

PACIFICORP
State of Washington - Electric Utility
Actual, Adjusted & Normalized Results of Operations
Twelve Months Ended March 2003

	(1) Unadjusted Results	(2) Normalizing Adjustments	(3) Total Normalized Results	(4) Price Change	(5) Results with Price Change
1 Operating Revenues:					
2 General Business Revenues	183,665,820	14,923,279	198,589,099	25,658,815	224,247,913
3 Interdepartmental	-	-	-		
4 Special Sales	91,649,561	4,382,826	96,032,387		
5 Other Operating Revenues	15,886,737	(7,610,916)	8,275,821		
6 Total Operating Revenues	291,202,118	11,695,189	302,897,307		
7					
8 Operating Expenses:					
9 Steam Production	52,595,514	(1,684,585)	50,910,929		
10 Nuclear Production	-	-	-		
11 Hydro Production	3,665,965	1,750,222	5,416,187		
12 Other Power Supply	90,080,690	14,619,187	104,699,877		
13 Transmission	8,650,088	(625,459)	8,024,629		
14 Distribution	6,969,552	(22,260)	6,947,292		
15 Customer Accounting	7,948,906	(1,351,828)	6,597,079	161,112	6,758,191
16 Customer Service & Info	213,426	774	214,200		
17 Sales	50,208	-	50,208		
18 Administrative & General	24,260,614	498,429	24,759,043		
19 Total O&M Expenses	194,434,965	13,184,479	207,619,444		
20 Depreciation	31,484,127	(2,263,168)	29,220,959		
21 Amortization	4,614,592	(172,412)	4,442,180		
22 Taxes Other Than Income	8,663,499	152,063	8,815,562	1,070,255	9,885,817
23 Income Taxes - Federal	16,537,295	(9,096,637)	7,440,658	8,161,455	15,602,113
24 Income Taxes - State	2,958,545	(1,368,312)	1,590,233	1,109,006	2,699,239
25 Income Taxes - Def Net	(4,950,948)	12,924,204	7,973,256		
26 Investment Tax Credit Adj.	-	-	-		
27 Misc Revenue & Expense	(271,678)	(328,445)	(600,123)		
28 Total Operating Expenses:	253,470,398	13,031,772	266,502,169	10,501,827	277,003,997
29					
30 Operating Rev For Return:	37,731,720	(1,336,583)	36,395,137	15,156,987	51,552,125
31					
32 Rate Base:					
33 Electric Plant In Service	1,050,634,133	(5,682,525)	1,044,951,608		
34 Plant Held for Future Use	186,926	(87,309)	99,617		
35 Misc Deferred Debits	19,798,675	(4,898,038)	14,900,636		
36 Elec Plant Acq Adj	8,826,303	-	8,826,303		
37 Nuclear Fuel	-	-	-		
38 Prepayments	1,334,684	-	1,334,684		
39 Fuel Stock	4,068,814	(171)	4,068,642		
40 Material & Supplies	6,613,137	-	6,613,137		
41 Working Capital	6,657,622	(2,274,721)	4,382,901		
42 Weatherization Loans	2,643,691	-	2,643,691		
43 Misc Rate Base	1,499,446	(1,469,297)	30,149		
44 Total Electric Plant:	1,102,263,431	(14,412,062)	1,087,851,370	-	1,087,851,370
45					
46 Rate Base Deductions:					
47 Accum Prov For Deprec	(414,916,297)	11,660,306	(403,255,991)		
48 Accum Prov For Amort	(20,423,834)	-	(20,423,834)		
49 Accum Def Income Tax	(64,317,721)	6,957,021	(57,360,701)		
50 Unamortized ITC	(2,595,292)	(39,284)	(2,634,576)		
51 Customer Adv For Const	(38,641)	-	(38,641)		
52 Customer Service Deposits	-	(1,029,605)	(1,029,605)		
53 Misc Rate Base Deductions	(10,784,008)	(2,680,835)	(13,464,843)		
54					
55 Total Rate Base Deductions	(513,075,794)	14,867,603	(498,208,191)	-	(498,208,191)
56					
57 Total Rate Base:	589,187,637	455,541	589,643,178	-	589,643,178
58					
59 Return on Rate Base	6.404%		6.172%		8.743%
60 Return on Equity	6.282%	-0.492%	5.790%		11.250%
61					
62 TAX CALCULATION:					
63 Operating Revenue	52,276,613	1,122,672	53,399,285	24,427,448	77,826,733
64 Other Deductions	-	-	-		
65 Interest (AFUDC)	-	-	-		
66 Interest	20,868,239	(1,104,840)	19,763,399		19,763,399
67 Schedule "M"	18,799,586	(32,366,551)	(13,566,964)		(13,566,964)
68 Income Before Tax	50,207,961	(30,139,039)	20,068,922	24,427,448	44,496,370
69					
70 State Income Taxes	2,958,545	(1,368,312)	1,590,233	1,109,006	2,699,239
71 Taxable Income	47,249,415	(28,770,727)	18,478,689	23,318,442	41,797,131
72					
73 Federal Income Taxes + Other	16,537,295	(9,096,637)	7,440,658	8,161,455	15,602,113

