

Exh. RF-5  
Docket UE-19\_\_\_\_  
Witness: Ryan Fuller

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-19\_\_\_\_

**PACIFICORP**

**EXHIBIT OF RYAN FULLER**

**Impact of Flow-Through Accounting**

**December 2019**

**PACIFICORP**

<b>Item</b>	<b>Ref.</b>	<b>Amount</b>
Revenue Requirement Impact of Non-Property Related Temporary Book-Tax Differences	(RF-5), Pg. 2	(817,098)
Revenue Requirement Impact of Property Related Temporary Book-Tax Differences	(RF-5), Pg. 5	778,971
<b>Total Revenue Requirement Impact of Normalization vs. Flow-Through</b>		<b>(38,127)</b>

**PACIFICORP**

Revenue Requirement Impact of Non-Property Related Temporary Book-Tax Differences			
Item	Deferred		Accum. Deferred
	Income Tax Expense	Income Taxes	Total
Test Period Amount	(690,939)	1,061,157	
Net-to-Gross Bump-Up / Pre-Tax Return on Rate Base	1,327,757	0,094,520	
<b>Revenue Requirement Impact</b>	<b>(917,399)</b>	<b>100,301</b>	<b>(817,098)</b>

Weighted Average Cost of Capital: 2010 WA GRC			
Item	Capital Structure	Embedded Cost	Weighted Cost
	DEBT	47.44%	4.92%
PREFERRED	0.01%	6.75%	0.001%
COMMON	52.55%	10.20%	5.360%
<b>TOTAL</b>	<b>100.000%</b>		<b>7.695%</b>

Item	Tax Gross-Up		Pre-Tax Cost
	Tax Gross-Up	Pre-Tax Cost	
DEBT	1,000,000	2,334%	2.334%
PREFERRED	1,327,757	0.001%	0.001%
COMMON	1,327,757	5.360%	7.117%
<b>TOTAL</b>		<b>7.695%</b>	<b>9.452% A</b>

