

Appendix B

PacifiCorp Results of Operations for Ratemaking Purposes (Twelve Months Ended March 2006 – Washington)

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**PacifiCorp Results of Operations For Ratemaking Purposes
For The Twelve Months Ended March 2006 - Washington**

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Per Staff	(5) Results With Price Change
Operating Revenues: Revised by CAGW					
1 General Business Revenues	\$216,563,926	\$10,000,070	\$226,563,996	\$12,324,910	\$238,888,906
2 Interdepartmental	0	\$0	0	0	0
3 Spectral Sales	67,631,778	\$0	67,631,778	0	67,631,778
4 Other operating revenues	12,760,286	(\$327,649)	12,432,637	0	12,432,637
5 Total Operating Revenues	\$296,955,990	\$9,672,421	\$306,628,411	\$12,324,910	\$318,953,321
6				5.44%	
Operating Expenses:					
7 Steam Production	39,041,486	\$0	39,041,486		39,041,486
8 Nuclear Production	0	\$0	0		0
9 Hydro Production	5,309,949	\$0	5,309,949		5,309,949
10 Other Power Supply	103,593,144	\$17,386,856	120,980,000		120,980,000
11 Transmission	18,978,249	\$0	18,978,249		18,978,249
12 Distribution	11,409,387	(\$15,539)	11,393,848		11,393,848
13 Customer Accounting	7,937,764	(\$103,271)	7,834,493	59,776	7,894,269
14 Customer Service & Info	5,471,850	(\$4,960,687)	511,163		511,163
15 Sales	0	\$0	0		0
16 Administrative & General	17,430,067	(\$2,897,399)	14,532,668		14,532,668
17 Total O&M Expense	209,171,896	9,409,960	218,581,856	59,776	218,641,632
18 Depreciation	28,457,657	(\$114,640)	28,343,017		28,343,017
19 Amortization	4,267,890	(\$355,722)	3,912,168		3,912,168
20 Taxes Other than Income	13,087,823	(\$373,487)	12,714,336	500,761	13,215,097
21 Income Taxes: Federal	5,145,474	(\$1,385,894)	3,759,580	4,117,531	7,877,111
22 : State	0	\$0	0	0	0
23 Deferred Income Taxes	6,586,107	(\$1,500,954)	5,085,153		5,085,153
24 Investment Tax Credit Adj.	0	\$0	0		0
25 Misc. Revenue & Expense	(2,408,200)	\$2,008,443	(399,757)		(399,757)
26 Total Operating Expenses:	264,308,647	7,687,706	271,996,353	4,678,067	276,674,421
27					
28					
29 Operating Revenue for Return:	\$32,647,343	\$1,984,715	\$34,632,058	\$7,646,843	\$42,278,900
30					
Rate Base:					
31 Electric Plant in Service	1,043,733,618	\$14,046,368	1,057,779,986		1,057,779,986
32 Plant Held for Future Use	1,546	\$0	1,546		1,546
33 Misc. Deferred Debits	2,809,600	(\$1,104,558)	1,705,042		1,705,042
34 Electric Plant Acq Adj	0	\$0	0		0
35 Nuclear Fuel	0	\$0	0		0
36 Prepayments	2,599,684	(\$2,599,684)	0		0
37					