	8.9	4.11	4.14	5.1	4.2	8.13	4.4
	Update Hydro Relicensing	Union Incentive	Update International Assignee Adjustment	Update Net Power Costs	Employee Benefits	Customer Deposits	Remove SB 1149 Implementation Costs
	Total Normalized						
1 Operating Revenues:							
2 General Business Revenues	-	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-	-
4 Special Sales	(545,645)	-	-	(545,645)	-	-	-
5 Other Operating Revenues	-	-	-	-	-	-	-
6 Total Operating Revenues	(545,645)	-	-	(545,645)	-	-	-
7							
8 Operating Expenses:							
9 Steam Production	(767,488)	-	(145,724)	(621,764)	-	-	-
10 Nuclear Production	-	-	-	-	-	-	-
11 Hydro Production	(13,149)	-	(13,149)	-	-	-	-
12 Other Power Supply	159,006	-	(881)	261,780	-	-	-
13 Transmission	(74,182)	-	(83,616)	9,434	-	-	-
14 Distribution	(126,552)	-	(126,552)	-	-	-	-
15 Customer Accounting	(15,466)	-	(15,466)	-	-	-	-
16 Customer Service & Info	-	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-	-
18 Administrative & General	2,053	-	(1,499)	685,973	(586,361)	-	(66,907)
19 Total O&M Expenses	(835,779)	-	(386,887)	685,973	(586,361)	-	(66,907)
20 Depreciation	-	-	-	-	-	-	-
21 Amortization	-	-	-	-	-	-	-
22 Taxes Other Than Income	-	-	-	-	-	-	-
23 Income Taxes: Federal	167,949	-	129,263	(229,191)	(65,183)	195,909	(4,059)
24 State	22,821	-	17,565	(31,143)	(8,857)	26,621	(552)
25 Deferred Income Taxes	-	-	-	-	-	-	-
26 Investment Tax Credit Adj.	-	-	-	-	-	-	-
27 Misc Revenue & Expense	12,149	-	-	-	-	12,149	-
28 Total Operating Expenses:	(632,860)	-	(240,059)	425,640	(424,591)	(363,831)	7,538
29							
30 Operating Rev For Return:	87,215	-	240,059	(425,640)	(121,054)	363,831	(7,538)
31							
32 Rate Base:							
33 Electric Plant In Service	-	-	-	-	-	-	-
34 Plant Held for Future Use	-	-	-	-	-	-	-
35 Misc Deferred Debits	(1,516,298)	-	-	-	-	-	-
36 Elec Plant Acq Adj	-	-	-	-	-	-	-
37 Nuclear Fuel	-	-	-	-	-	-	-
38 Prepayments	-	-	-	-	-	-	-
39 Fuel Stock	-	-	-	-	-	-	-
40 Material & Supplies	-	-	-	-	-	-	-
41 Working Capital	(4,097,593)	-	-	-	-	-	-
42 Weatherization Loans	-	-	-	-	-	-	-
43 Misc Rate Base	-	-	-	-	-	-	-
44 Total Electric Plant:	(5,613,891)	-	-	-	-	-	-
45							
46 Deductions:							
47 Accum Prov For Deprec	(60,148)	(60,148)	-	-	-	-	-
48 Accum Prov For Amort	-	-	-	-	-	-	-
49 Accum Def Income Tax	-	-	-	-	-	-	-
50 Unamortized ITC	-	-	-	-	-	-	-
51 Customer Adv For Const	-	-	-	-	-	-	-
52 Customer Service Deposits	(1,029,605)	-	-	-	-	(1,029,605)	-
53 Miscellaneous Deductions	-	-	-	-	-	-	-
54							
55 Total Deductions:	(1,089,753)	(60,148)	-	-	-	(1,029,605)	-
56							
57 Total Rate Base:	(6,703,645)	(60,148)	-	-	-	(1,029,605)	-
58							
59							
60 Estimated ROE impact	0.188%	0.001%	0.087%	-0.153%	-0.044%	0.131%	0.021%
61							
62							
63							
64 TAX CALCULATION:							
65							
66 Operating Revenue	277,985	-	386,887	(685,973)	(195,094)	586,361	(12,149)
67 Other Deductions	-	-	-	-	-	-	-
68 Interest (AFUDC)	-	-	-	-	-	-	-
69 Interest	(224,690)	-	-	-	-	-	-
70 Schedule "M" Additions	-	-	-	-	-	-	-
71 Schedule "M" Deductions	-	-	-	-	-	-	-
72 Income Before Tax	502,675	-	386,887	(685,973)	(195,094)	586,361	(12,149)
73							
74 State Income Taxes	22,821	-	17,565	(31,143)	(8,857)	26,621	(552)
75							
76 Taxable Income	479,854	-	369,322	(654,830)	(186,237)	559,740	(11,597)
77							
78 Federal Income Taxes	167,949	-	129,263	(229,191)	(65,183)	195,909	(4,059)