**PACIFICORP**

Book-Tax Difference		
Description	#	Amount
PP&E Tax Adjustment - CAGW	-----	(1,115,782)
PP&E Tax Adjustment - CAGW	-----	558,781
PP&E Tax Adjustment - CN	-----	(12,430)
PP&E Tax Adjustment - JBG	-----	(15,646,352)
PP&E Tax Adjustment - JBG	-----	2,167,649
PP&E Tax Adjustment - SG	-----	31,201
PP&E Tax Adjustment - SG	-----	5,137,275
PP&E Tax Adjustment - SO	-----	112,145
PP&E Tax Adjustment - WA	-----	79,214
Capitalized labor and benefit costs	105.100	(32,741)
Depreciation Flow-Through (WA)	105.115	1,090,648
ARAM - WA - PMI - Federal only	105.115	(338,140)
RSGM Amortization - WA Federal only	105.115	(6,388,666)
Repowering Flowthrough (WA)	105.115	843
New Wind Flowthrough (WA)	105.115	2,438
Book Depreciation	105.120	(13,370,395)
Book Depreciation - PMI	105.121	(923,205)
Repair Deduction	105.122	2,817,060
Tax Depreciation	105.125	13,753,029
Tax Depreciation - PMI	105.126	345,880
CIAC	105.130	(1,631,132)
Capitalized Depreciation	105.137	98,488
Reimbursements	105.140	(33,238)
AFUDC - Debt	105.141	380,148
AFUDC - Equity	105.141	738,325
Avoided Costs	105.142	(617,762)
Gain / (Loss) on Prop. Disposition	105.152	269,870
Contract Liability Basis Adjustment - Chehalis Mitigation Obligation	105.153	(6,622)
Coal Mine Extension Costs - PMI	105.171	36,600
Removal Costs	105.175	825,947
Book Gain/Loss on Property Disposition	105.470	26,006
WA Accelerated Depreciation	415.710	(4,282,521)
Bridger Coal Company Gain/Loss on Assets Disposed	610.111	7,165
WA Low Energy Program	610.143	316,801
Solar ITC Basis Adjustment	-----	306
Eliminate State Income Tax Expense (Account 283)	-----	1,294,850
<b>Deferred Income Tax Expense: Property &amp; Other</b>		<b>(14,308,317)</b>
Basis Intangible Difference	105.143	3,670
PMI-Fuel Cost Adjustment	205.025	88,148
Inventory Reserve	205.200	24,515
Inventory Reserve - PMI	205.205	7,157
Sec. 263A Inventory Change - PMI	205.411	(292,371)
Other Prepaid	210.180	(13,522)
Prepaid Aircraft Maintenance Costs	210.185	243
Property Taxes - Lien Date	210.200	9,739
Bad Debt Allowances	220.100	(12,266)
Transmission Service Deposit	415.110	(29,189)
Insurance Receivable Accruals	415.815	(3,772)
Unearned Joint Use Pole Contact Revenue	425.215	(348)
Hermiston Swap	425.360	(9,108)
Accrued Bonus	505.400	3,433
Vacation Accrual - PMI	505.510	614
Accrued Vacation	505.600	(7,726)
Sick Leave Accrual- PMI	505.601	(42)
Accrued Retention	505.700	9,807
Coal Mine Development - PMI	610.000	4,728
PMI Devt Cost Amort	610.100	(21,076)
Amortization NOPAs 99-00 RAR	610.100N	637
PMI EITF04-06 Pre-Stripping Cost	610.114	(183,177)
MCI FOG Wire Lease	715.105	8,950
Chehalis WA EFSEC C02 Mitigation Obligation	715.810	6,622
Deferred Compensation Plan Benefits - PPL	720.200	(1,150)
Pension / Retirement Accrual	720.300	2,365
Accrued Severance	720.500	4,241
Post Merger Loss - Reacquired Debt	740.100	(8,757)
Contra Receivable from Joint Owners	910.245	4,238
Injuries & Damages Reserve	910.530	(169,978)
Bridger Coal Company Underground Mine Cost Depletion	910.905	(52,166)
Bridger Coal Company Extraction Taxes Payable - PMI	920.110	(17,923)
Repowering Deferral	-----	(140,894)
Renewable Energy Credits Deferral	-----	(24,587)
Eliminate State Income Tax Expense	-----	118,006
<b>Deferred Income Tax Expense: Non-Property</b>		<b>(690,939)</b> (RF-5), Pg. 2
<b>Total Deferred Income Tax Expense</b>		<b>(14,999,256)</b>