**PacifiCorp Results of Operations For Ratemaking Purposes
For The Twelve Months Ended March 2006 - Washington**

	(1) Unadjusted Results	(2) Ratemaking Adjustments	(3) Total Adjusted at Present Rates	(4) Per Staff	(5) Results With Price Change
38 Fuel Stock	2,516,964	(\$2,516,964)	0		0
39 Material & Supplies	6,970,931	(\$6,970,931)	0		0
40 Working Capital	3,952,812	\$4,368,386	8,321,198		8,321,198
41 Weatherization Loans	2,256,731	\$0	2,256,731		2,256,731
42 Misc. Rate Base	368,987	(\$368,987)	0		0
43 Total Electric Plant:	1,065,210,873	4,853,630	1,070,064,503	0	1,070,064,503
44					
45 Deductions:					
46 Accum. Prov. for Depreciation	(419,336,568)	\$14,720,945	(404,615,623)		(404,615,623)
47 Accum. Prov. for Amortization	(27,611,529)	\$3,832	(27,607,697)		(27,607,697)
48 Accum. Deferred Income Tax	(79,459,944)	(\$10,445,855)	(89,905,799)		(89,905,799)
49 Unamortized ITC	(1,914,487)	\$270,144	(1,644,343)		(1,644,343)
50 Customer Advances for Const.	(984,551)	\$984,551	0		0
51 Customer Service Deposits	0	(\$2,001,969)	(2,001,969)		(2,001,969)
52 Miscellaneous Deductions	(7,080,538)	(\$2,333,878)	(9,414,416)		(9,414,416)
53					
54 Total Rate Base Deductions:	(536,387,617)	1,197,770	(535,189,847)	0	(535,189,847)
55					
56 Total Rate Base:	528,823,256	6,051,400	534,874,656	0	534,874,656
57					
58 Return on Rate Base	6.174%		6.475%		7.904%
59					
60					
61 TAX CALCULATION		State Income Tax Rate		0.00%	
62		Federal Income Tax Rate		35.00%	
63					
64 Operating Revenue	44,378,924	(902,133)	43,476,791	11,764,373	55,241,164
65 Other Deductions	0	\$0	0	0	0
66 Interest (AFUDC)	18,777,162	\$716,626	19,493,788	0	19,493,788
67 Interest	40,467,822	\$1,354,038	41,821,860	0	41,821,860
68 Schedule "M" additions	51,368,231	\$1,897,669	53,265,900	0	53,265,900
69 Schedule "M" deductions					
70					
71 Income Before Tax	14,701,353	(2,162,390)	12,538,963	11,764,373	(59,340,384)
72 State Income Tax	0	\$0	0	0	0
73 Taxable Income	14,701,353	(2,162,390)	12,538,963	11,764,373	(59,340,384)
74 Adjustments to FIT	0	(\$629,057)	(629,057)	0	(629,057)
75 Federal Income Tax-Current	5,145,474	(1,385,894)	3,759,580	4,117,531	7,877,111

Calculation of Revenue Requirement Deficiency or (Excess):

a) Net Rate Base - Washington Jurisdiction	534,874,656
b) Proposed Rate of Return	7.9045%
c) Net Operating Income Requirement	42,278,900
d) Proforma Net Operating Income	34,632,058
e) Net Operating Income Deficiency	7,646,842
f) NOI > Revenue Conversion Factor	62.0438%
g) Revenue Requirement Deficiency (line e/line f)	<u>\$ 12,324,910</u>

PacifiCorp General Rate Case
Conversion Factor

		Nominal Tax Rate
Operating Revenue	100.0000%	
Operating Revenue Deductions:		
Uncollectible Accounts	0.4850%	
Franchise Tax	0.0000%	
WA Revenue Tax	3.8730%	
WUTC Fee	0.1900%	corrected
Sub-Total	<u>95.4520%</u>	
	State Income Tax	0.0000%
Sub-Total	<u>95.4520%</u>	0.000%
	Federal Income Tax @ 35%	<u>33.4082%</u>
Net Operating Income Conversion Factor	<u>62.0438%</u>	35%
Company uses inverse known as "Net to Gross Bump-up".	161.17646%	

Revenue Sensitive Tax Rates

customer accounting	0.4850%
other taxes	4.0630%

STAFF PROPOSED**Weighted Average Cost of Capital**

With PCAM Risk Offset

1	<u>Type of Capital</u>	<u>Cap. Structure</u>		<u>Weighted Cost</u>	<u>Debt Rate</u>
2	Long-term Debt	54.00%	6.335%	3.421%	
3	Short term Debt	3.00%	4.500%	0.135%	3.556%
4	Preferred Stock	1.00%	6.455%	0.065%	
5	Common Stock	42.00%	10.200%	4.284%	
6	Weighted Average Cost of Capital	100.00%		<u>7.90445%</u>	
7					
8					

PacifiCorp
State of Washington

Adjustment 7.1, Interest True-up

1	Jurisdiction Specific Adjusted Rate Base	\$	534,874,656	
2	Add Adj. 3.6 back to rate base	\$	1,457,588	
3	Rate Base	\$	536,332,244	
4	Weighted Cost of Debt		3.556%	
5	Pro forma interest Expense	\$	19,071,438	
6	Actual Interest Expense	\$	18,354,812	1*
7	Increase/(decrease) interest expense	\$	716,626	to adj. 7.1

1* Updated to Wrigley, Ex.137 at page 22, line 1218

PacifiCorp
State of WashingtonElectric Utility Results of Operations
for the twelve months ended September 2004

