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July 16, 2014

VIA EMAIL AND OVERNIGHT DELIVERY

Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S Evergreen Park Drive SW
Olympia WA 98504-7250


Re: IN THE MATTER OF WUTC v. PACIFICORP
Docket No. UE-140762 et al.

Dear Mr. King:

Enclosed for filing in the above proceeding are an original and eighteen (18) copies of PacificCorp's Issues Matrix.

Please do not hesitate to call if you have any questions or concerns. Thank you for your assistance.

Very truly yours,



Katherine McDowell

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

Consolidated Dockets UE 140762, 140617, 140094, and 131384

I hereby certify that I have this 16th day of July, 2014, served the true and correct original, along with the correct number of copies, of the foregoing document upon the WUTC, via Overnight and electronic mail, properly addressed as follows:

| | | |
|--|--------------|--|
| Steven V. King | _____ | Hand Delivered |
| Acting Secretary and Executive Director | _____ | U.S. Mail (first-class, postage prepaid) |
| Washington Utilities and Transportation Commission | <u> x </u> | Overnight Mail (UPS) |
| 1300 S Evergreen Park Drive SW | _____ | Facsimile (360) 586-8203 |
| PO Box 47250 | <u> x </u> | Email (records@wutc.wa.gov) |
| Olympia, WA 98504-7250 | | |

I hereby certify that I have this day served a true and correct copy of this document upon parties of record in this proceeding via electronic mail and/or Overnight Delivery.:

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I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 16th day of July, 2014, at Portland, Oregon.



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Of Attorneys for PacifiCorp

**PACIFIC POWER & LIGHT COMPANY GENERAL RATE CASE DOCKET UE-140762
ISSUES MATRIX—JULY 16, 2014**

| ISSUE | PACIFIC POWER Initial Filing | COMMISSION STAFF | PUBLIC COUNSEL | BOISE WHITE PAPER | THE ENERGY PROJECT | THE ALLIANCE FOR SOLAR CHOICE | WALMART |
|--|---|------------------|----------------|-------------------|--------------------|-------------------------------|---------|
| <i>Overall Revenue/Rate Increase</i> | \$27,201,266 8.5% | | | | | | |
| <i>Capital Structure and Cost of Capital</i> | <p>Capital Structure: Short-term Debt: 0.19% Long-term Debt: 48.06% Preferred Stock: 0.02% Common Equity: 51.73%</p> <p>Cost of Capital: Short-term Debt: 1.73% Long-term Debt: 5.19% Preferred Stock: 6.75% Common Equity: 10.00%</p> <p>Overall Rate of Return: 7.67% Capital structure, cost of debt, and cost of preferred stock are addressed in Exhibit No. B1NW-1T. Cost of common equity is addressed in Exhibit No. KGS-1T.</p> | | | | | | |
| Revenue Requirement Adjustments to Operating Revenues | | | | | | | |
| <i>Tab 3 of Exhibit No. NCS-3</i> | | | | | | | |
| 3.1 Temperature Normalization | This adjustment normalizes revenues by comparing actual sales to temperature normalized sales. Temperature normalization is calculated consistently with the Commission-approved method in the Company's previous rate cases, including the 2013 rate case, Docket UE-130043. Decreases Net Operating Income ("NOI") by \$3,700,295. Exhibit No. NCS-3, Page 3.0 Total, line 30. | | | | | | |
| 3.2 Revenue Normalization | This adjustment removes revenue items that should not be included in regulatory results. Decreases NOI by \$4,827,930. Exhibit No. NCS-3, Page 3.0 Total, line 30. | | | | | | |

