

Exhibit No. \_\_\_\_\_ (KHB-5C)  
Docket UE-111190  
Witness: Kathryn H. Breda  
REDACTED VERSION

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PACIFICORP d/b/a PACIFIC POWER  
& LIGHT COMPANY,**

**Respondent.**

**DOCKET UE-111190**

**EXHIBIT TO TESTIMONY OF**

**Kathryn H. Breda**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Adjustment 4.14 Regulatory Commission Expense*

**January 6, 2012**

**CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION**

**PacifiCorp**  
**Docket UE-111190**  
**State of Washington**  
**Adjustment 4.14 Regulatory Commission Expense**

	<u>ACCOUNT</u>	<u>Type</u>	<u>FACTOR</u>	Washington <u>ALLOCATED</u>	<u>REF#</u>
<b>Adjustment to Expense:</b>					
Remove Actual Expense	928	PRO	various	(1,523,718)	Page 2 Line 7
Pro Forma Expense	928	PRO	various	<u>1,070,658</u>	Page 2 Line 11
<b>Net Adjustment to Account 928 Regulatory Commission Expense</b>				<u>(453,060)</u>	

Description of the Adjustment:  
 This adjustment replaces actual test year Account 928 Regulatory Commission Expense with a three- year average.

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	Source	Washington Amount
1 2006	UE-070885 Page 2.15 at 944	\$ 556,394.00
2 2007	UE-080552 Pg 15 of 41 at 966	614,173.00
3 2008	UE-090665 Page 2.15 at 970	655,931.00
4 2009	UE-100712 Page 2.15 at 1018	1,032,326.00
5 Booked 2010	Exhibit No. RBD-3 Page 2.16 at 1020	1,614,268.00
6 Less Adj 4.1 Reduction	Exhibit No. MDF-5	(90,549.63)
7 Adjusted 2010		<u>1,523,718.37</u>
8 Five Year Total	Line 1 through 3 plus 7	<u>\$ 4,382,542.37</u>
9 Five Year Average	Line 8 divided by five	<u>\$ 876,508.47</u>
10 Three Year Total	Line 3, 4 and 7	<u>\$ 3,211,975.37</u>
11 Three Year Average	Line 10 divided by 3	<u>\$ 1,070,658.46</u>
12 Adjustment	L 11-L7	<b>\$ (453,059.92)</b>

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	PacifiCorp Adjustment	Staff Adjustment	Difference
Operating Revenues:			
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			-
11 Other Power Supply			-
12 Transmission			-
13 Distribution			-
14 Customer Accounting			-
15 Customer Service & Info			-
16 Sales			-
17 Administrative & General		(453,060)	(453,060)
18 Total O&M Expense	-	(453,060)	(453,060)
19 Depreciation			-
20 Amortization			-
21 Taxes Other than Income			-
22 Income Taxes: Federal	-	158,571	158,571
23 State	-	-	-
24 Deferred Income Taxes	-	-	-
25 Investment Tax Credit Adj.	-	-	-
26 Misc. Revenue & Expense	-	-	-
27 Total Operating Expenses:	-	(294,489)	(294,489)
28			
29 Net Operating Income:	-	294,489	294,489
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			-
38 Fuel Stock			-
39 Material & Supplies			-
40 Working Capital			-
41 Weatherization Loans			-
42 Misc. Rate Base			-
43 Total Electric Plant:	0	-	-
44			
Deductions:			
45			
46 Accum. Prov. for Depreciation			-
47 Accum. Prov. for Amortization			-
48 Accum. Deferred Income Tax	0		-
49 Unamortized ITC			-
50 Customer Advances for Const.			-
51 Customer Service Deposits			-
52 Miscellaneous Deductions			-
53			
54 Total Deductions:	0	-	-
55			
56 Total Rate Base:	0	-	-
57			
58 Revenue Requirement	-	(474,806)	(474,806)
59			
TAX CALCULATION			
60 Per Company			
61			
62			
63 Operating Revenue	-	453,060	453,060
64 Other Deductions			-
65 Interest (AFUDC)			-
66 Interest			-
67 Schedule "M" additions			-
68 Schedule "M" deductions			-
69			
70 Income Before Tax	-	453,060	453,060
71 State Income Tax	-	-	-
72 Taxable Income	-	453,060	453,060
73 Adjustments to FIT			-
74 Federal Income Tax	-	158,571	158,571
Weighted Cost of Capital	7.740%	7.740%	7.740%
Conversion Factor	0.62023	0.62023	0.62023
Tax Rate	0.35	0.35	0.35
State Tax Rate			

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**Code of Federal Regulations, title 18, part 1, section 101**

