

Exhibit No. ___ (JBT-3)
Docket UE-140762, et al.
Witness: Jeremy B. Twitchell

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT
COMPANY,

Respondent.

UE-140762 and UE-140617
(consolidated)

In the Matter of the Petition of

PACIFIC POWER & LIGHT
COMPANY,

For an Order Approving Deferral of
Costs Related to Colstrip Outage.

DOCKET UE-131384 (consolidated)

In the Matter of the Petition of

PACIFIC POWER & LIGHT
COMPANY,

For an Order Approving Deferral of
Costs Related to Declining Hydro
Generation.

DOCKET UE-140094 (consolidated)

EXHIBIT TESTIMONY OF

Jeremy B. Twitchell

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Cost of Service Summary

October 10, 2014

Summary - Staff Actual and Proposed Cost of Service

PacificCorp
 Cost of Service By Rate Schedule
 State of Washington
 12 Months Ending December 2013
 WCA Method - (100 Summer, 100 Winter Hours) - 43%D / 57%E
 Staff Restatement of Actual Earnings (6.63% Rate of Return)

Line No.	Schedule No.	Description	A	B	C	D	E	F	G	H	I	J	K	L	M
			Annual Revenue	Rate of Return Base	Rate of Return Index	Total Cost of Service	Generation Cost of Service	Transmission Cost of Service	Distribution Cost of Service	Retail Cost of Service	Misc Cost of Service	Increase (Decrease) to = ROR	Parity Ratio		
1	16	Residential	140,088,119	4.45%	0.68	148,592,568	87,660,046	22,690,988	29,744,467	5,575,965	2,911,483	8,494,449	0.94		
2	24	Small General Service	48,473,096	11.00%	1.66	43,389,273	27,560,130	7,086,914	7,041,074	745,653	955,602	(5,083,824)	1.12		
3	36	Large General Service <1,000 kW	66,810,176	8.37%	1.26	63,863,773	44,008,707	11,931,715	7,066,350	5,296	1,451,705	(2,946,403)	1.05		
4	48T	Large General Service >1,000 kW	26,095,610	7.23%	1.09	26,694,822	18,017,854	4,623,122	2,292,305	119,307	582,234	(400,788)	1.02		
5	48T	Dedicated Facilities	24,940,664	4.80%	0.72	26,124,178	19,878,413	5,086,861	440,644	107,488	610,773	1,183,514	0.95		
6	40	Agricultural Pumping Service	12,666,289	10.05%	1.52	11,565,929	7,251,456	1,854,831	2,080,398	127,471	251,773	(1,100,360)	1.10		
7	15,52,54,57	Street Lighting	1,648,057	10.18%	1.54	1,501,469	497,210	124,646	764,681	92,935	21,987	(146,587)	1.10		
8		Total Washington Jurisdiction	320,662,012	6.63%	1.00	320,662,012	204,873,816	52,798,576	49,429,948	6,774,115	6,785,556	(0)			

Cost of Service By Rate Schedule
 State of Washington
 12 Months Ending December 2013
 WCA Method - (100 Summer, 100 Winter Hours) - 43%D / 57%E
 Staff Proposed Cost of Service and Allocation of Increase (7.06% Rate of Return)

Line No.	Schedule No.	Description	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
			Annual Revenue	Rate of Return Base	Rate of Return Index	Total Cost of Service	Generation Cost of Service	Transmission Cost of Service	Distribution Cost of Service	Retail Cost of Service	Misc Cost of Service	Increase (Decrease) to = ROR	Percentage Change	Current Parity Ratio	Proposed Parity Ratio	Proposed Class Revenue Requirement	Proposed Increase	Proposed Parity Ratio	
1	16	Residential	140,088,119	4.45%	0.68	152,195,870	89,571,822	23,289,924	30,852,900	5,561,171	2,920,153	12,107,751	-8.64%	0.92	0.92	145,160,676	3,622%	0.95	
2	24	Small General Service	48,473,096	11.00%	1.66	44,449,262	28,165,760	7,272,916	7,307,881	744,355	958,350	(4,023,834)	-8.30%	1.09	1.09	48,473,096	0.00%	1.09	
3	36	Large General Service <1,000 kW	66,810,176	8.37%	1.26	65,401,768	44,979,068	11,631,035	7,332,357	3,302	1,456,005	(1,408,408)	-2.11%	1.02	1.02	67,946,768	1.70%	1.04	
4	48T	Large General Service >1,000 kW	26,095,610	7.23%	1.09	26,242,703	18,416,860	4,745,307	2,377,119	119,438	583,978	207,093	0.80%	0.99	0.99	26,664,106	2.41%	1.02	
5	48T	Dedicated Facilities	24,940,664	4.80%	0.72	26,715,277	20,319,955	5,221,504	453,564	107,589	612,685	1,774,613	7.12%	0.93	0.93	25,843,760	3.62%	0.97	
6	40	Agricultural Pumping Service	12,666,289	10.05%	1.52	11,868,815	7,411,326	1,903,204	2,165,004	126,786	262,496	(807,474)	-6.37%	1.07	1.07	12,666,289	0.00%	1.07	
7	15,52,54,57	Street Lighting	1,648,057	10.18%	1.54	1,539,047	508,340	127,908	787,653	93,105	22,041	(109,010)	-6.61%	1.07	1.07	1,648,057	0.00%	1.07	
8		Total Washington Jurisdiction	320,662,012	6.63%	1.00	328,402,742	209,373,131	54,191,698	51,276,478	6,785,746	6,805,689	7,740,730	2.41%			328,402,742	2.41%		1.00