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| <p>3.3 <i>Effective Price Change</i></p> | <p>This adjustment normalizes retail revenues for known and measurable changes after December 2013. Increases NOI by \$11,066,786. Exhibit No. NCS-3, Page 3.0 Total, line 30.</p> | | | | | | |
| <p>3.4 <i>SO₂ Emission Allowance Sales</i></p> | <p>This adjustment removes sales revenue booked during the 12 months ended December 2013 and includes amortization of sales over a five-year period, consistent with Order 06 in Docket UE-100749. Increases NOI by \$481,473. Decreases rate base by \$249,925. Exhibit No. NCS-3, Page 3.0 Totals, lines 30 and 57</p> | | | | | | |
| <p>3.5 <i>Renewable Energy Credit and Renewable Energy Attribute Revenue</i></p> | <p>This adjustment removes REC/REA revenues recorded during the 12 months ended December 2013. Consistent with Order 06 in Docket UE-100749, REC revenues are passed back to customers through a separate tariff rider effective April 2011. Decreases NOI by \$1,464,670. Exhibit No. NCS-3, Page 3.0 Total, line 30.</p> | | | | | | |
| <p>3.6 <i>Wheeling Revenues</i></p> | <p>This adjustment reflects known and measurable changes to wheeling revenues for the 12 months ended December 2013. Increases NOI by \$225,695. Exhibit No. NCS-3, Page 3.0 Total, line 30.</p> | | | | | | |
| <p>3.7 <i>Ancillary Revenue</i></p> | <p>This adjustment reflects known and measurable changes to ancillary revenues for the Seattle City Light Contract to reflect expected revenue for 12 months ending March 2016. Increases NOI by \$26,862. Exhibit No. NCS-3, Page 3.0.1 Total, line 30.</p> | | | | | | |

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| 3.8 <i>Schedule 300 Changes</i> | This adjustment reflects proposed changes associated with Schedule 300. Increases NOI by \$55,085. Exhibit No. NCS-3, Page 3.0.1 Total, line 30. | | | | | | |
| 3.9 <i>Wind Wake Loss Revenues</i> | This adjustment adds forecast indemnity payments for lost renewable energy credits and production tax credits during the 12 months ending March 2016. Increases NOI by \$16,828. Exhibit No. NCS-3, Page 3.0.1 Total, line 30. | | | | | | |
| Operation and Maintenance (O&M) Expense Revenue Requirement Adjustments | | | | | | | |
| Tab 4 of Exhibit No. NCS-3 | | | | | | | |
| 4.1 <i>Miscellaneous Expense & Revenue</i> | This adjustment removes certain miscellaneous expenses and revenues that should not be included in regulated results. Increases NOI by \$14,374. Exhibit No. NCS-3, Page 4.0 Total, line 30. | | | | | | |
| 4.2 <i>General Wage Increase— Annualizing</i> | This restating adjustment annualizes wage increases that occurred during the 12 months ended December 2013. This adjustment also removes SERP expenses from the test period. Increases NOI by \$30,934. Exhibit No. NCS-3, Page 4.0 Total, line 30. | | | | | | |
| 4.3 <i>General Wage Increase— Pro Forma</i> | This adjustment recognizes wage increases that have occurred or are projected to occur during the 12 months ending March 2016. Decreases NOI by \$801,979. Exhibit No. NCS-3, Page 4.0 Total, line 30. | | | | | | |

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| 4.4 <i>Irrigation Load Control Program</i> | This adjustment situs assigns to Idaho payments made to Idaho irrigators as part of the Idaho Irrigation Load Control Program. Increases NOI by \$3,471. Exhibit No. NCS-3, Page 4.0 Total, line 30. | | | | | | |
| 4.5 <i>Remove Non-Recurring Entries</i> | This adjustment removes a variety of accounting entries made to expense accounts during the 12 months ended December 2013 that are non-recurring or relate to a prior period. Decreases NOI by \$101,034. Exhibit No. NCS-3, Page 4.0 Total, line 30. | | | | | | |
| 4.6 <i>DSM Revenue and Expense Removal</i> | This adjustment removes demand-side management (DSM) revenues and expenses from regulated results because they are recovered through a separate tariff riders (Schedule 191). Increases NOI by \$6,923,689. Exhibit No NCS-3, Page 4.0 Total, line 30. | | | | | | |
| 4.7 <i>Insurance Expense</i> | This adjustment replaces the base period liability and property damage expense with a six-year average consistent with the Company's last two general rate cases (Dockets UE-111190 and UE-130043). Increases NOI by \$1,590,633. Exhibit No. NCS-3, Page 4.0.1 Total, line 30. | | | | | | |
| 4.8 <i>Advertising Expense</i> | This adjustment situs assigns system-allocated advertising expenses incurred during the 12 months ended December 2013 attributable to a specific jurisdiction. Increases NOI by \$261. Exhibit No. NCS-3, Page 4.0.1 Total, line 30. | | | | | | |