	Total Ratemaking Adjustments	3.1 Temperature Normalization	3.2 ProForma Load Reduction	3.3 Revenue Normalizing	3.4 Centralia Gain	3.5 Pole Attachment Revenue	3.6 SO2 Emission Allowances
Operating Revenues:							
1 General Business Revenues	10,000,070	(220,437)	(3,906,382)	14,126,889			-
2 Interdepartmental	-						
3 Special Sales	-						
4 Other operating revenues	(327,649)				(1,130,292)	(799,078)	
5 Total Operating Revenues	9,672,421	(220,437)	(3,906,382)	14,126,889	(1,130,292)	(799,078)	-
Operating Expenses:							
8 Steam Production	-						
9 Nuclear Production	-						
10 Hydro Production	-						
11 Other Power Supply	17,386,856						
12 Transmission	-						
13 Distribution	(15,539)						
14 Customer Accounting	(103,271)						
15 Customer Service & Info	(4,960,687)						
16 Sales	-						
17 Administrative & General	(2,897,399)						
18 Total O&M Expense	9,409,960	-	-	-	-	-	-
19 Depreciation	(114,640)						
20 Amortization	(355,722)						
21 Taxes Other than Income	(373,487)						
22 Income Taxes: Federal	(1,385,894)	(77,153)	(1,367,234)	4,944,411	(395,602)	(279,677)	(0)
23 State	-						
24 Deferred Income Taxes	(1,500,954)						(762,200)
25 Investment Tax Credit Adj.	-						
26 Misc. Revenue & Expense	2,008,443						2,008,443
27 Total Operating Expenses:	7,687,706	(77,153)	(1,367,234)	4,944,411	(395,602)	(279,677)	1,246,243
28							
29 Net Operating Income:	1,984,715	(143,284)	(2,539,148)	9,182,478	(734,690)	(519,401)	(1,246,243)
Rate Base:							
32 Electric Plant in Service	14,046,368						
33 Plant Held for Future Use	-						
34 Misc. Deferred Debits	(1,104,558)						
35 Electric Plant Acq Adj	-						
36 Nuclear Fuel	-						
37 Prepayments	(2,599,684)						
38 Fuel Stock	(2,516,964)						
39 Material & Supplies	(6,970,931)						
40 Working Capital	4,368,386						
41 Weatherization Loans	-						
42 Misc. Rate Base	(368,987)						
43 Total Electric Plant:	4,853,630	-	-	-	-	-	-
Deductions:							
46 Accum. Prov. for Depreciation	14,720,945						
47 Accum. Prov. for Amortization	3,832						
48 Accum. Deferred Income Tax	(10,445,855)						1,930,860
49 Unamortized ITC	270,144						
50 Customer Advances for Const.	984,551						
51 Customer Service Deposits	(2,001,969)						
52 Miscellaneous Deductions	(2,333,878)						(3,388,448)
53							
54 Total Deductions:	1,197,770	-	-	-	-	-	(1,457,588)
55							
56 Total Rate Base:	6,051,400	-	-	-	-	-	(1,457,588)
TAX CALCULATION							
61 Per Company		State Income Tax Rate		0.00%			
62		Federal Income Tax Rate		35.00%			
63 Operating Revenue	(902,133)	(220,437)	(3,906,382)	14,126,889	(1,130,292)	(799,078)	(2,008,443)
64 Other Deductions	-						
65 Interest (AFUDC)	-						
66 Interest	716,626						
67 Schedule "M" additions	1,354,038						2,449,857
68 Schedule "M" deductions	1,897,669						441,415
69							
70 Income Before Tax	(2,162,390)	(220,437)	(3,906,382)	14,126,889	(1,130,292)	(799,078)	(1)
71 State Income Tax	-						
72 Taxable Income	(2,162,390)	(220,437)	(3,906,382)	14,126,889	(1,130,292)	(799,078)	(1)
73 Adjustments to FIT	(629,057)						
74 Federal Income Tax	(1,385,894)	(77,153)	(1,367,234)	4,944,411	(395,602)	(279,677)	(0)

