

Exhibit No. ____ (KHB-2)
Docket UE-100749
Witness: Kathryn H. Breda

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

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

Respondent.

DOCKET UE-100749

EXHIBIT TO TESTIMONY OF

Kathryn H. Breda

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Adjustment 7.9 Current Year Deferred Income Tax

October 5, 2010

	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			
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			-
18 Total O&M Expense	-	-	-
19 Depreciation			-
20 Amortization			-
21 Taxes Other than Income			-
22 Income Taxes: Federal			-
23 : State			-
24 Deferred Income Taxes	525,562		(525,562)
25 Investment Tax Credit Adj.			-
26 Misc. Revenue & Expense			-
27 Total Operating Expenses:	525,562	-	(525,562)
28			
29 Net Operating Income:	(525,562)	-	525,562
30			
Rate Base:			
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:			
46 Accum. Prov. for Depreciation			-
47 Accum. Prov. for Amortization			-
48 Accum. Deferred Income Tax	(262,781)		262,781
49 Unamortized ITC			-
50 Customer Advances for Const.			-
51 Customer Service Deposits			-
52 Miscellaneous Deductions			-
53			
54 Total Deductions:	(262,781)	-	262,781
55			
56 Total Rate Base:	(262,781)	-	262,781
57			
58 Revenue Requirement	812,490	-	(816,135)
59			
TAX CALCULATION			
61 Per Company			
62			
63 Operating Revenue	-	-	-
64 Other Deductions			-
65 Interest (AFUDC)			-
66 Interest			-
67 Schedule "M" additions			-
68 Schedule "M" deductions			-
69			
70 Income Before Tax	-	-	-
71 State Income Tax	-	-	-
72 Taxable Income	-	-	-
73 Adjustments to FIT			-
74 Federal Income Tax	-	-	-
Weighted Cost of Capital	8.340%	7.480%	7.480%
Conversion Factor	0.61988	0.61988	0.61988
Tax Rate	0.35	0.35	0.35
State Tax Rate			

This adjustment reverses the Company adjustment to remove the effects flow-through tax recognition for 2009.