

Bench Request 10

Several elements of the Settlement Stipulation’s agreement on cost of capital appear to be inconsistent or incorrect.¹ The Commission’s understanding is that the parties agree to maintain the capital structure authorized in Docket UE-152253, wherein the Commission also determined that all cost of capital elements from Docket UE-140762, *et. al.*, should be maintained, and agree only to update the cost of long-term debt from 5.19 percent to 4.92 percent.²

- (a) Please confirm that the cost of capital information contained in Table 1, below, correctly identifies all cost of capital elements that the parties intended to include in the Settlement Stipulation and correctly accounts for any inconsistencies or errors.

Table 1.

| | Capital Structure | Cost | Overall Rate of Return |
|-----------------|--------------------------|-------------|-------------------------------|
| Long-Term Debt | 50.69% | 4.92% | |
| Short-Term Debt | 0.19% | 1.73% | 7.16% |
| Preferred Stock | 0.02% | 6.75% | |
| Equity | 49.10% | 9.50% | |

- (b) Only if the cost of capital information contained in Table 1 does not accurately identify the parties’ intended agreement, please provide: a new table organized like Table 1 identifying all elements agreed by the parties, an excel spreadsheet with formulas intact showing the cost of capital calculations, and a brief narrative explaining and resolving the apparent inconsistencies between Paragraph 13 of the Settlement Stipulation (UE-191024 *et. al.*) and PacifiCorp’s authorized cost of capital from Final Order 12 of Docket UE-152253 and Final Order 08 of Docket UE-140762, *et. al.*

Response to Bench Request 10

- (a) Please refer to the Company’s response to subpart (b) below.
- (b) The overall rate of return as agreed to by the parties included long-term debt, preferred stock and common equity; it does not include short-term debt. For the sake of clarity, this likely should have also been stated in the Settlement Stipulation in paragraph 13. Please refer to Attachment Bench Request 10 for the calculation of the rate of return of 7.17 percent as agreed to by the parties.

¹ The parties “agree to maintain the current authorized capital structure and cost of equity” authorized by the Commission in Docket UE-152253, which “supports a rate of return of 7.17 percent.” Settlement Stipulation (UE-191024 *et. al.*) at 5-6, ¶ 13. The parties also “agree to update the cost of long-term debt to 4.92 percent,” and assert that PacifiCorp’s current authorized capital structure includes 50.88 percent Long-Term Debt. *Id.*; *id.* at 6, n. 8.

² *Wash. Utils. & Transp. Comm’n v. Pacific Power & Light Co.*, Docket UE-152253, Final Order 12, 51, 54-56, ¶¶ 143, 156, 163 (Sep. 1, 2016); *Wash. Utils. & Transp. Comm’n v. Pacific Power & Light Co.*, Docket UE-140762, *et. al.*, Final Order 08, 77-78, ¶ 183 (Mar. 25, 2015).