PacifiCorp State of Washington		Revised by CAGW 4.1 Green Tag Removal	Revised by CAGW 4.2 Miscellaneous Gen. Expense	Revised by CAGW 4.3 International Assignees	inc. Pac. Adj. 9.2 Revised by CAGW 4.4 Out of Period	Revised by CAGW 4.5 Property Insurance	Revised by CAGW 4.6 Affiliate Management Fee Commitment	
Operating Revenues:								
1	General Business Revenues	-	-	-	-	-	-	
2	Interdepartmental	-	-	-	-	-	-	
3	Special Sales	-	-	-	-	-	-	
4	Other operating revenues	-	-	-	-	-	-	
5	Total Operating Revenues	-	-	-	-	-	-	
6								
7	Operating Expenses:							
8	Steam Production	-	-	-	-	-	-	
9	Nuclear Production	-	-	-	-	-	-	
10	Hydro Production	-	-	-	-	-	-	
11	Other Power Supply	(41,141)	-	-	-	-	-	
12	Transmission	-	-	-	-	-	-	
13	Distribution	-	-	(15,539)	-	-	-	
14	Customer Accounting	-	-	-	-	-	-	
15	Customer Service & Info	-	-	-	-	-	-	
16	Sales	-	-	-	-	-	-	
17	Administrative & General	-	(33,169)	(130,659)	(323,178)	167,099	(10,797)	
18	Total O&M Expense	(41,141)	(33,169)	(146,198)	(323,178)	167,099	(10,797)	
19	Depreciation	-	-	-	-	-	-	
20	Amortization	-	-	-	-	-	-	
21	Taxes Other than Income	-	-	-	-	-	-	
22	Income Taxes: Federal	14,399	11,609	51,169	113,112	(58,485)	3,779	
23	State	-	-	-	-	-	-	
24	Deferred Income Taxes	-	-	-	-	-	-	
25	Investment Tax Credit Adj.	-	-	-	-	-	-	
26	Misc. Revenue & Expense	-	-	-	-	-	-	
27	Total Operating Expenses:	(26,742)	(21,560)	(95,029)	(210,066)	108,614	(7,018)	
28								
29	Net Operating Income:	26,742	21,560	95,029	210,066	(108,614)	7,018	
30								
31	Rate Base:							
32	Electric Plant in Service	-	-	-	-	-	-	
33	Plant Held for Future Use	-	-	-	-	-	-	
34	Misc. Deferred Debits	-	-	-	-	-	-	
35	Electric Plant Acq Adj	-	-	-	-	-	-	
36	Nuclear Fuel	-	-	-	-	-	-	
37	Prepayments	-	-	-	-	-	-	
38	Fuel Stock	-	-	-	-	-	-	
39	Material & Supplies	-	-	-	-	-	-	
40	Working Capital	-	-	-	-	-	-	
41	Weatherization Loans	-	-	-	-	-	-	
42	Misc. Rate Base	-	-	-	-	-	-	
43	Total Electric Plant:	-	-	-	-	-	-	
44								
45	Deductions:							
46	Accum. Prov. for Depreciation	-	-	-	-	-	-	
47	Accum. Prov. for Amortization	-	-	-	-	-	-	
48	Accum. Deferred Income Tax	-	-	-	-	-	-	
49	Unamortized ITC	-	-	-	-	-	-	
50	Customer Advances for Const.	-	-	-	-	-	-	
51	Customer Service Deposits	-	-	-	-	-	-	
52	Miscellaneous Deductions	-	-	-	-	-	-	
53								
54	Total Deductions:	-	-	-	-	-	-	
55								
56	Total Rate Base:	-	-	-	-	-	-	
57								
58								
59	TAX CALCULATION							
60	Per Company							
61								
62								
63	Operating Revenue	41,141	33,169	146,198	323,178	(167,099)	10,797	
64	Other Deductions	-	-	-	-	-	-	
65	Interest (AFUDC)	-	-	-	-	-	-	
66	Interest	-	-	-	-	-	-	
67	Schedule "M" additions	-	-	-	-	-	-	
68	Schedule "M" deductions	-	-	-	-	-	-	
69								
70	Income Before Tax	41,141	33,169	146,198	323,178	(167,099)	10,797	
71	State Income Tax	-	-	-	-	-	-	
72	Taxable Income	41,141	33,169	146,198	323,178	(167,099)	10,797	
73	Adjustments to FIT	-	-	-	-	-	-	
74	Federal Income Tax	14,399	11,609	51,169	113,112	(58,485)	3,779	

