

Exhibit ___ (TES-5)
Docket UE-061546
Witness: Thomas E. Schooley

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

DOCKET 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 UE-060817

**EXHIBIT TO
TESTIMONY OF**

Thomas E. Schooley

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Adjustment 8.13, MEHC Transition Savings

February 16, 2007

Adjustment 8.13, MEHC Transition Savings
Using Information Updated to December 31, 2006

	Data Source:	System	Allocate on revised SO Factor	Washington
Staff Proposed Adjustments to Deferral				
1 Part 1. Displacement Date Prior to Filing				
2	Executive Severance Plan	2*	\$ 10,027,710	
3	Change-in-control Plan	2*	\$ 3,564,918	
4	Total disallowed as incurred prior to month of filing		\$ 13,592,628	\$ -
5				
6 Part 2. Displacement Date in Month of Filing or later				
7	a. Executive Plan --			
8	Annual Savings	2*	\$ 1,708,194	
9	Severance Total	2*	\$ 4,905,662	
10	Change-in-Control Plan Severance as % of Annual Savings	88.3%		
11	Reduction to bring Executives to Change-in-Control %		\$ (3,397,684)	
12	Allowed Executive Plan Deferral		\$ 1,507,978	
13				
14	b. Change-in-Control Plan (including true-ups)	2*	\$ 24,385,095	
15				
16	Total Allowed Deferral---Beginning Balance		\$ 25,893,073	7.381% \$ 1,911,142
17				
18	Average Balance -- 1st year		\$ 21,577,561	7.381% \$ 1,592,618
19	Annual Amortization Over Three Years	3	8,631,024	7.381% \$ 637,047
20				
21				
22				
23 Adjustment 8.13 per Staff				
24			Total company	Allocate on SO Factor 7.381% WA Allocated
25				
26	<u>Adjustment to Rate Base</u>			
27	Total Severance Payments	1*	\$ 42,883,385	
28	Less Disallowances		\$ (16,990,312)	
29	Beginning Balance per Staff		\$ 25,893,073	7.381% \$ 1,911,142
30				
31	AMA Balance Year 1 per Staff		\$ 21,577,561	7.381% \$ 1,592,618
32	NO fiscal year conversion cost		\$ -	7.381% \$ -
33	Accumulated Depreciation -- Average Balance		\$ (4,315,512)	7.381% \$ (318,524)
34				
35	Rate Base Adjustment-AMA with three year amortization		\$ 17,262,049	7.381% \$ 1,274,095
36				
37				
38	<u>Adjustment to Expense</u>			
39	Remove Change-in-Control Severance from 3/06 results	3*	\$ (10,716,663)	
40	Remove Exec. Severance Plan from 3/06 results	3*	\$ (1,211,600)	
41	Add in Staff amort. expense		\$ 8,631,024	
42	Severance - A&G Adjustment		\$ (3,297,239)	7.381% \$ (243,366)
43	Fiscal Year conversion A&G		\$ -	7.381% \$ -
44	MEHC Transition Wage Savings	1*	\$ (35,880,886)	7.381% \$ (2,648,332)
45	Expense Adjustment		\$ (39,178,125)	\$ (2,891,698)
46				
47	Source:			
48	1* PacifiCorp Response to ICNU Data Request 6.4			
49	2* Exhibit ___ (TES-5) at 2, Summary			
50	3* Exhibit ___ (PMW-4) Tab 8, page 8.13.1			

Adjustment 8.13, MEHC Transition Savings
SUMMARY DATA -- NON-CONFIDENTIAL

FTE Count	Title	Annual Savings (*2)	Severance Total (*1)	Severance as Percent of Savings
1	Displacement Date Prior to May 2006			
2 6	Executive Severance Plan pre-May 2006	\$ 3,209,068	\$ 10,027,710	312%
3 27	Change-in-Control Pre-May 2006	\$ 4,278,102	\$ 3,564,918	83%
4				
5	Subtotal - Pre-May 2006	<u>\$ 7,487,169</u>	<u>\$ 13,592,628</u>	182%
6				
7	Displacement Date in May 2006 or Later			
8 3	Executive Severance Plan	\$ 1,708,194	\$ 4,905,662	287%
9 201.5	Change-in-Control Plan	\$ 26,685,523	\$ 23,557,743	88%
10				
11	Subtotal May 2006 or Later	<u>\$ 28,393,717</u>	<u>\$ 28,463,405</u>	100%
12				
13				
14 237.5	Total--Identified Positions as of December 31, 2006	\$ 35,880,886	\$ 42,056,033	117%
15	Incremental severance for certain identified positions.	\$ -	\$ 827,352 *3	
16	Grand Total -- Severance Expense	<u>\$ 35,880,886</u>	<u>\$ 42,883,385</u>	

Notes:

- (*1) The severance costs associated with the "Severance Total" column, include items such as outplacement service costs, COBRA costs, and payroll taxes.
- (*2) The annual savings associated with the "Annual Savings" column reflect an annual level of loaded labor costs for each employee.
- (*3) Incremental severance for positions identified under the rebasing program that were or will be eliminated while the change-in-control program is in effect. This amount adjusts the severance for these employees to the change-in-control level.

Source: Exhibit __ (TES-6C), non-confidential summary data