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| <p>4.9 <i>Memberships and Subscriptions</i></p> | <p>This adjustment situs assigns memberships and subscription expenses incurred during the 12 months ended December 2013 attributable to a specific state. Decreases NOI by \$973. Exhibit No. NCS-3, Page 4.0.1 Total, line 30.</p> | | | | | | |
| <p>4.10 <i>Uncollectible Expense</i></p> | <p>This adjustment normalizes the Company's actual December 2013 uncollectible expense using a four-year average, consistent with Docket UE-130043. Decreases NOI by \$274,576. Exhibit No. NCS-3, Page 4.0.1 Total, line 30.</p> | | | | | | |
| <p>4.11-4.11.1 <i>Legal Expenses</i></p> | <p>This adjustment reallocates per books legal expenses in accordance with the stipulation in Docket UE-111190, where costs attributable to a specific jurisdiction are situs assigned. Decreases NOI by \$139,979. Exhibit No. NCS-3, Page 4.0.1 Total, line 30.</p> | | | | | | |
| <p>4.12 <i>Collection Agency Fees</i></p> | <p>This adjusts Collection Agency Fee expenses to reflect expected savings resulting from the Company's proposed changes. Increases NOI by \$27,339. Exhibit No. NCS-3, Page 4.0.1 Total, line 30.</p> | | | | | | |
| <p>4.13 <i>IHS Global Insight Escutcheon</i></p> | <p>This adjustment applies IHS Global Insight indices to escalate December 2013 to reflect anticipated cost levels for the rate effective period. Decreases NOI by \$936,191. Exhibit No. NCS-3, Page 4.0.2 Total, line 30.</p> | | | | | | |

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| <i>Net Power Costs Revenue Requirement Adjustments Tab 5 of Exhibit No. NCS-3</i> | | | | | | | |
| <p>5.1 Net Power Costs— Restating</p> | <p>The net power cost adjustment normalizes power costs by adjusting sales for resale, purchase power, wheeling, and fuel in a manner consistent with the contractual terms of sales and purchase agreements and normal hydro and temperature conditions on a west control area basis to reflect normalized power costs for the 12 months ended December 2013. Increases NOI by \$7,484,568. Exhibit No. NCS-3, Page 5.0 Total, line 30.</p> | | | | | | |
| <p>5.1.1 Net Power Costs—Pro Forma</p> | <p>The net power cost adjustment projects power costs by adjusting sales for resale, purchase power, wheeling, and fuel in a manner consistent with the contractual terms of sales and purchase agreements and normal hydro and weather conditions on a west control area basis to reflect normalized power costs for the 12 months ending March 2016. Decreases NOI by \$5,539,983. Exhibit No. NCS-3, Page 5.0 Total, line 30.</p> | | | | | | |
| <p>5.2 James River Royalty Offset</p> | <p>This adjustment adds the royalty offset to FERC account 456 associated with the James River/Georgia Pacific contract for the 12 months ending March 2016. Increases NOI by \$441,934. Exhibit No. NCS-3, Page 5.0 Total, line 30.</p> | | | | | | |