WASHINGTON MSP PROTOCOL
TOTAL

	4.4	8.14	8.11	7.1	0	0
	Remove Miscellaneous General Expense	Remove Cholla Transaction Costs	Revise Working Capital Adjustment	Update Interest True-Up	0	0
1 Operating Revenues:						
2 General Business Revenues	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-
4 Special Sales	-	-	-	-	-	-
5 Other Operating Revenues	-	-	-	-	-	-
6 Total Operating Revenues	-	-	-	-	-	-
7						
8 Operating Expenses:						
9 Steam Production	-	-	-	-	-	-
10 Nuclear Production	-	-	-	-	-	-
11 Hydro Production	-	-	-	-	-	-
12 Other Power Supply	-	(101,894)	-	-	-	-
13 Transmission	-	-	-	-	-	-
14 Distribution	-	-	-	-	-	-
15 Customer Accounting	-	-	-	-	-	-
16 Customer Service & Info	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-
18 Administrative & General	(16,725)	(12,429)	-	-	-	-
19 Total O&M Expenses	(16,725)	(114,323)	-	-	-	-
20 Depreciation	-	-	-	-	-	-
21 Amortization	-	-	-	-	-	-
22 Taxes Other Than Income	-	-	-	-	-	-
23 Income Taxes: Federal	5,588	38,196	-	75,071	-	-
24 State	759	5,190	-	10,201	-	-
25 Deferred Income Taxes	-	-	-	-	-	-
26 Investment Tax Credit Adj.	-	-	-	-	-	-
27 Misc Revenue & Expense	-	-	-	-	-	-
28 Total Operating Expenses:	(10,378)	(70,936)	-	85,272	-	-
29						
30 Operating Rev For Return:	10,378	70,936	-	(85,272)	-	-
31						
32 Rate Base:						
33 Electric Plant In Service	-	-	-	-	-	-
34 Plant Held for Future Use	-	-	-	-	-	-
35 Misc Deferred Debits	-	(1,516,298)	-	-	-	-
36 Elec Plant Acq Adj	-	-	-	-	-	-
37 Nuclear Fuel	-	-	-	-	-	-
38 Prepayments	-	-	-	-	-	-
39 Fuel Stock	-	-	-	-	-	-
40 Material & Supplies	-	-	-	-	-	-
41 Working Capital	-	-	(4,097,593)	-	-	-
42 Weatherization Loans	-	-	-	-	-	-
43 Misc Rate Base	-	-	-	-	-	-
44 Total Electric Plant:	-	(1,516,298)	(4,097,593)	-	-	-
45						
46 Deductions:						
47 Accum Prov For Deprec	-	-	-	-	-	-
48 Accum Prov For Amort	-	-	-	-	-	-
49 Accum Def Income Tax	-	-	-	-	-	-
50 Unamortized ITC	-	-	-	-	-	-
51 Customer Adv For Const	-	-	-	-	-	-
52 Customer Service Deposits	-	-	-	-	-	-
53 Miscellaneous Deductions	-	-	-	-	-	-
54						
55 Total Deductions:	-	-	-	-	-	-
56						
57 Total Rate Base:	-	(1,516,298)	(4,097,593)	-	-	-
