ___ (SRM-3), page 6.0 Total, lines 30 and 57.</p>					
<p>6.2 <i>Depreciation and Amortization Reserve to June 2012 Balance</i></p>	<p>This adjustment restates depreciation and amortization reserve balances from the June 2012 average of monthly average balances to the June 2012 period-end balances. Increases rate base by \$12,988,907. Exhibit No. ___ (SRM-3), page 6.0 Total, line 57.</p>					
<p>6.3 and 6.3.1 <i>Proposed Depreciation Rates – Expense and Reserve</i></p>	<p>This restating adjustment normalizes the depreciation expense and reserve to reflect the proposed depreciation rates, filed in January 2013 in docket UE-130052.</p>					

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	<p>Decreases NOI by \$225,013. Increases rate base by \$2,301,854 Exhibit No. (SRM-3), page 6.0 Total, lines 30 and 57.</p>					
<p>Tax Revenue Requirement Adjustments (Tab 7 of Exhibit No. (SRM-3))</p>						
<p>7.1 <i>Interest True Up</i></p>	<p>This restating and pro forma adjustment details the adjustment to interest expense required to synchronize the test period expense with rate base. This is done by multiplying normalized Washington net rate base by the Company's weighted cost of debt in this case. Decreases NOI by \$355,765. Exhibit No. (SRM-3), page 7.0 Total, line 30.</p>					
<p>7.2 <i>Property Tax Expense</i></p>	<p>This pro forma adjustment normalizes the difference between per books accrued property tax expense and pro forma property tax expense. Decreases NOI by \$214,813. Exhibit No. (SRM-3), page 7.0 Total, line 30.</p>					
<p>7.3 <i>Renewable Energy Tax Credit Adjustment</i></p>	<p>The Company is entitled to recognize a federal income tax credit as a result of placing renewable generating plants in service. The tax credit is based on the kilowatt-hours generated by a qualified facility during the facility's first ten years of service. This pro forma adjustment reflects this credit based on the qualifying production as modeled in GRID for the pro forma net power cost study. Decreases NOI by \$602,684. Exhibit No. (SRM-3), page 7.0 Total, line 30.</p>					

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<p>7.4 <i>PowerTax Accumulated Deferred Income Tax (ADIT) Balance</i></p>	<p>This adjustment reflects the accumulated deferred income tax balances for property on a jurisdictional basis as maintained in the PowerTax System. Decreases rate base by \$7,524,077. Exhibit No.____(SRM-3), page 7.0 Total, line 57.</p>					
<p>7.5 <i>Washington Low Income Tax Credit</i></p>	<p>This adjustment reflects the known and measurable change to the Public Utility Tax Credit for Low Income Home Energy Assistance Program (LIHEAP) for the 2013 authorized credit amount, per a July 26, 2012 letter from the Washington Department of Revenue. Increases NOI by \$8,543. Exhibit No.____(SRM-3), page 7.0 Total, line 30.</p>					
<p>7.6 and 7.6.1 <i>Washington Flow-Through Adjustment</i></p>	<p>This adjustment reflects the removal of the June 2012 balances for all non-property-related deferred taxes. The associated deferred tax expenses are removed as well. This in effect flows through to income the current tax impacts on these items. Decreases NOI by \$1,173,806. Decreases rate base by \$9,135,825. Exhibit No.____(SRM-3), pages 7.0 Total and 7.0.1 Total, lines 30 and 57.</p>					

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<p>7.7 <i>Remove Deferred State Tax Expense and Balance</i></p>	<p>The Company's per books provision for deferred income tax and the balance for accumulated deferred income tax are computed using the Company's blended federal and state statutory tax rate. State income taxes are a system cost for the Company that is not recoverable in Washington. Accordingly, after all adjustments are made to income taxes, this final adjustment is made to remove state income tax from the adjusted test year. Increases NOI by \$1,383,991. Increases rate base by \$691,996. Exhibit No. ___ (SRM-3), page 7.0.1 Total, lines 30 and 57.</p>					
<p>7.8 <i>Washington Public Utility Tax Adjustment</i></p>	<p>This adjustment recalculates the Washington Public Utility Tax expense based on the normalized revenues included in this filing, as outlined in adjustments 3.1, 3.2, and 3.3. Decreases NOI by \$554,749. Exhibit No. ___ (SRM-3), page 7.0.1 Total, line 30.</p>					
<p>7.9 <i>AFUDC - Equity</i></p>	<p>This adjustment brings in the appropriate level of AFUDC - Equity into results to align the tax Schedule M with regulatory income. Increases NOI by \$66,727. Exhibit No. ___ (SRM-3), page 7.0.1 Total, line 30.</p>					