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| <p>5.3 <i>Colstrip #3 Removal</i></p> | <p>This adjustment removes the Colstrip #3 plant investments and associated costs from the test period in compliance with the Commission's order in Cause No. U-83-57. Increases NOI by \$314,399. Decreases rate base by \$8,567,345. Exhibit No NCS-3, Page 5.0 Total, line 30.</p> | | | | | | |
| <p><i>Renewable Resource Tracking Mechanism (RRTM)</i></p> | <p>The Company proposes a RRTM to collect or credit differences between the value of resources included in Washington rates and eligible to comply with Washington's renewable portfolio standard, established in the Energy Independence Act, and the actual value of these resources used to serve Washington customers.</p> | | | | | | |
| <p><i>Depreciation Revenue Requirement Adjustments</i></p> | | | | | | | |
| <p>6.1 <i>Hydro Decommissioning</i></p> | <p>This adjustment adjusts the decommissioning expenditures through December 2014 based on the Company's most recent depreciation study, approved in Docket UE-130052. Decreases NOI by \$3,781. Decreases rate base by \$212,765. Exhibit No. NCS-3, Page 6.0 Totals, lines 30 and 57.</p> | | | | | | |
| <p>6.2-6.2.2 <i>Depreciation and Amortization Reserve to December 2013 Balance</i></p> | <p>This adjustment restates depreciation and amortization reserve balances from the December 2013 average-of-monthly-averages balance to the December 2013 period-end balance. Decreases rate base by \$6,526,993. Exhibit No. NCS-3, Page 6.0 Total, line 57.</p> | | | | | | |

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| <p>6.3-6.3.2 Depreciation Study and Annual Depreciation</p> | <p>This adjustment normalizes the depreciation expense and reserve to reflect the approved depreciation rates in Docket No. UE-130052. It also adjusts for the impact of capital additions that have been added to rate base in adjustment 8.4.</p> <p>Decreases NOI by \$1,249,180. Decreases rate base by \$1,249,180. Exhibit No. NCS-3, Pages 6.0 & 6.0.1, Totals, lines 30 and 57.</p> | | | | | | |
| <p>6.4 Vehicle Depreciation— Depreciation Study</p> | <p>This adjustment normalizes the vehicle depreciation expense to reflect the depreciation rates approved in Docket UE-130052.</p> <p>Increases NOI by \$74,724. Decreases rate base by \$143,764. Exhibit No. NCS-3, Page 6.0.1 Totals, lines 30 and 57.</p> | | | | | | |
| <p>Tax Revenue Requirement Adjustments</p> | | | | | | | |
| <p>Tab 7 of Exhibit No. NCS-3</p> | | | | | | | |
| <p>7.1 Interest True Up</p> | <p>This restating and pro forma adjustment details the adjustment to interest expense required to synchronize the test period expense with rate base. This is done by multiplying normalized Washington net rate base by the Company's weighted cost of debt in this case.</p> <p>Decreases NOI by \$87,526. Exhibit No. NCS-3, Page 7.0 Total, line 30.</p> | | | | | | |
| <p>7.2 Property Tax Expense</p> | <p>This adjustment normalizes the difference between per books accrued property tax expense and pro forma property tax expense.</p> <p>Decreases NOI by \$335,269. Exhibit No. NCS-3, Page 7.0 Total, line 30.</p> | | | | | | |

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| <p>7.3 <i>Renewable Energy Tax Credit Adjustment</i></p> | <p>The Company is entitled to recognize a federal income tax credit as a result of placing renewable generating plants in service. The tax credit is based on the kilowatt-hours generated by a qualified facility during the facility's first ten years of service. This pro forma adjustment reflects this credit based on the qualifying production as modeled in GRID for the pro forma net power cost study. Increases NOI by \$661,917. Exhibit No. NCS-3, Page 7.0 Total, line 30.</p> | | | | | | |
| <p>7.4 <i>PowerTax ADIT Balance</i></p> | <p>This adjustment reflects the accumulated deferred income tax balances for property on a jurisdictional basis as maintained in the PowerTax System. Decreases rate base by \$1,637,024. Exhibit No. NCS-3, Page 7.0 Total, line 57.</p> | | | | | | |
| <p>7.5 <i>Washington Low Income Tax Credit</i></p> | <p>This adjustment reflects the known and measurable change to the Public Utility Tax Credit for Low Income Home Energy Assistance Program (LIHEAP) for the 2014 authorized credit amount, per a July 2013 letter from the Washington Department of Revenue. Decreases NOI by \$25,873. Exhibit No. NCS-3, Page 7.0 Total, line 30.</p> | | | | | | |

