

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP D/B/A PACIFIC POWER & LIGHT COMPANY,

Respondent.

DOCKETS UE-230172

**DAVID E. DISMUKES, PH.D.
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT DED-4

Results of Company Class Cost of Service Study

September 14, 2023

Results of Company Class Cost of Service Study

Description	Washington Jurisdiction Normalized	Residential (Schedule 16)	Small General Service (Schedule 24)	Large General Service < 1,000 kW (Schedule 36)	Large General Service > 1,000 kW (Schedule 48)	Large General Dedicated Facilities (Schedule 48)	Agricultural Pumping (Schedule 40)	Street & Area Lighting (Sch. 15, 51-54, 57)
Rate Base								
Total Electric Plant in Service	\$ 2,408,541,689	\$ 1,167,574,191	\$ 334,942,188	\$ 433,413,637	\$ 168,241,171	\$ 196,115,407	\$ 99,712,192	\$ 8,542,903
Plus: Rate Base Additions	30,852,256	14,786,469	4,304,567	5,652,386	2,182,973	2,568,146	1,252,501	105,213
Less: Rate Base Deductions	(1,338,969,598)	(654,789,330)	(188,196,602)	(237,171,466)	(91,453,198)	(105,537,913)	(56,453,670)	(5,367,420)
Total Net Electric Plant in Service	\$ 1,100,424,347	\$ 527,571,330	\$ 151,050,153	\$ 201,894,557	\$ 78,970,946	\$ 93,145,640	\$ 44,511,024	\$ 3,280,696
Operating Income								
Electric Operating Revenues								
Sales to Ultimate Customers	\$ 404,628,751	\$ 176,071,755	\$ 58,004,210	\$ 84,757,249	\$ 31,760,598	\$ 38,671,305	\$ 14,475,016	\$ 888,617
Electric Sales Debits and Credits	21,088,384	7,762,551	2,900,846	4,897,184	1,928,997	2,666,844	910,033	21,930
Other Electric Operating Revenues	20,395,853	13,682,329	2,895,527	1,496,715	561,930	726,756	760,242	272,355
Total Electric Operating Revenues	\$ 446,112,989	\$ 197,516,635	\$ 63,800,583	\$ 91,151,148	\$ 34,251,525	\$ 42,064,905	\$ 16,145,291	\$ 1,182,901
Electric Operating Expenses								
Operation & Maintenance Expenses	\$ 299,613,962	\$ 127,309,176	\$ 39,574,178	\$ 62,412,227	\$ 24,967,717	\$ 33,728,381	\$ 10,976,797	\$ 645,486
Depreciation Expense	55,619,536	27,152,419	7,748,062	9,945,624	3,841,529	4,364,293	2,342,054	225,555
Amortization Expense	15,472,659	8,088,410	2,155,253	2,429,224	952,662	1,161,772	600,038	85,300
Taxes Other Than Income	28,898,160	14,070,104	3,935,447	5,182,233	2,035,751	2,415,408	1,172,030	87,187
Income Taxes - Federal	(14,192,441)	(5,380,428)	(1,591,468)	(3,428,342)	(1,342,370)	(1,971,581)	(498,022)	19,771
Income Taxes - State	-	-	-	-	-	-	-	-
Income Taxes Deferred	(2,711,755)	(2,081,473)	(499,268)	(65,211)	(20,790)	137,130	(148,644)	(33,498)
Investment Tax Credit Adj	-	-	-	-	-	-	-	-
Misc Revenues & Expense	(98,259)	(40,067)	(12,976)	(21,418)	(8,607)	(11,314)	(3,711)	(165)
Total Electric Operating Expenses	\$ 382,601,861	\$ 169,118,141	\$ 51,309,227	\$ 76,454,338	\$ 30,425,891	\$ 39,824,088	\$ 14,440,541	\$ 1,029,635
Total Operating Income	\$ 63,511,127	\$ 28,398,494	\$ 12,491,356	\$ 14,696,810	\$ 3,825,635	\$ 2,240,817	\$ 1,704,750	\$ 153,266
Rate of Return on Rate Base ("ROR")	5.77%	5.38%	8.27%	7.28%	4.84%	2.41%	3.83%	4.67%
Relative Rate of Return ("RROR")	1.00	0.93	1.43	1.26	0.84	0.42	0.66	0.81

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Required Income Under Company's Proposed ROR								
Rate Base	\$ 1,100,424,347	\$527,571,330	\$ 151,050,153	\$ 201,894,557	\$ 78,970,946	\$ 93,145,640	\$ 44,511,024	\$ 3,280,696
Proposed Rate of Return	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Required Operating Income @ 7.60 ROR	\$ 83,632,236	\$ 40,095,414	\$ 11,479,810	\$ 15,343,984	\$ 6,001,791	\$ 7,079,067	\$ 3,382,837	\$ 249,333
Electric Operating Expenses								
Income Tax Adjustment	6,642,091	3,184,387	911,729	1,218,623	476,664	562,221	268,666	19,802
Revenue Credits	(41,484,238)	(21,444,880)	(5,796,373)	(6,393,899)	(2,490,927)	(3,393,600)	(1,670,275)	(294,285)
Total Cost of Service	\$ 431,391,950	\$ 190,953,062	\$ 57,904,393	\$ 86,623,046	\$ 34,413,418	\$ 44,071,777	\$ 16,421,770	\$ 1,004,485
Electric Rate Revenues								
Sales to Ultimate Customers	\$ 404,628,751	\$176,071,755	\$ 58,004,210	\$ 84,757,249	\$ 31,760,598	\$ 38,671,305	\$ 14,475,016	\$ 888,617
Total Electric Rate Revenues	\$ 404,628,751	\$176,071,755	\$ 58,004,210	\$ 84,757,249	\$ 31,760,598	\$ 38,671,305	\$ 14,475,016	\$ 888,617
Revenue Deficiency	\$ 26,763,199	\$ 14,881,307	\$ (99,817)	\$ 1,865,797	\$ 2,652,820	\$ 5,400,472	\$ 1,946,753	\$ 115,869
Proposed Rate Increase (Decrease)	6.61%	8.45%	-0.17%	2.20%	8.35%	13.97%	13.45%	13.04%
Relative Proposed Rate Increase	1.00	1.28	(0.03)	0.33	1.26	2.11	2.03	1.97