Summary - Company Actual and Proposed Cost of Service

PacificCorp
 Cost Of Service By Rate Schedule
 State of Washington
 12 Months Ending December 2013
 WCA Method - (100 Summer, 100 Winter Hours) - 43%D / 57%E
 Company Statement of Actual Earnings (5.78% Rate of Return)

Line No.	Schedule No.	Description	C Annual Revenue	D Return on Base	E Rate of Return Index	F Total Cost of Service	G Generation Cost of Service	H Transmission Cost of Service	I Distribution Cost of Service	J Retail Cost of Service	K Misc Cost of Service	L Parity Ratio
1	16	Residential	140,088,119	3.55%	0.61	148,986,835	89,572,477	22,273,381	28,884,679	5,770,224	2,486,173	0.94
2	24	Small General Service	48,473,096	10.17%	1.76	43,376,707	27,980,257	6,954,299	6,834,296	772,448	825,407	1.12
3	36	Large General Service <1,000 kW	66,810,176	7.95%	1.31	63,823,842	44,597,819	11,115,901	6,865,285	6,817	1,238,020	1.05
4	48T	Large General Service >1,000 kW	26,035,610	6.62%	1.15	25,479,023	18,193,637	4,533,694	2,228,341	29,032	494,319	1.02
5	48T	Dedicated Facilities	24,940,664	4.16%	0.72	25,978,307	20,029,360	4,987,270	435,701	14,806	511,771	0.96
6	40	Agricultural Pumping Service	12,666,289	9.32%	1.61	11,533,803	7,344,985	1,820,081	2,016,934	134,225	217,678	1.10
7	15.52-54.57	Street Lighting	1,648,057	9.85%	1.70	1,482,694	493,885	122,152	749,957	96,536	20,165	1.11
8		Total Washington Jurisdiction	320,662,012	5.78%	1.00	320,662,012	208,222,421	51,806,778	48,015,192	6,824,088	5,793,532	

Cost Of Service By Rate Schedule
 State of Washington
 12 Months Ending December 2013
 WCA Method - (100 Summer, 100 Winter Hours) - 43%D / 57%E
 Company Proposed Cost of Service and Allocation of Increase (7.76% Rate of Return)

Line No.	Schedule No.	Description	C Annual Revenue	D Return on Base	E Rate of Return Index	F Total Cost of Service	G Generation Cost of Service	H Transmission Cost of Service	I Distribution Cost of Service	J Retail Cost of Service	K Misc Cost of Service	L Increase (Decrease) to = ROR	M Percentage Change	N Current Parity Ratio	O Proposed Class Revenue Requirement	P Proposed Increase	Q Proposed Parity Ratio
1	16	Residential	140,088,119	3.55%	0.64	161,763,485	96,371,718	24,378,159	32,778,037	5,717,958	2,617,613	-21,675,366	15.47%	0.87	153,404,037	9.51%	0.85
2	24	Small General Service	48,473,096	10.17%	1.53	47,098,250	30,115,934	7,607,594	7,771,466	767,882	835,403	(1,374,847)	-2.84%	1.03	50,527,174	4.24%	1.07
3	36	Large General Service <1,000 kW	66,810,176	7.95%	1.14	69,207,894	47,987,911	12,166,443	7,799,639	(196)	1,253,598	2,397,218	3.59%	0.97	73,160,770	9.51%	1.06
4	48T	Large General Service >1,000 kW	26,035,610	6.62%	1.00	27,595,284	19,576,890	4,962,388	2,526,252	29,123	500,632	1,559,674	5.99%	0.94	28,510,371	9.51%	1.03
5	48T	Dedicated Facilities	24,940,664	4.16%	0.63	28,027,123	21,553,079	5,459,551	481,082	14,788	518,583	3,066,459	12.38%	0.89	27,311,382	9.51%	0.97
6	40	Agricultural Pumping Service	12,666,289	9.32%	1.41	12,558,974	7,902,882	1,989,846	2,314,120	131,819	220,307	(107,315)	-0.85%	1.01	13,203,031	4.24%	1.05
7	15.52-54.57	Street Lighting	1,648,057	9.85%	1.49	1,612,768	531,095	133,578	890,599	97,129	20,367	(35,289)	-2.14%	1.02	1,717,894	4.24%	1.07
8		Total Washington Jurisdiction	320,662,012	6.63%	1.00	347,863,278	224,039,510	56,687,589	54,501,194	6,758,472	5,866,512	27,201,266	8.48%		347,834,719	8.47%	1.00