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| <p>7.6-7.6.1 Washington Flow-Through Adjustment</p> | <p>This adjustment reflects the removal of the December 2013 balances for all non-property-related deferred taxes. The associated deferred tax expenses are removed as well. This in effect flows through to income the current tax impacts on these items. Increases NOI by \$407,649. Decreases rate base by \$9,662,969. Exhibit No. NCS-3, Page 7.0 & 7.0.1, Totals, lines 30 and 57.</p> | | | | | | |
| <p>7.7 Remove Deferred State Tax Expense and Balance</p> | <p>The Company's per books provision for deferred income tax and the balance for accumulated deferred income tax are computed using the Company's blended federal and state statutory tax rate. State income taxes are a system cost for the Company that is not recoverable in Washington. Accordingly, after all adjustments are made to income taxes, this final adjustment is made to remove state income tax from the adjusted test year. Increases NOI by \$493,727. Increases rate base by \$246,864. Exhibit No. NCS-3, Page 7.0.1 Totals, line 30 and 57.</p> | | | | | | |
| <p>7.8 Washington Public Utility Tax Adjustment</p> | <p>This adjustment recalculates the Washington Public Utility Tax expense based on the normalized revenues included in the Company's initial filing, as outlined in adjustments 3.1, 3.2, and 3.3. Increase NOI by \$524,709. Exhibit No. NCS-3, Page 7.0.1 Total, line 30.</p> | | | | | | |

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| <i>Rate Base Revenue Requirement Adjustments</i> <i>Tab 8 of Exhibit No. NCS-3</i> | | | | | | | |
| 8.1 Jim Bridger Mine Rate Base | PacifiCorp owns a two-thirds interest in the Bridger Coal Company (BCC), which supplies coal to the Jim Bridger generating plant. The Company's investment in BCC is recorded on the books of Pacific Minerals, Inc. (PMI), a wholly-owned subsidiary. Because of this ownership arrangement, the coal mine investment is not included in Account 101—Electric Plant in Service. This restating adjustment is necessary to properly reflect the BCC plant investment based on actual balances as of December 30, 2013. Decreases NOI by \$138,615. Increases rate base by \$26,734,872. Exhibit No. NCS-3, Page 8.0 Totals, lines 30 and 57. | | | | | | |

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| <p>8.2 <i>Environmental Remediation</i></p> | <p>On April 27, 2005, in Docket UE-031658, the Commission authorized the Company to defer costs prudently incurred in connection with its environmental remediation program. Additional costs of existing projects expected to exceed \$3 million system-wide and incurred from October 13, 2003 (the date the petition was submitted) through fiscal year 2005 are to be deferred and amortized over a 10-year period. Currently, only one project—the Third West Substation Cleanup—can be deferred. This restating adjustment removes the balance and amortization from FERC accounts 182.391 and 925, except for the Third West Substation Cleanup, and then adds back the cost for small remediation projects that cannot be deferred under the Commission's 2005 order. Decreases NOI by \$171,517. Decreases rate base by \$250,034. Exhibit No. NCS-3, Page 8.0 Totals, lines 30 and 57.</p> | | | | | | |
| <p>8.3 <i>Customer Advances for Construction</i></p> | <p>Customer advances for construction are booked into FERC account 252. When they are booked, the entries do not reflect the proper allocation. This adjustment corrects the allocation of customer advances for construction in the account. Decreases rate base by \$481,414. Exhibit No. NCS-3, Page 8.0 Total, line 57.</p> | | | | | | |