PacifiCorp State of Washington	4.7 DSM Amort Removal	Revised by CAGW 4.8 Corporate Cost ProForma Commitment	4.9 A&G Expense Commitment	Pac. Adj. 9.3 Revised by CAGW 4.10 Pro Forma Wages	5.1 BPA Exchange	Revised by CAGW 5.2 James River Royalty Offset
Operating Revenues:						
1 General Business Revenues	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	1,601,721
5 Total Operating Revenues	-	-	-	-	-	1,601,721
Operating Expenses:						
6						
7						
8 Steam Production						
9 Nuclear Production						
10 Hydro Production						
11 Other Power Supply					20,052,696	
12 Transmission						
13 Distribution						
14 Customer Accounting						
15 Customer Service & Info	(4,960,687)					
16 Sales						
17 Administrative & General		(81,190)	-	1,059,785		
18 Total O&M Expense	(4,960,687)	(81,190)	-	1,059,785	20,052,696	-
19 Depreciation						
20 Amortization						
21 Taxes Other than Income						
22 Income Taxes: Federal	1,736,240	28,417	-	(370,925)	(7,018,444)	560,602
23 State	-	-	-	-	-	-
24 Deferred Income Taxes						
25 Investment Tax Credit Adj.						
26 Misc. Revenue & Expense						
27 Total Operating Expenses:	(3,224,447)	(52,774)	-	688,860	13,034,252	560,602
28						
29 Net Operating Income:	3,224,447	52,774	-	(688,860)	(13,034,252)	1,041,119
Rate Base:						
30						
31						
32 Electric Plant in Service						
33 Plant Held for Future Use						
34 Misc. Deferred Debits						
35 Electric Plant Acq Adj						
36 Nuclear Fuel						
37 Prepayments						
38 Fuel Stock						
39 Material & Supplies						
40 Working Capital						
41 Weatherization Loans						
42 Misc. Rate Base						
43 Total Electric Plant:	-	-	-	-	-	-
44						
45 Deductions:						
46 Accum. Prov. for Depreciation						
47 Accum. Prov. for Amortization						
48 Accum. Deferred Income Tax						
49 Unamortized ITC						
50 Customer Advances for Const.						
51 Customer Service Deposits						
52 Miscellaneous Deductions						
53						
54 Total Deductions:	-	-	-	-	-	-
55						
56 Total Rate Base:	-	-	-	-	-	-
57						
58						
TAX CALCULATION						
59						
60 Per Company						
61						
62						
63 Operating Revenue	4,960,687	81,190	-	(1,059,785)	(20,052,696)	1,601,721
64 Other Deductions						
65 Interest (AFUDC)						
66 Interest						
67 Schedule "M" additions						
68 Schedule "M" deductions						
69						
70 Income Before Tax	4,960,687	81,190	-	(1,059,785)	(20,052,696)	1,601,721
71 State Income Tax	-	-	-	-	-	-
72 Taxable Income	4,960,687	81,190	-	(1,059,785)	(20,052,696)	1,601,721
73 Adjustments to FIT						
74 Federal Income Tax	1,736,240	28,417	-	(370,925)	(7,018,444)	560,602

	Revised by		INCLUDED in		Updated on		
	CAGW 5.3 Colstrip #3 Removal	Pac. Adj. 9.8 5.4 Misc Power Supply	RESULTS 5.5 Revised CAGW & SO Allocators	5.6 Water Year Adjustment	7.1 Interest True-up (calculated)	7.2 Utah Gross Receipts Tax	7.3 Deferred Income Tax Reclass
Operating Revenues:							
1 General Business Revenues	-	-	-	-	-	-	-
2 Interdepartmental	-	-	-	-	-	-	-
3 Special Sales	-	-	-	-	-	-	-
4 Other operating revenues	-	-	-	-	-	-	-
5 Total Operating Revenues	-	-	-	-	-	-	-
Operating Expenses:							
8 Steam Production	-	-	-	-	-	-	-
9 Nuclear Production	-	-	-	-	-	-	-
10 Hydro Production	-	-	-	-	-	-	-
11 Other Power Supply	-	(1,527,176)	-	(1,540,683)	-	-	-
12 Transmission	-	-	-	-	-	-	-
13 Distribution	-	-	-	-	-	-	-
14 Customer Accounting	-	-	-	-	-	-	-
15 Customer Service & Info	-	-	-	-	-	-	-
16 Sales	-	-	-	-	-	-	-
17 Administrative & General	-	-	-	-	-	-	-
18 Total O&M Expense	-	(1,527,176)	-	(1,540,683)	-	-	-
19 Depreciation	(770,243)	-	-	-	-	-	-
20 Amortization	-	-	-	-	-	-	-
21 Taxes Other than Income	(36,638)	-	-	-	-	(300,180)	-
22 Income Taxes: Federal	20,080	534,512	-	539,239	(250,819)	105,063	-
23 State	-	-	-	-	-	-	-
24 Deferred Income Taxes	121,095	-	-	-	-	-	-
25 Investment Tax Credit Adj.	-	-	-	-	-	-	-
26 Misc. Revenue & Expense	-	-	-	-	-	-	-
27 Total Operating Expenses:	(665,706)	(992,664)	-	(1,001,444)	(250,819)	(195,117)	-
28							
29 Net Operating Income:	665,706	992,664	-	1,001,444	250,819	195,117	-
Rate Base:							
32 Electric Plant in Service	(25,559,616)	-	-	-	-	-	-
33 Plant Held for Future Use	-	-	-	-	-	-	-
34 Misc. Deferred Debits	-	-	-	-	-	-	-
35 Electric Plant Acq Adj	-	-	-	-	-	-	-
36 Nuclear Fuel	-	-	-	-	-	-	-
37 Prepayments	-	-	-	-	-	-	-
38 Fuel Stock	-	-	-	-	-	-	-
39 Material & Supplies	-	-	-	-	-	-	-
40 Working Capital	-	-	-	-	-	-	-
41 Weatherization Loans	-	-	-	-	-	-	-
42 Misc. Rate Base	-	-	-	-	-	-	-
43 Total Electric Plant:	(25,559,616)	-	-	-	-	-	-
Deductions:							
46 Accum. Prov. for Depreciation	15,253,013	-	-	-	-	-	-
47 Accum. Prov. for Amortization	-	-	-	-	-	-	-
48 Accum. Deferred Income Tax	566,765	-	-	-	-	-	(16,435)
49 Unamortized ITC	245,000	-	-	-	-	-	-
50 Customer Advances for Const.	-	-	-	-	-	-	-
51 Customer Service Deposits	-	-	-	-	-	-	-
52 Miscellaneous Deductions	-	-	-	-	-	-	-
53							
54 Total Deductions:	16,064,778	-	-	-	-	-	(16,435)
55							
56 Total Rate Base:	(9,494,838)	-	-	-	-	-	(16,435)
TAX CALCULATION							
61 Per Company							
62							
63 Operating Revenue	806,881	1,527,176	-	1,540,683	-	300,180	-
64 Other Deductions	-	-	-	-	-	-	-
65 Interest (AFUDC)	-	-	-	-	-	-	-
66 Interest	-	-	-	-	716,626	-	-
67 Schedule "M" additions	(770,243)	-	-	-	-	-	-
68 Schedule "M" deductions	(20,733)	-	-	-	-	-	-
69							
70 Income Before Tax	57,371	1,527,176	-	1,540,683	(716,626)	300,180	-
71 State Income Tax	-	-	-	-	-	-	-
72 Taxable Income	57,371	1,527,176	-	1,540,683	(716,626)	300,180	-
73 Adjustments to FIT	-	-	-	-	-	-	-
74 Federal Income Tax	20,080	534,512	-	539,239	(250,819)	105,063	-