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Account		Book Tax Difference		
SAP	FERC	Description	#	Amount
287206	190.1	WA - Accelerated Depreciation	415.710	10,706,303
287487	190.1	Depreciation Decrease Deferral - WA	415.927	(1,635)
287726	190.1	Book Depreciation - PMI	105.121	(3,131,039)
-----	282.1	PP&E Tax Adjustment - CAGW	-----	2,106,041
-----	283.1	PP&E Tax Adjustment - CN	-----	6,215
-----	282.1	PP&E Tax Adjustment - JBG	-----	9,086,341
-----	282.1	PP&E Tax Adjustment - SG	-----	(5,873,055)
-----	282.1	PP&E Tax Adjustment - SO	-----	(168,477)
-----	282.1	PP&E Tax Adjustment - WA	-----	(233,703,481)
287607	282.1	Regulatory Adjustment: Effects of Ratemaking - Fixed Assets - PMI - Fed Only	-----	(1,813,371)
287374	190.1	WA Flow Through - Non Property	100.105	123,720
-----	190.1	Eliminate State Income Tax Expense	-----	(1,132,737)
<b>Washington Allocated Property Related Accumulated Deferred Income Tax Asset / (Liability)</b>				<b>(222,662,438)</b>
287704	282.1	Basis Intangible Difference	105.143	(72,375)
287482	190.1	PMI-Fuel Cost Adjustment	205.025	114,967
287936	283.1	PMI-Fuel Cost Adjustment	205.025	(5,069)
287415	190.1	Inventory Reserve	205.200	44,619
287938	190.1	Inventory Reserve - PMI	205.205	2,621
287723	190.1	Sec. 263A Inventory Change - PMI	205.411	(127,259)
287669	283.1	Other Prepaid	210.180	(63,199)
287907	283.1	Prepaid Aircraft Maintenance Costs	210.185	(373)
287708	283.1	Property Taxes - Lien Date	210.200	(230,854)
287340	190.1	Bad Debt Allowances	220.100	318,772
287338	190.1	Transmission Service Deposit	415.110	26,266
287970	283.1	Insurance Receivable Accruals	415.815	(1,366)
287370	190.1	Unearned Joint Use Pole Contact Revenue	425.215	43,036
287661	283.1	Hermiston Swap	425.360	(160,158)
287323	190.1	Accrued Bonus	505.400	17,234
287722	190.1	Vacation Accrual - PMI	505.510	48,855
287332	190.1	Accrued Vacation	505.600	453,526
287937	190.1	Sick Leave - PMI	505.601	2,539
287414	190.1	Accrued Retention	505.700	24,556
287706	283.1	Coal Mine Development - PMI	610.000	(93,752)
287766	282.1	Amortization NOPAs 99-00 RAR	610.100N	4,668
287720	190.1	PMI Devt Cost Amort	610.100	(138,844)
287302	190.1	PMI EITF04-06 Pre-Stripping Cost	610.114	269,642
287337	190.1	MCI FOG Wire Lease	715.105	22,695
287219	190.1	Chehalis WA EFSEC C02 Mitigation Obligation	715.810	30,337
287324	190.1	Deferred Compensation Plan Benefits - PPL	720.200	142,117
287327	190.1	Pension / Retirement Accrual	720.300	28,366
287326	190.1	Accrued Severance	720.500	17,781
287675	283.1	Post Merger Loss-Reacq Debt - Addback	740.100	(68,195)
287214	190.1	Contra Receivable from Joint Owners	910.245	28,047
287341	190.1	Injuries & Damages Reserve	910.530	222,067
287735	190.1	Bridger Coal Company Underground Mine Cost Depletion	910.905	(229,154)
287681	190.1	Bridger Coal Company Extraction Taxes Payable - PMI	920.110	487,538
287371	190.1	OR BETC	930.100	143,056
287491	190.1	BETC Generated Credits	930.100	404,311
-----	190.1	Repowering Deferral	-----	70,447
-----	190.1	Renewable Energy Credits Deferral	-----	12,294
-----	190.1	Eliminate State Income Tax Expense	-----	(728,602)
<b>Washington Allocated Non-Property Related Accumulated Deferred Income Tax Asset / (Liability)</b>				<b>1,061,157</b> (RF-5), Pg. 2
<b>Washington Allocated Total Accumulated Deferred Income Tax Asset / (Liability)</b>				<b>(222,734,018)</b>

Schedule M Type	Tax Year Ended December 31, 2019: FLOW-THROUGH				Current Deferred Tax At Statutory	Excess Debit / (Credit)
	Current Book-Tax Difference	Current Allocated Book-Tax Difference	Normalized	Current Deferred Tax		
ACRS Fed	226,344,569	21,456,000	21,456,000	5,275,301	0	
AFUDC Debit Fed	34,660,634	3,622,119	3,622,119	890,556	(890,556)	
AFUDC Debit Fed_INTANG	18,867	1,499	1,499	369	(369)	
AFUDC Equity Fed	69,089,035	7,226,281	7,226,281	1,776,697	(1,776,697)	
AFUDC Equity Fed_INTANG	38,537	3,062	3,062	753	(753)	
Avoid_Cost_Fed	(38,496,767)	(4,079,662)	(4,079,662)	(1,003,050)	0	
CAP LABOR-M&E	251,059	22,457	22,457	0	0	
Capitalized Sick Leave	(7,515,063)	(672,229)	(672,229)	(165,278)	165,278	
CIAC Fed	(108,678,024)	(10,266,586)	(10,266,586)	(2,524,204)	0	
Tax Only	(834,523)	(54,559)	(54,559)	(13,414)	13,414	
Unprotected Repair Deduct	138,640,555	8,533,458	8,533,458	2,098,087	0	
<b>Subtotal: Property-Related Flow-Through</b>	<b>313,518,879</b>	<b>10,146,630</b>	<b>15,643,210</b>	<b>6,335,817</b>	<b>(2,489,683)</b>	