58						
59						
60 Estimated ROE impact	0.004%	0.061%	0.095%	-0.031%	0.000%	0.000%
61						
62						
63						
64 TAX CALCULATION:						
65						
66 Operating Revenue	16,725	114,323	-	-	-	-
67 Other Deductions	-	-	-	-	-	-
68 Interest (AFUDC)	-	-	-	-	-	-
69 Interest	-	-	-	(224,690)	-	-
70 Schedule "M" Additions	-	-	-	-	-	-
71 Schedule "M" Deductions	-	-	-	-	-	-
72 Income Before Tax	16,725	114,323	-	224,690	-	-
73						
74 State Income Taxes	759	5,190	-	10,201	-	-
75						
76 Taxable Income	15,965	109,132	-	214,489	-	-
77						
78 Federal Income Taxes	5,588	38,196	-	75,071	-	-

**PacifiCorp
Washington Results of Operations March 2003
Update Hydro Relicensing**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Accum. Depreciation Adjustment:							
Hydro	108HP	3	746,360	SG	8.774%	65,488	
Hydro	108HP	3	<u>(746,360)</u>	DGP	16.833%	<u>(125,636)</u>	
			<u>-</u>			<u>(60,148)</u>	

Description of Adjustment:

The Company's adjustment Hydro Relicensing adjustment 8.9 added the costs of recently completed licensing projects at North Umpqua to rate base. However, the accumulated depreciation reserve was inadvertently allocated to Washington by applying the System Generation factor rather than the correct Divisional Generation factor. This adjustment allocates the rate base on the Divisional Generation Factor.

**PacifiCorp
Washington Results of Operations March 2003
Union Incentive**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expenses:							
Steam Plant	514	2	(176,300)	DGU	0.000%	-	
	514	2	(1,660,797)	SG	8.774%	(145,724)	
Hydro Plant	537	2	(78,872)	DGU	0.000%	-	
	537	2	(149,854)	SG	8.774%	(13,149)	
Other Plant	548	2	(9,824)	SSCCT	8.967%	(881)	
Transmission Plant	566	2	(952,957)	SG	8.774%	(83,616)	
Distribution Plant	587	2	(20,246)	SNPD	7.510%	(1,520)	
	588	2	(2,887,702)	WA	Situs	(7,596)	
	588	2	(1,563,717)	SNPD	7.510%	(117,436)	
Customer Accounting	903	2	(198,396)	CN	7.796%	(15,466)	
Administrative & General	920	2	(17,960)	SO	8.346%	(1,499)	
			<u>(7,716,625)</u>			<u>(386,887)</u>	

Breakout of Union Incentive by Labor Group
CONTRACT LABOR GROUP (UNION)

