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.

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-061546

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

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

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

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

| Inputs | | Washington Jurisdictional | Comment | | | | | | |
|--|-------|------------------------------|--|--|-----------|-----------|--|--|--|
| Rate Base | | | Elgin Exhibit KLE-3 | | | | | | |
| Total System OBS Debt | | | per S&P Ma | | lications | | | | |
| Washington Allocator | | | SO Factor | | | | | | |
| Adverse Power Costs | | 10,000 | | | | | | | |
| Tax Rate | | , | Elgin Exhibit | KIE-3 | | | | | |
| Tax fiale | | 00.076 | | | | Expense | | | |
| Staff PCAM Sharing Bands (Company Absorbs): | | | | | | Abs by Co | | | |
| Stan r CAW Sharing Bands (Company Absolbs). | First | | | 4.000 | 100% | 4,000 | | | |
| | Next | 4,001 | То | 10,000 | 50% | 3,000 | | | |
| | Over | 10,001 | 10 | 10,000 | 10% | 0,000 | | | |
| | Over | 10,001 | - | Total Expone | - | 7,000 | | | |
| | | | | Total Expense Absorbec PCAM NOI Impac | | (4,550) | | | |
| | | | | FOAN | | (4,550) | | | |
| 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 | _ | 535,000 | 100.00% | - | 7.90% | | | | |
| | - | | | = | | | | | |
| 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 | | 348,838 | 60.26% | | 3.76% | | | | |
| Preferred Stock | | 5,350 | 0.92% | 6.46% | 0.06% | | | | |
| Common Equity | _ | 224,700 | 38.82% | 10.20% | 3.96% | | | | |
| Total | _ | 578,888 | 100.00% | = | 7.78% | | | | |
| Interest Coverage Net Income @ 7.90% Pre-PCAM ROR PCAM NOI Impact NOI with PCAM | | | (Pfd x Pfd Cost) + (Com Eq x Com Eq Cost) See above | | | | | | |
| 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 | _ | 21,788 | | | | | | | |
| Numerator | | 50,580 | NOI with PCAM + Income Tax + Interest Expense | | | | | | |
| Interest Expense | | 21,788 | | | | | | | |
| Interest Coverage Ratio | - | 2.32 | Numerator / Interest Expense | | | | | | |

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