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<p><i>Rate Base Revenue Requirement Adjustments (Tab 8 of Exhibit No. ___ (SRM-3))</i></p>						
<p>8.1 <i>Jim Bridger Mine Rate Base Adjustment</i></p>	<p>PacifiCorp owns a two-thirds interest in the Bridger Coal Company (BCC), which supplies coal to the Jim Bridger generating plant. The Company's investment in BCC is recorded on the books of Pacific Minerals, INC (PMI), a wholly-owned subsidiary. Because of this ownership arrangement, the coal mine investment is not included in Account 101 -Electric Plant in Service. This restating adjustment is necessary to properly reflect the BCC plant investment based on actual balances as of June 30, 2012. Increases rate base by \$27,864,469. Exhibit No. ___ (SRM-3), page 8.0 Total, line 57.</p>					
<p>8.2 <i>Environmental Remediation Adjustment</i></p>	<p>On April 27, 2005, the Commission granted a request by the Company for an accounting order relating to the Company's treatment of environmental remediation costs in docket UE-031658. The Commission authorized the company to record and defer costs prudently incurred in connection with its environmental remediation program. Additional costs of existing projects expected to exceed \$3 million system-wide and incurred from October 13, 2003, the date the petition was submitted, through Fiscal Year 2005 are to be deferred and amortized over a ten-year period. Currently, only one project, the Third West Substation Cleanup, can be deferred. This restating adjustment removes the balance and amortization from FERC accounts 182.391 and</p>					

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	<p>925, except for the Third West Substation Cleanup, and then adds back the cost for small remediation projects that cannot be deferred, per the Commission's 2005 order. Decreases NOI by \$176,089. Decreases rate base by \$147,788. Exhibit No. ___ (SRM-3), page 8.0 Total, lines 30 and 57.</p>					
<p>8.3 <i>Customer Advances for Construction</i></p>	<p>Customer advances for construction are booked into FERC account 252. When they are booked, the entries do not reflect the proper allocation. This restating adjustment corrects the allocation of customer advances for construction in the account. Decreases rate base by \$159,521. Exhibit No. ___ (SRM-3), page 8.0 Total, line 57.</p>					
<p>8.4 <i>Major Plant Additions</i></p>	<p>This adjustment places into rate base five west side plant additions greater than \$10 million. This adjustment also incorporates the associated depreciation expense and accumulated reserve impacts. Decreases NOI by \$949,180. Increases rate base by \$38,505,986. Exhibit No. ___ (SRM-3), page 8.0 Total, lines 30 and 57.</p>					
<p>8.5 – 8.5.1 <i>Miscellaneous Rate Base</i></p>	<p>This restating adjustment removes prepayments and other miscellaneous rate base balances from results as directed by the Commission in docket UE-100749. Increase NOI by \$127,564. Decreases rate base by \$21,971,598. Exhibit No. ___ (SRM-3),</p>					

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
<p>8.6 <i>Powerdale Hydro Removal</i></p>	<p>pages 8.0 Total, line 57. As authorized in 2007 in docket UE-070624, the unrecovered plant balance associated with the Powerdale hydro plant was transferred to a regulatory asset and amortized over three years. The Powerdale unrecovered plant regulatory asset was fully amortized in December 2010. In addition, the decommissioning of the Powerdale plant was substantially completed during 2010. The Company began amortizing the decommissioning regulatory asset in April 2011 as authorized in dockets UE-100749 and UE-111190. This adjustment removes the Powerdale operating expenses and regulatory asset balance from results and adds the 12 months ending June 2013 decommissioning amortization expense and asset balances. Decreases NOI by \$203,522. Increases rate base by \$56,565. Exhibit No. ___ (SRM-3), page 8.0.1 Total, lines 30 and 57.</p>					
<p>8.7 <i>Removal of Colstrip #4 AFUDC</i></p>	<p>This adjustment removes AFUDC from electric plant in service for the period that Colstrip construction work in progress (CWIP) was allowed in rate base. This treatment was authorized in Cause U-81-17 and has been included in all the Company's rate case filings since its inception in July 1984. Increases NOI by \$17,991. Decreases rate base by \$387,034. Exhibit No. ___ (SRM-3), page 8.0 Total, lines 30 and 57.</p>					

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<p>8.8 <i>Trojan Removal Adjustment</i></p>	<p>This restating adjustment removes the Trojan amortization expense, balances, and tax impacts from the test period as ordered by the Commission in the docket UE-991832. Decreases NOI by \$6,989. Increases rate base by \$1,143,691. Exhibit No. (SRM-3), page 8.0.1 Total, lines 30 and 57.</p>					
<p>8.9 <i>Customer Service Deposits</i></p>	<p>This adjustment includes customer service deposits as a reduction to rate base. It also reflects the interest paid on the customer service deposits. This adjustment was accepted by the Washington Commission in docket UE-061546 and has been included in all subsequent filings. Decreases NOI by \$4,404. Decreases rate base by \$3,236,612. Exhibit No. (SRM-3), page 8.0.1 Total, lines 30 and 57.</p>					
<p>8.10 <i>Regulatory Asset Amortization Adjustment</i></p>	<p>The Chehalis Regulatory Asset-WA was set up in December 2009 in accordance with docket UE-090205. The general business revenues charged when the regulatory asset was amortized were removed from unadjusted results in revenue adjustment 3.2. This adjustment adds that amortization back into results. Additionally, this adjustment removes the amortization expense related to the Oregon Independent Evaluator, which should have been allocated situs to Oregon. Decreases NOI by \$1,948,686. Increases rate base by \$1,664,438. Exhibit No. (SRM-3), page 8.0.1 Total, lines 30 and 57.</p>					