IBEW 125	1,000,887
IBEW 415	22,102
IBEW 57 PD	3,229,960
IBEW 57 PS	884,856
IBEW 659	1,154,194
IBEW57-W.Valley	9,824
UWUA 127 Wyoming	1,359,826
UWUA 197	54,976
TOTAL	<u>7,716,625</u>

Description of Adjustment:

Bargaining unit employees negotiated not to participate in the incentive program. Instead they negotiated an increase to their base pay. The Company reflected this increase in base pay in its proforma wage adjustment, but failed to remove the incentive payout from the test period resulting in an inadvertent double count of expenses.

**PacifiCorp
Washington Results of Operations March 2003
Update International Assignee Adjustment**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Assignees Returned to UK	920	1	2,467,452	SO	8.346%	743,919	
Assignees Returned to UK	920	1	122,927	CN	7.796%	40,619	
Assignees Returned to UK	920	1	(2,467,452)	SO	8.346%	(205,925)	
Assignees Returned to UK	920	1	<u>(122,927)</u>	CN	7.796%	<u>(9,583)</u>	
			<u>-</u>			<u>569,030</u>	
Reverse FY02 Incentive	920	1	536,351	SO	8.346%	161,706	
Reverse FY02 Incentive	920	1	<u>(536,351)</u>	SO	8.346%	<u>(44,762)</u>	
			<u>-</u>			<u>116,944</u>	

Description of Adjustment:

The Company's International Assignee Adjustment 4.14 reduced the test period expense for employees that had returned to Scotland during the test period. However, due to a formula error in my spreadsheet Oregon's System Overhead percentage was used, rather than Washington's System Overhead percentage. This adjustment allocates the costs using Washington's System Overhead percentage.

**PacifiCorp
Washington Results of Operations March 2003
Update Net Power Costs**

PAGE 5.1

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Income:							
Sales for Resale							
Existing Firm PPL	447	3	-	SG	8.774%	-	
Existing Firm UPL	447	3	-	SG	8.774%	-	
Post-merger Firm	447	3	(6,218,641)	SG	8.774%	(545,645)	
Non-firm	447	3	-	SE	8.513%	-	
Trans. - Off system sales	447	3	-	SG	8.774%	-	
Total Revenue Adjustments			<u>(6,218,641)</u>			<u>(545,645)</u>	
Adjustment to Expense:							
Purchased Power							
Existing Firm Demand PPL	555	3	-	SG	8.774%	-	
Existing Firm Demand UPL	555	3	-	SG	8.774%	-	
Existing Firm Energy	555	3	-	SE	8.513%	-	
Secondary Purchases (Non-Firm)	555	3	-	SE	8.513%	-	
Post-merger Firm	555	3	2,983,473	SG	8.774%	261,780	
James River Royalty offset	555	3	-	SG	8.774%	-	
Post-merger Firm							
Total Purchased Power Adjustment			<u>2,983,473</u>			<u>261,780</u>	
Wheeling							
Existing Firm PPL	565	3	-	SG	8.774%	-	
Existing Firm UPL	565	3	-	SG	8.774%	-	
Post-merger Firm	565	3	-	SG	8.774%	-	
Non-firm	565	3	110,817	SE	8.513%	9,434	
Total Wheeling Expense Adj			<u>110,817</u>			<u>9,434</u>	
Fuel Expense	501	3	(7,303,766)	SE	8.513%	(621,764)	
Fuel Expense	501	3	-	WA	Situs	-	
Net Power Cost			<u>2,009,164</u>			<u>195,094</u>	

Description of Adjustment:

This adjustment reflects updates in the Company's net power cost calculation as described in Mr. Widmers testimony.