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| <p>8.4-8.4.1 Pro Forma Major Plant Additions</p> | <p>This adjustment places into rate base west-side plant additions greater than \$250k on a Washington-allocated basis from January 2014 to March 2015 using ending balances. This adjustment also incorporates the associated depreciation expense and accumulated reserve impacts. Decreases NOI by \$633,488. Increases rate base by \$37,099,265. Exhibit No. NCS-3, Page 8.0 Total, lines 30 and 57.</p> | | | | | | |
| <p>8.5-8.5.1 Miscellaneous Rate Base</p> | <p>This restating adjustment removes prepayments and other miscellaneous rate base balances from results as directed by the Commission in Docket UE-100749. Decreases rate base by \$23,721,364. Exhibit No. NCS-3, Pages 8.0 & 8.0.1, Total, line 57.</p> | | | | | | |

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| <p>8.6 <i>Powerdale Hydro Removal</i></p> | <p>As authorized in Docket UE-070624, the unrecovered plant balance associated with the Powerdale hydro plant was transferred to a regulatory asset and amortized over three years. The Powerdale unrecovered plant regulatory asset was fully amortized in December 2010. The Company began amortizing the decommissioning regulatory asset in April 2011 as authorized in Dockets UE-100749 and UE-111190. This adjustment removes the December 2013 operating expense and asset balance associated with the decommissioning of Powerdale and imputes the 12 months ending December 2014 amortization expense and asset balances. Decreases NOI by \$58,361. Increases rate base by \$97,700. Exhibit No. NCS-3, Page 8.0.1 Totals, lines 30 and 57.</p> | | | | | | |
| <p>8.7 <i>Removal of Colstrip #4 AFUDC</i></p> | <p>This restating adjustment removes AFUDC from electric plant in service for the period that Colstrip construction work in progress (CWIP) was allowed in rate base. This treatment was authorized in Cause U-81-17 and has been included in all the Company's rate case filings since July 1984. Increases NOI by \$17,991. Decreases rate base by \$360,049. Exhibit No. NCS-3, Page 8.0.1 Totals, lines 30 and 57.</p> | | | | | | |

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| ISSUE | PACIFIC POWER Initial Filing | COMMISSION STAFF | PUBLIC COUNSEL | BOISE WHITE PAPER | THE ENERGY PROJECT | THE ALLIANCE FOR SOLAR CHOICE | WALMART |
|---|---|---------------------|-------------------|----------------------|-----------------------|-------------------------------------|---------|
| <p>8.8 <i>Trojan Unrecovered Plant</i></p> | <p>This adjustment removes the Trojan amortization expense, balances, and tax impacts from the test period as ordered by the Commission in Docket UE-991832. Decreases NOI by \$99,762. Decreases rate base by \$83,643. Exhibit No. NCS-3, Page 8.0.1 Totals, lines 30 and 57.</p> | | | | | | |
| <p>8.9 <i>Customer Service Deposits</i></p> | <p>This adjustment includes customer service deposits as a reduction to rate base. It also reflects the interest paid on the customer service deposits. This adjustment was accepted by the Washington Commission in its final order in Docket UE-061546 and has been included in all subsequent filings. Decreases NOI by \$2,710. Decreases rate base by \$3,361,134. Exhibit No. NCS-3, Page 8.0.1 Totals, lines 30 and 57.</p> | | | | | | |
| <p>8.10 <i>Regulatory Asset Amortization</i></p> | <p>The Chehalis Regulatory Asset was set up in December 2009 in accordance with Docket UE-090205. The general business revenues charged when the regulatory asset was amortized were removed from unadjusted results in revenue adjustment 3.2. This adjustment recognizes the amortization of the regulatory asset for the 12 months ended December 2013. Decreases NOI by \$1,950,000. Exhibit No. NCS-3, Page 8.0.1 Total, line 30.</p> | | | | | | |

