

Exhibit No. ____ (CTM-3)
Docket UE-130043
Witness: Christopher T. Mickelson

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFIC POWER & LIGHT
COMPANY, d/b/a PACIFICORP,**

Respondent.

DOCKET UE-130043

**EXHIBIT TO
TESTIMONY OF**

CHRISTOPHER T. MICKELSON

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Adjustment 4.12, Uncollectible Expense

June 21, 2013

**PACIFICORP
UNCOLLECTIBLE EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
2013 GENERAL RATE CASE**

LINE NO.	DESCRIPTION	ACCOUNT	WA TOTAL COMPANY	FACTOR	FACTOR %	ALLOCATED	REFERENCE
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Adjustment to Expense:						
2	Uncollectible Expense	904	(156,349)	WA	Situs	(156,349)	
3							
4	Adjustment to FIT:						
5	Federal Income Taxes		54,722	WA	Situs	54,722	
6							
7	Adjustment to NOI:						
8	Net Operating Income		101,627	WA	Situs	101,627	4.12 (A)
9							
10	Adjustment to Expense:						
11	Uncollectible Expense	904	82,677	WA	Situs	82,677	4.12 (B)
12							
13	Adjustment to Tax:						
14	Schedule M Adjustment	SCHMAT	82,677	WA	Situs	82,677	
15							

Description of Adjustment:

Staff revised the Company's adjustment in two ways: (1) we restated to a 5-year period to normalize the uncollectible expense; and (2) we proform the uncollectible expense to reflect normalized revenues. This assures that the results of operations reflect the normal uncollectible expense associated with bad debts over time.

PACIFICORP
UNCOLLECTIBLE EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
2013 GENERAL RATE CASE

LINE NO.	DESCRIPTION	NET WRITEOFFS	NET REVENUES SALES TO CUSTOMERS	PERCENT WRITEOFF'S TO REVENUE	REFERENCE
	(a)	(b)	(c)	(d)	(e)
1	12 ME 6/30/2008	\$ 1,628,783	\$ 246,437,321	0.6609%	Ref 4.12.1, line 1
2	12 ME 6/30/2009	\$ 1,695,160	\$ 264,060,735	0.6420%	Ref 4.12.1, line 2
3	12 ME 6/30/2011	\$ 2,136,133	\$ 291,874,412	0.7319%	Ref 4.12.1, line 3
4					
5	3-Yr Average of Net Write Off Rate			<u>0.6783%</u>	
6					
7	Reporting Period Revenues (Per Books WA)		\$ 291,874,412		
8					
9	Restated Uncollectible Expense Rate		<u>0.6783%</u>		
10	Restated Uncollectible Expense		\$ 1,979,784		
11					
12	Uncollectibles Charged to Expense in Test Year		<u>2,136,133</u>		
13	Increase (Decrease) Expense			\$ (156,349)	
14					
15	Increase (Decrease) in Income			\$ 156,349	
16	Increase (Decrease) FIT		35%	<u>54,722</u>	
17	Increase (Decrease) NOI			<u>\$ 101,627</u>	4.12 (A)
18					
19					
20					
21	Unadjusted Revenue		291,874,412		Line No. 7
22	Normalized Revenue		<u>304,063,210</u>		
23	Adjustments		\$ 12,188,798		
24					
25	Restated Bad Debt		1,979,784		Line No. 10
26	Restated Bad Debt Rate		0.6783%		Line No. 5
27					
28	Normalized Uncollectible Expense			2,062,461	
29	Less: Restated Uncollectible Expense			<u>(1,979,784)</u>	
30	Proforma Uncollectible Expense			<u>\$ 82,677</u>	4.12 (B)
31					

PACIFICORP
UNCOLLECTIBLE EXPENSE FOR THE 3-YR AVERAGE
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
2013 GENERAL RATE CASE

LINE NO.	YEAR	NET WRITEOFF'S	GENERAL BUSINESS REVENUES	PERCENT WRITEOFF'S TO REVENUE
	(a)	(b)	(c)	(d) = (b) / (c)
1	12 ME 6/30/2008	1,628,783	246,437,321	0.6609318%
2	12 ME 6/30/2011	1,695,160	264,060,735	0.6419585%
3	12 ME 6/30/2012	2,136,133	291,874,412	0.7318672%
4				
5	3-Yr Average	\$ 1,820,025	\$ 267,457,489	0.6782525%
6				
7				
8	12 ME 6/30/2008	\$ 1,628,783	\$ 246,437,321	0.6609318%
9	12 ME 6/30/2009	\$ 1,895,224	\$ 255,884,387	0.7406562% *
10	12 ME 6/30/2010	\$ 1,478,341	\$ 275,562,386	0.5364814% *
11	12 ME 6/30/2011	\$ 1,695,160	\$ 264,060,735	0.6419585%
12	12 ME 6/30/2012	\$ 2,136,133	\$ 291,874,412	0.7318672%
13				
14				
15	* Dropped the highest and lowest of percentage writeoff's to revenue.			
16	** Data from PacifiCorp's response to Staff Data Request 210.			
17				

PACIFICORP
NET-TO-GROSS CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012
2013 GENERAL RATE CASE

Line No.	PER COMPANY (a)	CONVERSION FACTOR (b)	REFERENCE (c)
1	Operating Revenue	100.0000%	
2	Operating Revenue Deductions:		
3	Uncollectible Accounts	0.678%	
4	Franchise Tax	0.000%	
5	State Utility Tax ((3.8734% - (LINE 3 * 3.8734%))	3.8471%	
6	WUTC Fee	0.200%	
7	Sub-Total	95.275%	
8	State Income Tax	0.0000%	
9	Sub-Total	95.2746%	
10	Federal Income Tax @ 35%	33.3461%	
11	Net Operating Income Conversion Factor	61.9280%	
12			
13			
14	Uncollectible Accounts		
15	a. Uncollectible Accounts	1,979,784	Ref 4.12, line 10
16	b. General Business Revenues	291,874,412	Ref 4.12, line 7
17	Uncollectible Accounts Percentage	0.6783%	a/b
18			