PacifiCorp
Washington Results of Operations March 2003
West Valley Lease Expense

PAGE 5.5

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL</u> <u>COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON</u> <u>ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Generation Expense- Lease Exp.	548	2	3,430,235	SSCCT	8.9666%	307,576	Below
Generation Expense-Prop. Tax	548	2	535,035	SSCCT	8.9666%	47,975	Below
			<u>3,965,270</u>			<u>355,551</u>	

Adjustment Detail:

Equipment Lease Expenses in Results			11,552,765				
Annual Equipment Lease Expense			<u>14,983,000</u>				
Adjustment needed to annualize test period lease expense			3,430,235				5.5.1
Property Tax Expense already in results			1,465,927				
Annual Property Tax Expense			<u>2,000,962</u>				
Adjustment needed to annualize property tax for test period			535,035				5.5.1

Description of Adjustment:

On March 5, 2002, PacifiCorp entered into a 15-year operating lease agreement with its non-regulated affiliate PPM for the five unit 200 MW facilities in West Valley, Utah. The fuel costs for these units are modeled in GRID and are included in net power costs. This adjustment annualizes the rental cost associated with the lease agreement for the test period.

**PacifiCorp
Washington Results of Operations March 2003
MSP Fuel Adjustment**

PAGE 5.8

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Peaker Fuel Adjustment							
Normalized Fuel	501	1	(38,462,766)	SE	8.513%	(3,274,306)	5.8.3
Reallocated Fuel	501	1	<u>38,462,766</u>	SSECT	8.568%	<u>3,295,512</u>	
			<u>-</u>			<u>21,206</u>	
Cholla IV Fuel Adjustment							
Normalized Fuel	501	1	(35,504,359)	SE	8.513%	(3,022,459)	5.8.3
Reallocated Fuel	501	1	<u>35,504,359</u>	SSECH	8.788%	<u>3,120,000</u>	
			<u>-</u>			<u>97,540</u>	
Huntington Fuel Adjustment							
Normalized Fuel	501	1	(55,232,685)	SE	8.513%	(4,701,917)	5.8.3
Reallocated Fuel	501	1	<u>55,232,685</u>	DEUH	0.000%	<u>-</u>	
			<u>-</u>			<u>(4,701,917)</u>	
Seasonal Purchase Contracts							
Normalized Purchases	555	1	(23,741,584)	SG	8.774%	(2,083,167)	5.8.2
Reallocated Purchases	555	1	<u>23,741,584</u>	SSGP	8.221%	<u>1,951,913</u>	
			<u>-</u>			<u>(131,254)</u>	
Mid Columbia Purchased Power							
Normalized Purchases	555	1	(17,395,759)	SG	8.774%	(1,526,363)	5.8.2
Reallocated Purchases	555	1	<u>17,395,759</u>	DGP	16.833%	<u>2,928,263</u>	
			<u>-</u>			<u>1,401,900</u>	

Description of Adjustment:

This adjustment reallocates the fuel costs using the new MSP Protocol method. Fuel costs are allocated using each participating State's share of annual system energy usage. For each type of Seasonal Resource, other than Seasonal Contracts, Energy-Related costs are allocated using weighted monthly energy usage. Similar to the weighting of Demand-Related costs, each State's monthly energy usage is weighted by that month's portion of annual energy generation for the particular Resource. The annual fuel costs for that Resource are then allocated using its seasonally weighted energy factor.

**PacifiCorp
Washington Results of Operations March 2003
Employee Benefits**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Employee Benefits	926	2	(7,025,931)	SO	8.346%	(586,361)	

Description of Adjustment:

At the time the Company made its filing, it based its adjustment on the expected level of expenses in the Fiscal Year 2004 budget of \$69.4 million. The actual expenses for FY 04 were \$62.4 million. This is documented in the Company's response to Public Counsel Data Request 10. The Company accepts the adjustment proposed by Mr. Schooley.

**PacifiCorp
Washington Results of Operations March 2003
Customer Deposits**

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	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Customer Service Deposits	4311	1	12,149	WA	Situs	12,149	
Adjustments to Rate Base:							
Customer Service Deposits	235	1	(1,029,605)	WA	Situs	(1,029,605)	

Description of Adjustment:

Mr. Schooley proposes to reduce Washington allocated rate base by the average test-year balance of Washington jurisdictional Customer Deposits, or \$1,029,605 and to increase operating expenses by \$12,149, which is \$1,029,605 multiplied by 1.18% (interest rate paid on Washington jurisdiction deposits, per response to Public Counsel Data Request No. 85). The Company accepts Mr. Schooley's adjustment.