PacifiCorp State of Washington		Revised by CAGW						Pac. Adj. 9.5
	7.4	7.5	7.6	7.7	7.8	7.9	7.10	
	Malin Midpoint	Flow-through Deferred Tax	IRS Settlement	Year-end Deferred Tax Adj.	Renewable Energy Tax Credit	Low Income Tax Credit	Production Activity Deduction	
Operating Revenues:								
1	General Business Revenues	-	-	-	-	-	-	
2	Interdepartmental	-	-	-	-	-	-	
3	Special Sales	-	-	-	-	-	-	
4	Other operating revenues	-	-	-	-	-	-	
5	Total Operating Revenues	-	-	-	-	-	-	
Operating Expenses:								
8	Steam Production	-	-	-	-	-	-	
9	Nuclear Production	-	-	-	-	-	-	
10	Hydro Production	-	-	-	-	-	-	
11	Other Power Supply	-	-	-	-	-	-	
12	Transmission	-	-	-	-	-	-	
13	Distribution	-	-	-	-	-	-	
14	Customer Accounting	-	-	-	-	-	-	
15	Customer Service & Info	-	-	-	-	-	-	
16	Sales	-	-	-	-	-	-	
17	Administrative & General	-	-	-	-	-	-	
18	Total O&M Expense	-	-	-	-	-	-	
19	Depreciation	-	-	-	-	-	-	
20	Amortization	-	-	-	-	-	-	
21	Taxes Other than Income	-	-	-	-	(36,669)	(184,798)	
22	Income Taxes: Federal	-	-	-	-	(629,057)	12,834	
23	State	-	-	-	-	-	-	
24	Deferred Income Taxes	(292,603)	(1,217,863)	-	-	-	-	
25	Investment Tax Credit Adj.	-	-	-	-	-	-	
26	Misc. Revenue & Expense	-	-	-	-	-	-	
27	Total Operating Expenses:	(292,603)	(1,217,863)	-	-	(629,057)	(23,835)	
28								
29	Net Operating Income:	292,603	1,217,863	-	-	629,057	23,835	
30								
Rate Base:								
32	Electric Plant in Service	-	-	-	-	-	-	
33	Plant Held for Future Use	-	-	-	-	-	-	
34	Misc. Deferred Debits	-	-	-	-	-	-	
35	Electric Plant Acq Adj	-	-	-	-	-	-	
36	Nuclear Fuel	-	-	-	-	-	-	
37	Prepayments	-	-	-	-	-	-	
38	Fuel Stock	-	-	-	-	-	-	
39	Material & Supplies	-	-	-	-	-	-	
40	Working Capital	-	-	-	-	-	-	
41	Weatherization Loans	-	-	-	-	-	-	
42	Misc. Rate Base	-	-	-	-	-	-	
43	Total Electric Plant:	-	-	-	-	-	-	
Deductions:								
46	Accum. Prov. for Depreciation	-	-	-	-	-	-	
47	Accum. Prov. for Amortization	-	-	-	-	-	-	
48	Accum. Deferred Income Tax	(1,463,017)	(10,531,719)	(498,669)	-	-	-	
49	Unamortized ITC	-	-	120,750	-	-	-	
50	Customer Advances for Const.	-	-	-	-	-	-	
51	Customer Service Deposits	-	-	-	-	-	-	
52	Miscellaneous Deductions	-	-	-	-	-	-	
53								
54	Total Deductions:	(1,463,017)	(10,531,719)	-	(377,919)	-	-	
55								
56	Total Rate Base:	(1,463,017)	(10,531,719)	-	(377,919)	-	-	
57								
TAX CALCULATION								
61	Per Company	-	-	-	-	-	-	
62								
63	Operating Revenue	-	-	-	-	36,669	-	
64	Other Deductions	-	-	-	-	-	-	
65	Interest (AFUDC)	-	-	-	-	-	-	
66	Interest	-	-	-	-	-	-	
67	Schedule "M" additions	-	-	-	-	-	-	
68	Schedule "M" deductions	-	-	-	-	-	527,994	
69								
70	Income Before Tax	-	-	-	-	36,669	(527,994)	
71	State Income Tax	-	-	-	-	-	-	
72	Taxable Income	-	-	-	-	36,669	(527,994)	
73	Adjustments to FIT	-	-	-	(629,057)	-	-	
74	Federal Income Tax	-	-	-	(629,057)	12,834	(184,798)	

