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August 16, 2004

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RECORDED
94 AUG 16 11 3 34
OFFICE OF THE ATTORNEY GENERAL

Re: *PacifiCorp dba Pacific Power & Light – 2004 General Rate Case*
Docket No. UE-032065

Dear Ms. Washburn:

Enclosed for filing in the above referenced matter are the original and 16 copies of errata pages (11 and 19) to the Testimony of Danny P. Kermode on behalf of Commission Staff, and a Certificate of Service.

Very truly yours,

SHANNON E. SMITH
Assistant Attorney General

SES:kll
Enclosures
cc: Parties



Exhibit T __ (DPK-1T)
Docket No. UE-032065
Witness: Danny P. Kermode
SECOND REVISED ERRATA VERSION

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

RECEIVED
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REGISTRATION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION)
)
Complainant,)
) DOCKET NO. UE-032065
v.)
)
PACIFICORP d/b/a Pacific Power &)
Light Company,)
)
Respondent)
_____)

TESTIMONY OF
DANNY P. KERMODE, CPA

STAFF OF THE
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

July 2, 2004

1 to amortize the net amount received of \$43,574,000 over the life of the
2 related asset, which he calculated to be 30 years to be consistent with the
3 book life of the Malin/Midpoint line. . . .

4

5 As it did in Cause Nos. U-82-12/U-82-35, the Commission accepts
6 the Commission staff's proposal. . . .
7

8 In the 1986 case, Staff's adjustments were uncontested, except for a slight
9 modification to the amortized amount. I will address the reason for the modified
10 amortization amount later in my testimony.
11

12 **Q. How did you derive your recommendation for the Malin-Midpoint**
13 **amortization adjustment?**

14 A. As shown in Exhibit___(~~DPK-4~~) (DPK-3), I took the net proceeds of the sale and
15 divided by 30 years to derive the annual amortization amount of \$1,452,000. I
16 then applied the *general divisional-Pacific* allocation factor to the total amount.
17 That resulted in a Washington amortization amount of \$244,000 or an increase in
18 Company operating revenue of \$158,600 after taxes.
19

20 **Q. How did you derive your recommendation for the Malin-Midpoint Rate base**
21 **adjustment?**

22 A. I computed the average balance for the deferred balance as shown on lines 31
23 through 33 in Exhibit___(~~DPK-4~~). I then applied the *general divisional-pacific*