PacifiCorp
Washington Results of Operations March 2003
Remove SB 1149 Implementation Costs

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Miscellaneous General Expense	923	1	(801,696)	SO	8.346%	(66,907)	

Description of Adjustment:

This adjustment removes professional fees that should not have been allocated to Washington. The fees related to SB 1149 Implementation as stated in the Company's response to ICNU Data Request 9.27.

PacifiCorp
Washington Results of Operations March 2003
Remove Miscellaneous General Expense

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL</u> <u>COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON</u> <u>ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Miscellaneous General Expense	923	1	(200,400)	SO	8.346%	(16,725)	

Description of Adjustment:

This adjustment removes reimbursable consulting costs that should not have been allocated to Washington as stated in the Company's response to ICNU Data Request 9.23.

**PacifiCorp
Washington Results of Operations March 2003
Remove Cholla Transaction Costs**

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	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Amortization Expense	557	1	(1,122,425)	SSGCH	9.078%	(101,894)	
Amortization Expense	929	1	(148,929)	SO	8.346%	(12,429)	
			<u>(1,271,354)</u>			<u>(114,323)</u>	
Adjustment to Rate Base:							
Cholla Plant Transaction Costs	182M	1	(16,649,306)	SSGCH	9.078%	(1,511,422)	
Cholla Fuel contract Negotiations	182M	1	(57,280)	SE	8.513%	(4,876)	
			<u>(16,706,586)</u>			<u>(1,516,298)</u>	

Description of Adjustment:

The Company wrote off the Washington portion of Cholla Plant transaction costs after this case was filed. The Company has removed these costs from rate base and will not include the associated amortization expense in the calculation of the Washington revenue requirement. This adjustment removes Cholla transaction costs from rate base as stated in the Company's response to Public Counsel Data Request 131a.

**PacifiCorp
Washington Results of Operations March 2003
Revise Working Capital Adjustment**

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	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Rate Base:							
Cash Working Capital	CWC	1	(4,097,593)	WA	Situs	(4,097,593)	

Adjustment Detail:

O&M Expense	207,619,444
Taxes Other Than Income Tax	8,815,562
Federal Income Tax	7,440,658
State Income Tax	1,590,233
Total	<u>225,465,897</u>
Divided by Days in Year	<u>365</u>
Average Daily Cost of Service	617,715
Net Lag Days	<u>5.1</u>
Cash Working Capital	3,150,345
Normalized Cash Working Capital	7,247,939
Revised Cash Working Capital Adjustment	<u><u>(4,097,593)</u></u>

Description of Adjustment:

Mr. Dittmer calculated the total revenue receipt day lag as 34.2 days, compared to the Company's 1998 Lead Lag study of 47.9 days, a net reduction of 13.7 days. The Company's 2003 Lead Lag study concludes that Washington's total revenue receipt day lag is 41.3 days, a net reduction of 6.6 days. This adjustment reduces the Company's 11.7 days by the net reduction of 6.6 and calculates the working capital using a net lag of 5.1 days.

PacifiCorp
Washington Results of Operations March 2003
Update Interest True-Up

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	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Other Interest Expense	427	3	(224,690)	WA	Situs	(224,690)	

Adjustment Detail:

Jurisdiction Specific Adjusted Rate Base	589,643,178
Weighted Cost of Debt:	<u>3.352%</u>
Trued-up Interest Expense	<u>19,763,399</u>
Normalized Interest Expense excluding CWIP related interest	<u>19,988,089</u>
Revised Total Interest True-up Adjustment	<u><u>(224,690)</u></u>

Description of Adjustment:

This adjustment reflects interest expense associated with the adjustment corrections. The adjustment is based on the Washington allocated rate base times the Company's weighted cost of debt.