

Exhibit No. ___ (KHB-4)
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

PacifiCorp Response to Staff Data Request 148

October 5, 2010

WUTC Data Request 148

Re: Federal Income Tax Repairs Deduction

Please create an adjustment to the test year to reflect the removal of the repairs deduction and associated tax impact. This adjustment would reflect (based on reasonable assumptions) what the test year taxes would be had the repairs deduction not been applied and the repairs considered capital and depreciated.

Please provide this adjustment in increments reflecting the removal of the repairs deduction imbedded in the test year and the calculation of tax depreciation and the timing differences that result as if repairs would remain capitalized consistent with prior tax treatment. Please show the impact as an adjustment to the test year in a format consistent with all adjustments presented in this case.

Please provide supporting work papers in Excel format with calculations present to determine the calculation. Please provide your response on a total company, Washington, and FERC account basis.

Response to WUTC Data Request 148

The Company objects to this request on the basis that the hypothetical posed is insufficiently defined for PacifiCorp to conduct the requested analysis. Additionally, the hypothetical is irrelevant to this proceeding, because as discussed in the Direct Testimony of Ryan Fuller at 2-3, as of the taxable year beginning January 1, 2008, qualifying expenditures are deducted for income tax purposes in the taxable year paid or incurred under the Company's approved method of accounting (the repairs deduction). The accounting method referenced in Washington Utilities and Transportation Commission Staff's request was not in effect for the qualifying expenditures during the test year. Finally, even if Staff had supplied all of the many assumptions necessary for the analysis, the analysis associated with recomputing test year taxes would be unduly burdensome.

Without waiving these objections, the Company refers Staff to the Direct Testimony of Ryan Fuller at 5 and Exhibit No. ____ (RF-5) for the impact of the repairs deduction on revenue requirement.

PREPARER: Ryan Fuller

SPONSOR: Ryan Fuller