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<p>8.11 <i>Miscellaneous Asset Sales and Removals</i></p>	<p>This adjustment removes the electric plant in service balances, accumulated depreciation balances, and O&M expenses from the per books data for the 12 months ended June 2012 for the Condit facility. Consistent with the treatment reflected in this adjustment, the pro forma net power costs shown in adjustment 5.1.1 do not include generation output from the Condit facility. Increases NOI by \$342,698. Decreases rate base by \$165,819. Exhibit No. (SRM-3), page 8.0.1 Total, lines 30 and 57.</p>					
<p>8.12 – 8.12.6 <i>Adjust Average of Monthly Averages (AMA) to Plant Balances as of June 30, 2012</i></p>	<p>This adjustment walks the plant balances from June 2012 AMA to June 2012 year-end. The associated accumulated reserve impacts are accounted for in adjustment 6.4. Increases rate base by \$19,911,959. Exhibit No. (SRM-3), page 8.0.1 Total, line 57 and 8.0.2 Total, line 57.</p>					
<p>8.13 <i>Investor Supplied Working Capital</i></p>	<p>This restating adjustment adds cash working capital using the Commission-approved Investor Supplied Working Capital (ISWC) model with proposed modifications. Increases rate base by \$28,493,964. Exhibit No. (SRM-3), page 8.0.2 Total, line 57.</p>					

ISSUE	PACIFICORP	COMMISSION STAFF	PUBLIC COUNSEL	BOISE WHITE PAPER	COLUMBIA RURAL ELECTRIC ASSOCIATION	ENERGY PROJECT
<i>Production Factor Revenue Requirement Adjustments (Tab 9 of Exhibit No. (SRM-3)</i>						
<p>9.1 <i>Production Factor</i></p>	<p>The production factor is a means of adjusting the production component of the revenue requirement to test year expense and balance levels. The production factor has been calculated by dividing Washington's normalized historical retail load by the Washington pro forma load for the rate effective period. This factor is then applied to pro forma net power cost and pro forma major plant addition revenue requirement components. Decreases NOI by \$1,535,147. Increases rate base by \$684,251. Exhibit No. (SRM-3), page 9.0 Total, lines 30 and 57.</p>					
West Control Area Allocation Factors						
<p><i>Demand/Energy Ratio</i> 38 / 62</p>	<p>The Company used the peak credit method, consistent with the class cost of service study, which results in demand/energy weightings of 38 percent/62 percent.</p>					
<p><i>100 Summer / 100 Winter Coincident Peaks</i></p>	<p>The Company used the highest 100 winter and highest 100 summer hours (200 coincident peaks) in developing the west control area demand component of the Control Area Generation West (CAGW) factor, which is consistent with the class cost of service study.</p>					

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<i>Total Adjustments</i>	<p>Increase in NOI of \$5,151,123. Increase in rate base of \$54,935,840. Exhibit No. ___ (SRM-3), page 2.2, column 4, lines 33 and 61.</p>					
<i>Normalized Results of Operations</i>	<p>NOI of \$38,131,963. Rate base of \$828,428,814. Exhibit No. ___ (SRM-3), page 1.0, column 5, lines 30 and 57.</p>					
<i>Cost of Service Study</i>	<p>The Company is proposing a revised peak credit method calculation using a west control area system diversified load factor (SDLF), which results in 38% of generation and transmission costs classified as demand related.</p>					
<i>Electric Rate Spread</i>	<p>The Company is proposing to allocate: (1) a below-average increase to the rate schedules that the cost of service study indicate a significantly smaller revenue increase (Schedules 24, 40 an increase of 12.0 percent and lighting schedules an increase of four percent); (2) the average increase of 14.1 percent to Schedules 36 and 48T (other than 48T Dedicated Facilities), which are relatively close to cost of service; and (3) a slightly above-average increase of 15.0 percent to residential and Schedule 48T Dedicated Facilities because these classes are currently below cost of service.</p>					
<i>Electric Rate Design</i>	<p>For the monthly residential basic charge, the Company proposes an increase from \$6.00 to \$10.00 per month. The remainder of the allocated increase will be recovered through the energy charges with a higher percentage rate</p>					

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	<p>increase to the tail block. For General Service Schedule 24, the Company proposes to apply uniform percentage increases to the basic, demand and energy charges. For General Service Schedules 36 and 48, the Company has applied a larger increase to the demand charges based on the results of the cost of service study. Other charges in Schedule 36 and 48 have been increased on a uniform basis to recover the balance of the allocated increase to each schedule. For Schedule 40, the Company proposes to apply a uniform percentage increase to all billing elements. For lighting, the Company proposes the increase be spread equally to all lighting schedules.</p>					