Schedule M Type	Tax Year Ended December 31, 2019: NORMALIZED				Current Deferred Tax At Statutory	Excess Debit / (Credit)
	Current Book-Tax Difference	Current Allocated Book-Tax Difference	Normalized	Current Deferred Tax		
ACRS Fed	226,344,569	21,456,000	21,456,000	5,275,301	0	
AFUDC Debit Fed	34,660,634	3,622,119	3,622,119	890,556	0	
AFUDC Debit Fed_INTANG	18,867	1,499	1,499	369	0	
AFUDC Equity Fed	69,089,035	7,226,281	7,226,281	1,776,697	(1,776,697)	
AFUDC Equity Fed_INTANG	38,537	3,062	3,062	753	(753)	
Avoid_Cost_Fed	(38,496,767)	(4,079,662)	(4,079,662)	(1,003,050)	0	
CAP LABOR-M&E	251,059	22,457	22,457	0	0	
Capitalized Sick Leave	(7,515,063)	(672,229)	(672,229)	(165,278)	0	
CIAC Fed	(108,678,024)	(10,266,586)	(10,266,586)	(2,524,204)	0	
Tax Only	(834,523)	(54,559)	(54,559)	(13,414)	0	
Unprotected Repair Deduct	138,640,555	8,533,458	8,533,458	2,098,087	0	
<b>Subtotal: Property-Related Flow-Through</b>	<b>313,518,879</b>	<b>7,229,343</b>	<b>18,562,497</b>	<b>6,335,817</b>	<b>(1,777,450)</b>	

Schedule M Type	Tax Year Ended December 31, 2019: DIFFERENCE				Current Deferred Tax At Statutory	Excess Debit / (Credit)
	Current Book-Tax Difference	Current Allocated Book-Tax Difference	Normalized	Current Deferred Tax		
ACRS Fed	0	0	0	0	0	
AFUDC Debit Fed	0	(3,622,119)	3,622,119	890,556	890,556	
AFUDC Equity Fed	0	(1,499)	1,499	369	369	
Avoid_Cost_Fed	0	0	0	0	0	
Cap Labor-M&E/Medicare	0	0	0	0	0	
Cap Tax Depr	0	0	0	0	0	
Capitalized Sick Leave	0	(22,457)	22,457	0	0	
CIAC Fed	0	672,229	(672,229)	(165,278)	(165,278)	
Coal_Exc_Dev_Fed	0	0	0	0	0	
Highway Reloc Section 174	0	54,559	(54,559)	(13,414)	(13,414)	
<b>Subtotal: Property-Related Flow-Through</b>	<b>0</b>	<b>(2,919,287)</b>	<b>2,919,287</b>	<b>712,233</b>	<b>712,233</b>	

Item	Flow-Through		Normalized	Current Deferred Tax At Statutory	Difference
	Flow-Through	Normalized			
Total Increase to Income Tax Expense (Federal & State)	712,233	712,233	0	0	712,233
Less: State Income Tax Expense	(103,898)	(103,898)	0	0	(103,898)
<b>Total Increase to Income Tax Expense (Federal Only)</b>	<b>608,335</b>	<b>608,335</b>	<b>0</b>	<b>0</b>	<b>608,335</b>
Net-to-Gross Bump-Up	1,327,757	1,327,757	1,327,757	0	807,721
<b>Revenue Requirement Increase for Income Tax Expense</b>	<b>807,721</b>	<b>807,721</b>	<b>0</b>	<b>0</b>	<b>807,721</b>
Total Increase to Net Accumulated Deferred Income Tax Liability	(608,335)	(608,335)	0	0	(608,335)
Beginning/Ending Average	(304,166)	(304,166)	0	0	(304,166)
Pre-Tax Return on Rate Base	9,452%	9,452%	9,452%	0	9,452%
<b>Revenue Requirement Decrease for Rate Base</b>	<b>(28,750)</b>	<b>(28,750)</b>	<b>0</b>	<b>0</b>	<b>(28,750)</b>
<b>Total Increase to Revenue Requirement</b>	<b>778,971</b>	<b>778,971</b>	<b>0</b>	<b>0</b>	<b>778,971</b>