

Exhibit No.____(SCH-4)
Docket Nos. UE-061546/UE-060817
Witness: Samuel C. Hadaway

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

Docket No. UE-061546

In the Matter of the Petition of
PACIFICORP dba Pacific Power & Light
Company,

For an Accounting Order Approving Deferral
Of Certain Costs Related to the MidAmerican
Energy Holdings Company Transition.

Docket No. UE-060817

**PACIFICORP
EXHIBIT ACCOMPANYING REBUTTAL TESTIMONY
OF
SAMUEL C. HADAWAY**

Elgin Analysis

March 2007

PacifiCorp Washington
Redo of Elgin Analysis
(\$thousands unless otherwise noted)

Exhibit KLE-3, p. 11 (\$25M Adverse Power Costs)

Inputs	Washington Jurisdictional	Comment			
Rate Base	535,000	Elgin Exhibit KLE-3			
Total System OBS Debt	537,000	per S&P March 2006 publications			
Washington Allocator	8.1728%	SO Factor			
Adverse Power Costs	25,000				
Tax Rate	35.0%	Elgin Exhibit KLE-3			
Staff PCAM Sharing Bands (Company Absorbs):					
	First		4,000	100%	Expense Abs by Co 4,000
	Next	4,001 To	10,000	50%	3,000
	Over	10,001		10%	1,500
					Total Expense Absorbed
					PCAM NOI Impact
					<u>8,500</u>
					<u>(5,525)</u>
WACC					
	Amount	Weight	Cost	Wtd Cost	ROE (1)
Long-Term Debt	288,900	54.00%	6.33%	3.42%	
Short-Term Debt	16,050	3.00%	4.50%	0.14%	
Preferred Stock	5,350	1.00%	6.46%	0.06%	
Common Equity	224,700	42.00%	10.20%	4.28%	7.74%
Total	<u>535,000</u>	<u>100.00%</u>		<u>7.90%</u>	
WACC Including OBS Debt					
	Amount	Weight	Cost	Wtd Cost	
Long-Term Debt	288,900	49.91%	6.33%	3.16%	
Short-Term Debt	16,050	2.77%	4.50%	0.12%	
OBS Debt	43,888	7.58%	6.33%	0.48%	
Total Debt	<u>348,838</u>	<u>60.26%</u>		<u>3.76%</u>	
Preferred Stock	5,350	0.92%	6.46%	0.06%	
Common Equity	224,700	38.82%	10.20%	3.96%	
Total	<u>578,888</u>	<u>100.00%</u>		<u>7.78%</u>	
Interest Coverage					
Net Income @ 7.90% Pre-PCAM ROR	23,265	(Pfd x Pfd Cost) + (Com Eq x Com Eq Cost)			
PCAM NOI Impact	<u>(5,525)</u>	See above			
NOI with PCAM	17,740				
Income Tax	9,552	NOI with PCAM x Tax Factor @ 35.0%			
Long-Term Debt Interest Expense	18,287	Long-Term Debt x Long-Term Debt Cost			
Short-Term Debt Interest Expense	722	Short-Term Debt x Short-Term Debt Cost			
OBS Debt Interest Expense	2,778	OBS Debt x OBS Debt Cost			
Interest Expense	<u>21,788</u>				
Numerator	49,080	NOI with PCAM + Income Tax + Interest Expense			
Interest Expense	<u>21,788</u>				
Interest Coverage Ratio	<u>2.25</u>	Numerator / Interest Expense			

Note (1): ROE after impact of PCAM sharing mechanism.

PacifiCorp Washington
Redo of Elgin Analysis
(\$thousands unless otherwise noted)

Exhibit KLE-3, p. 12 (\$10M Adverse Power Costs)

Inputs	Washington		Comment			
	Jurisdictional					
Rate Base	535,000		Elgin Exhibit KLE-3			
Total System OBS Debt	537,000		per S&P March 2006 publications			
Washington Allocator	8.1728%		SO Factor			
Adverse Power Costs	10,000					
Tax Rate	35.0%		Elgin Exhibit KLE-3			
<u>Staff PCAM Sharing Bands (Company Absorbs):</u>						Expense
	First			4,000	100%	Abs by Co 4,000
	Next	4,001	To	10,000	50%	3,000
	Over	10,001			10%	0
				Total Expense Absorbed		7,000
				PCAM NOI Impact		(4,550)
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WACC		Amount	Weight	Cost	Wtd Cost	ROE (1)
Long-Term Debt		288,900	54.00%	6.33%	3.42%	
Short-Term Debt		16,050	3.00%	4.50%	0.14%	
Preferred Stock		5,350	1.00%	6.46%	0.06%	
Common Equity		224,700	42.00%	10.20%	4.28%	8.18%
Total		<u>535,000</u>	<u>100.00%</u>		<u>7.90%</u>	
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WACC Including OBS Debt		Amount	Weight	Cost	Wtd Cost	
Long-Term Debt		288,900	49.91%	6.33%	3.16%	
Short-Term Debt		16,050	2.77%	4.50%	0.12%	
OBS Debt		43,888	7.58%	6.33%	0.48%	
Total Debt		<u>348,838</u>	<u>60.26%</u>		<u>3.76%</u>	
Preferred Stock		5,350	0.92%	6.46%	0.06%	
Common Equity		224,700	38.82%	10.20%	3.96%	
Total		<u>578,888</u>	<u>100.00%</u>		<u>7.78%</u>	
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Interest Coverage						
Net Income @ 7.90% Pre-PCAM ROR		23,265		(Pfd x Pfd Cost) + (Com Eq x Com Eq Cost)		
PCAM NOI Impact		(4,550)		See above		
NOI with PCAM		<u>18,715</u>				
Income Tax		10,077		NOI with PCAM x Tax Factor @ 35.0%		
Long-Term Debt Interest Expense		18,287		Long-Term Debt x Long-Term Debt Cost		
Short-Term Debt Interest Expense		722		Short-Term Debt x Short-Term Debt Cost		
OBS Debt Interest Expense		2,778		OBS Debt x OBS Debt Cost		
Interest Expense		<u>21,788</u>				
Numerator		50,580		NOI with PCAM + Income Tax + Interest Expense		
Interest Expense		<u>21,788</u>				
Interest Coverage Ratio		<u>2.32</u>		Numerator / Interest Expense		

Note (1): ROE after impact of PCAM sharing mechanism.