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|--|--|------------------|----------------|-------------------|--------------------|-------------------------------|---------|
| <p>8.11 <i>Miscellaneous Asset Sales and Removals</i></p> | <p>This adjusts the Company's filing for various assets that were sold or removed, including the sale of Snake Creek hydroelectric plant to Heber Light and Power Company, the removal of Desert Power's portion of the Hunter unit 2 scrubber and turbine upgrade, the decommissioning of the Condit hydroelectric plant, and the sale of St. Anthony Hydro plant in Idaho. Increases NOI by \$236,963. Exhibit No. NCS-3, Page 8.0.1 Total, line 30.</p> | | | | | | |
| <p>8.12-8.12.6 <i>Adjust Average of Monthly Averages (AMA) to Year-End Plant Balances as of December 31, 2013</i></p> | <p>This adjustment walks the plant balances from December 2013 AMA to December 2013 year-end balances. The associated accumulated reserve impacts are accounted for in adjustment 6.2. Increases rate base by \$22,392,711. Exhibit No. NCS-3, Page 8.0.2 Total, line 57.</p> | | | | | | |
| <p>8.13 <i>Investor Supplied Working Capital</i></p> | <p>This restating adjustment adds cash working capital using the Commission-approved Investor Supplied Working Capital Model (ISWC). Increases rate base by \$31,018,483. Exhibit No. NCS-3, Page 8.0.3 Total, line 57.</p> | | | | | | |

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|--|---|---------------------|-------------------|----------------------|-----------------------|-------------------------------------|---------|
| <i>Production Factor Revenue Requirement Adjustments</i> | | | | | | | |
| <i>Tab 9 of Exhibit No. NCS-3</i> | | | | | | | |
| 9.1-9.1.1 Production Factor | The production factor is a means of adjusting the production component of the revenue requirement to test year expense and balance levels. The production factor has been calculated by dividing Washington's normalized historical retail load by the Washington pro forma load for the rate effective period. This factor is then applied to pro forma net power cost and pro forma major plant addition revenue requirement components. Decreases NOI by \$650,291. Increases rate base by \$286,777. Exhibit No. NCS-3, Page 9.0 Totals, lines 30 and 57. | | | | | | |
| Total Adjustments | | | | | | | |
| | Increase in NOI of \$7,928,029. Increase in rate base of \$61,369,071. Exhibit No. NCS-3, page 2.2, column "Washington Adjustments," lines 33 and 61. | | | | | | |
| Normalized Results of Operations | NOI of \$48,317,807. Rate base of \$849,625,443. Exhibit No. NCS-3, page 1.0, column 5, lines 30 and 57. | | | | | | |

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|---|---|---------------------|-------------------|----------------------|-----------------------|-------------------------------------|---------|
| <p><i>Other Issues</i></p> <p><i>Low Income Bill Assistance</i></p> | <p>The Company proposes (1) to increase the number of participants from 5,192 to 5,428 via two-year certification, (2) to increase the eligibility certification fee paid to community action agencies, (3) to increase participant benefit by 19 percent, which is two times the residential general rate increase, and (4) a reduced monthly customer charge.</p> <p>Exhibit No. ___ (JRS-1T) at 26-28 and Exhibit No. ___ (JRS-1I) page 1.</p> | | | | | | |
| <p><i>Cost of Service Study</i></p> | <p>The Company proposes the same peak credit method calculation filed in Docket UE-130043 using a west control area system diversified load factor (SDLF), which results in 43 percent of generation and transmission costs classified as demand related.</p> | | | | | | |
| <p><i>Electric Rate Spread</i></p> | <p>The Company proposes to allocate: (1) a below-average increase to the rate schedules where the cost of service study indicates a significantly smaller revenue increase (an increase of 4.2 percent for Schedules 24, 40, and lighting schedules); (2) an increase of 9.5 percent to all other schedules.</p> | | | | | | |