PacifiCorp State of Washington		Revised by CAGW 8.1 Update Cash Working Capital	Revised by CAGW 8.2 Remove Deferred Debits	Revised by CAGW 8.3 JimBridger Mine Rate Base	Revised by CAGW 8.4 Grid West Loan	Revised by CAGW 8.5 North Umpqua Relicensing	8.6 Yakama Sale	8.7 Customer Advances
Operating Revenues:								
1	General Business Revenues	-	-	-	-	-	-	-
2	Interdepartmental	-	-	-	-	-	-	-
3	Special Sales	-	-	-	-	-	-	-
4	Other operating revenues	-	-	-	-	-	-	-
5	Total Operating Revenues	-	-	-	-	-	-	-
Operating Expenses:								
8	Steam Production	-	-	-	-	-	-	-
9	Nuclear Production	-	-	-	-	-	-	-
10	Hydro Production	-	-	-	-	-	-	-
11	Other Power Supply	-	-	-	-	-	-	-
12	Transmission	-	-	-	-	-	-	-
13	Distribution	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	(103,271)	-	-	-
15	Customer Service & Info	-	-	-	-	-	-	-
16	Sales	-	-	-	-	-	-	-
17	Administrative & General	-	-	-	-	-	-	-
18	Total O&M Expense	-	-	-	(103,271)	-	-	-
19	Depreciation	-	-	-	-	-	(9,369)	-
20	Amortization	-	-	-	47,337	(119,987)	-	-
21	Taxes Other than Income	-	-	-	-	-	-	-
22	Income Taxes: Federal	-	-	-	140,586	41,995	3,279	-
23	State	-	-	-	-	-	-	-
24	Deferred Income Taxes	-	-	-	-	-	-	-
25	Investment Tax Credit Adj.	-	-	-	-	-	-	-
26	Misc. Revenue & Expense	-	-	-	-	-	-	-
27	Total Operating Expenses:	-	-	-	84,652	(77,992)	(6,090)	-
29	Net Operating Income:	-	-	-	(84,652)	77,992	6,090	-
Rate Base:								
32	Electric Plant in Service	-	-	18,327,771	-	(132,036)	(532,097)	-
33	Plant Held for Future Use	-	-	-	-	-	-	-
34	Misc. Deferred Debits	-	(2,809,600)	-	112,424	-	-	-
35	Electric Plant Acq Adj	-	-	-	-	-	-	-
36	Nuclear Fuel	-	-	-	-	-	-	-
37	Prepayments	-	-	-	-	-	-	-
38	Fuel Stock	-	-	-	-	-	-	-
39	Material & Supplies	-	-	-	-	-	-	-
40	Working Capital	-	-	-	-	-	-	-
41	Weatherization Loans	-	-	-	-	-	-	-
42	Misc. Rate Base	-	-	-	-	-	-	-
43	Total Electric Plant:	-	(2,809,600)	18,327,771	112,424	(132,036)	(532,097)	-
Deductions:								
46	Accum. Prov. for Depreciation	-	-	-	-	-	90,231	-
47	Accum. Prov. for Amortization	-	-	-	-	3,832	-	-
48	Accum. Deferred Income Tax	-	-	-	-	-	-	-
49	Unamortized ITC	-	-	-	-	-	-	-
50	Customer Advances for Const.	-	-	-	-	-	-	984,551
51	Customer Service Deposits	-	-	-	-	-	-	-
52	Miscellaneous Deductions	-	-	-	-	-	-	-
54	Total Deductions:	-	-	-	-	3,832	90,231	984,551
56	Total Rate Base:	-	(2,809,600)	18,327,771	112,424	(128,204)	(441,866)	984,551
TAX CALCULATION								
61	Per Company	-	-	-	-	-	-	-
63	Operating Revenue	-	-	-	55,934	119,987	9,369	-
64	Other Deductions	-	-	-	-	-	-	-
65	Interest (AFUDC)	-	-	-	-	-	-	-
66	Interest	-	-	-	-	-	-	-
67	Schedule "M" additions	-	-	-	(257,810)	-	-	-
68	Schedule "M" deductions	-	-	-	(603,549)	-	-	-
70	Income Before Tax	-	-	-	401,673	119,987	9,369	-
71	State Income Tax	-	-	-	-	-	-	-
72	Taxable Income	-	-	-	401,673	119,987	9,369	-
73	Adjustments to FIT	-	-	-	-	-	-	-
74	Federal Income Tax	-	-	-	140,586	41,995	3,279	-