**928 Regulatory commission expenses.**

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

**ITEMS**

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

2. Office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A: Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B: Do not include in this account amounts includible in account 302, Franchises and Consents, account 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

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UE-111190/PacifiCorp  
November 15, 2011  
WUTC Data Request 95

**WUTC Data Request 95**

**REQUESTOR: Kathryn Breda**

**RE: Response to WUTC DR 80 Account 928 Regulatory Commission Expense.**

- a. Please provide the response to UTC data request 80 with account descriptions.
- b. Please explain why profit centers Pacific Power General Counsel and Regulatory External Affairs are included in account 928 for years 2009 and 2010 and not prior years.
- c. Please explain why profit center Pacific Power General Counsel is allocated using the SO factor.
- d. Please provide all Legal and Regulatory Affairs expenses by FERC Account, Account, Account, Profit Center, Profit Center Description, expenditure type, allocation basis, allocation factor by month by year for 2006 through 2010. Please provide this response in the same format consistent with a. above (all data fields including month).
- e. Please explain whether the Pacific Power General Counsel and Regulatory External Affairs expense referred to in b. above is an additional expense for years 2009 and 2010 or a reclassification to Regulatory Commission Expense from another expense account.

**Response to WUTC Data Request 95**

- a. Please refer to Confidential Attachment WUTC 95a.
- b. The Company only recorded regulatory commission expenses and the annual FERC filing fee in FERC account 928 until June 2009. In June 2009 the Company began tracking all costs associated with regulatory proceedings by state to comply with the Code of Federal Regulations description of FERC account 928.
- c. Pacific Power General Counsel expenses recorded in Account 928 in 2010 are direct assigned to California, Oregon, Wyoming and Washington as well as being allocated on the SO factor. Expenses that cannot be direct assigned to a state jurisdiction, such as the FERC Transmission case, are allocated using the SO factor.
- d. The Company objects to this request to the extent that it requests information related to time periods not relevant to this proceeding. Without waiving this objection, the Company responds as follows:

Please refer to Confidential Attachment WUTC 95d -1 for expenses for Legal and Regulatory Affairs. Please note that this has been provided for Calendar Year 2007-2010 as 2006 was a stub year as a result of the transition to the MidAmerican Energy Holding Company. Please refer to Confidential

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WUTC Data Request 95

Attachment WUTC 95d -2 for the Legal external expenses CY 2007-2010.  
Please note factors from UE-100749 (2010 GRC) have been applied to CY  
2007-2009.

- e. The legal and regulatory affairs expenses are a reclassification of charges from FERC account 920 and 923 to 928. FERC account 928 also includes charges from employees who are not included in the legal or regulatory affairs department who supported regulatory filings and discovery. These employees are not incremental additions to the Company. These employees are tracking and charging time spent on regulatory activities to FERC account 928. Prior to June 2009 the work was still being performed, but not recorded separately in the time entry system within SAP.

Confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

PREPARER: Gary Tawwater / R. Bryce Dalley

SPONSOR: R. Bryce Dalley

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**WUTC Data Request 111**

**REQUESTOR: Kathryn Breda**

**RE: Regulatory Expense** For years 2010, 2009, and 2008, please provide a summary by docket number and any other tracking category, all expenses charged to Washington for Washington State regulatory matters, including accounts 920, 930, 928 and 923, and any other accounts. Please provide details by business unit, location, profit center, profit center description, cost center, cost object, cost object description, expenditure type, text, document number, state, factor total system amount and allocated amount by month.

**Response to WUTC Data Request 111**

The Company objects to this request to the extent that it requests information related to time periods not relevant to this proceeding. Without waiving this objection, the Company responds as follows: Please refer to Confidential Attachment WUTC 80, which provides the Washington State regulatory matters charged to Washington for the requested years. The information is given in line item detail format in order to provide to requested details.

**PREPARER:** Gary Tawwater

**SPONSOR:** To Be Determined

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**WUTC Data Request 80**

**Requester: Kathryn Breda**

**RE: Account 928 - Regulatory Commission Expense**

Please provide for years 2005 to 2010 for total Company and Washington, actual expense detail by reporting period and year, Control area, location, FERC account, SAP Account, SAP Account Description, Profit Center, Profit Center Description, Expenditure type, Transaction amount, Reference, Document number and Transaction Text.

**Response to WUTC Data Request 80**

The Company objects to this request to the extent that it requests information related to time periods not relevant to this proceeding. Without waiving this objection, the Company responds as follows:

Please refer to Confidential Attachment WUTC 80. The confidential information is provided subject to the terms and conditions of the protective order in this proceeding.

PREPARER: Gary Tawwater / R. Bryce Dalley

SPONSOR: To Be Determined

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