

Exhibit No. \_\_\_\_\_ (KHB-6)  
Docket UE-111190  
Witness: Kathryn H. Breda

**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 7.1 Interest True-Up*

**January 6, 2012**

	ACCOUNT	Type	TOTAL COMPANY	FACTOR	FACTOR %	WASHINGTON ALLOCATED	REF#
<b>Adjustment to Schedule M:</b>							
1	Other Interest Expense - Restating	427	RES	(1,096,492)	WA	Situs	(1,096,492)
2							
3	Other Interest Expense - Pro Forma	427	PRO	(63,231)	WA	Situs	(63,231)
4				<u>(1,159,723)</u>			<u>(1,159,723)</u>
5							
6	Federal Income tax Effect			<u>405,903</u>			<u>405,903</u>
7							
<b>Adjustment Detail:</b>							
9	Restating:						
10	Jurisdiction Specific Adjusted Rate Base Restating					750,193,929	
11	Weighted Cost of Debt:					<u>2.915%</u>	MDF-2 at 4
12	Trued-up Interest Expense					<u>21,864,852</u>	
13							
14	Unadjusted Interest Expense					<u>22,961,344</u>	
15	Restating Interest True-up Adjustment					<u>(1,096,492)</u>	
16							
17							
18	Pro Forma:			Check			
19	Jurisdiction Specific Adjusted Rate Base			<b>748,024,428.19</b>		748,024,428	MDF-2 at 1
20	Weighted Cost of Debt:			<b>2.915%</b>		<u>2.915%</u>	
21	Trued-up Interest Expense			<b>21,801,620.77</b>		<u>21,801,621</u>	
22							
23	Restated Interest Expense			<b>22,961,344</b>		<u>21,864,852</u>	
24	Total Pro Forma Interest True-up Adjustment			<b>(1,159,723.28)</b>		<u>(63,231)</u>	
25							
26							
27	Federal Income tax Effect			\$ 405,903			

This adjustment synchronizes test period interest expense with the rate base for federal income tax. This is done by multiplying normalized Washington net rate base by the Company's weighted cost of debt in this case. This adjustment is calculated in two parts. First, the interest expense is calculated for all of the restating adjustments included in this filing. Second, the interest expense is calculated for all of the adjustments within the filing, including those that are proforma in nature. The federal income tax effect of the interest change is included in the test period.