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| <i>Electric Rate Design</i> | <p>The Company proposes to unbundle rates by functional category. For the monthly residential basic charge, the Company proposes an increase from \$7.75 to \$14.00 per month, with an exception for Schedule 17, with which would see an increase in the basic charge from \$7.75 to \$8.75. The remainder of the allocated increase will be recovered through the current two-block energy charges. For General Service Schedule 24, the Company proposes to increase the customer charge and load size charges to recover half of the distribution costs, with the remaining increase applied to demand and energy charges. For General Service Schedules 36 and 48, the Company proposes a larger increase to the load size and demand charges based on the results of the cost of service study. Other charges in Schedule 36 and 48 have been increased on a uniform basis to recover the balance of the allocated increase to each schedule. For Schedule 40 and lighting schedules, the Company proposes to apply a uniform percentage increase to all billing elements.</p> | | | | | | |
| <i>Colstrip Deferral</i> | <p>Docket UE-131384 (consolidated with Docket UE-140762). The Company filed a petition for an accounting order authorizing the Company to defer its costs for repair and replacement purchased power for an outage at unit 4 of the Colstrip generating plant. The Company requests that the deferral of these costs, as well as the prudence and amortization of these costs, be addressed in the 2014 rate case.</p> | | | | | | |

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|---------------------------------------|--|---------------------|-------------------|----------------------|-----------------------|-------------------------------------|---------|
| <i>Low Hydro Deferral</i> | <p>Docket UE-140094 (consolidated with Docket UE-140762). The Company filed a petition for an accounting order authorizing the Company to defer its costs associated with significant declines in hydro generation due to abnormally dry weather conditions and low water availability. The Company requests that the deferral of these costs, as well as the prudence and amortization of these costs, be addressed in the 2014 rate case.</p> | | | | | | |
| <i>Depreciation Deferral</i> | <p>In Docket UE-132350, the Commission approved the Company's request to defer the reduction in depreciation expense related to the difference between the depreciation rates approved in Docket UE-130052 (the Company's 2013 depreciation study) and the depreciation rates reflected in the Company's 2013 general rate case (Docket UE-130043). The Company requests amortization of the deferred amounts as part of the 2014 rate case.</p> | | | | | | |
| <i>Merwin Fish Collector Deferral</i> | <p>Docket UE-140617 (consolidated with Docket UE-140762). The Commission approved deferred accounting of the full revenue requirement associated with the Merwin Fish Collector, a fish passage project mandated by the FERC licenses for the Lewis River hydroelectric project. The Company requests a prudence review and amortization of the deferred amounts as part of the 2014 rate case.</p> | | | | | | |

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| <i>Changes to Schedule 300</i> | <p>The Company proposes changes to the following charges:</p> <ul style="list-style-type: none"> • Connection Charge: Change from \$75 to \$160 for weekdays after business hours and from \$175 to \$295 for weekends and holidays. • Reconnection Charge: Change from \$25 to \$50 for business hours, \$50 to \$175 for weekdays after business hours, and from \$75 to \$310 on weekends and holidays. • Unauthorized Reconnection/Tampering Charge: Change from \$75 to \$110. <p>The Company proposes the following changes to the Facilities Charge in Schedule 300:</p> <ul style="list-style-type: none"> • Distribution facilities: Change from 1.67 percent on facilities installed at the Company's expense and 0.67 percent on facilities installed at customer's expense to 1.2 percent and 0.6 percent, respectively. • For transmission facilities: Proposed charges of 0.9 percent on facilities installed at the Company's expense and 0.3 percent on facilities installed at customer's expense. | | | | | | |

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|--|---|---------------------|-------------------|----------------------|-----------------------|-------------------------------------|---------|
| <i>Changes to Tariff Rules and Regulations</i> | <p>The Company proposes changes to Rule 8, Metering, to address options available for a customer who prefers a non-radio frequency meter rather than the standard customer meter.</p> <p>The Company proposes additional language to Section B of Rule 11D, Field Visit Charge, to include customer actions that prevent Company personnel from performing intended disconnection or reconnection of service.</p> <p>The Company proposes to add language to Rule 11D to specify that customers are responsible for paying the collection agency costs associated with the collection of unpaid debt.</p> | | | | | | |