PacifiCorp State of Washington		Revised by CAGW 8.9	8.10	8.11	Revised by CAGW 8.12	Revised by CAGW 8.13	8.14
	8.8 Centralia Transmission Line Sale	Leaning Juniper	Misc. Rate Base	Colstrip #4 AFUDC	Trojan Removal	MEHC Transition Savings	Remove per books working capital
1	Operating Revenues:						
1	General Business Revenues	-	-	-	-	-	-
2	Interdepartmental	-	-	-	-	-	-
3	Special Sales	-	-	-	-	-	-
4	Other operating revenues	-	-	-	-	-	-
5	Total Operating Revenues	-	-	-	-	-	-
6	Operating Expenses:						
8	Steam Production	-	-	-	-	-	-
9	Nuclear Production	-	-	-	-	-	-
10	Hydro Production	-	-	-	-	-	-
11	Other Power Supply	-	443,160	-	-	-	-
12	Transmission	-	-	-	-	-	-
13	Distribution	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-
15	Customer Service & Info	-	-	-	-	-	-
16	Sales	-	-	-	-	-	-
17	Administrative & General	-	-	(657,375)	-	(2,891,698)	-
18	Total O&M Expense	-	443,160	(657,375)	-	(2,891,698)	-
19	Depreciation	(1,114)	699,086	-	(33,000)	-	-
20	Amortization	-	-	-	-	(283,072)	-
21	Taxes Other than Income	-	-	-	-	-	-
22	Income Taxes: Federal	390	(858,725)	230,081	-	2,456	1,012,094
23	State	-	-	-	-	-	-
24	Deferred Income Taxes	-	650,617	-	-	-	-
25	Investment Tax Credit Adj.	-	-	-	-	-	-
26	Misc. Revenue & Expense	-	-	-	-	-	-
27	Total Operating Expenses:	(724)	934,138	(427,294)	(33,000)	(280,616)	(1,879,604)
28	Net Operating Income:						
29		724	(934,138)	427,294	33,000	280,616	1,879,604
30	Rate Base:						
32	Electric Plant in Service	(66,760)	22,490,945	-	(481,839)	-	-
33	Plant Held for Future Use	-	-	-	-	-	-
34	Misc. Deferred Debits	-	-	-	-	1,592,618	-
35	Electric Plant Acq Adj	-	-	-	-	-	-
36	Nuclear Fuel	-	-	-	-	-	-
37	Prepayments	-	-	-	-	-	-
38	Fuel Stock	-	-	-	-	-	-
39	Material & Supplies	-	-	-	-	-	-
40	Working Capital	-	-	-	-	-	(3,952,812)
41	Weatherization Loans	-	-	-	-	-	-
42	Misc. Rate Base	-	-	-	(368,987)	-	-
43	Total Electric Plant:	(66,760)	22,490,945	-	(481,839)	(368,987)	1,592,618
44	Deductions:						
46	Accum. Prov. for Depreciation	26,852	(649,151)	-	-	-	-
47	Accum. Prov. for Amortization	-	-	-	-	-	-
48	Accum. Deferred Income Tax	977	(451,358)	-	-	-	-
49	Unamortized ITC	-	-	-	-	-	-
50	Customer Advances for Const.	-	-	-	-	-	-
51	Customer Service Deposits	-	-	-	-	-	-
52	Miscellaneous Deductions	-	-	-	-	1,054,570	-
53	Total Deductions:						
54		27,829	(1,100,509)	-	-	1,054,570	-
55	Total Rate Base:						
56		(38,931)	21,390,436	-	(481,839)	685,583	1,592,618
57							
58							
59	TAX CALCULATION						
61	Per Company						
62							
63	Operating Revenue	1,114	(1,142,246)	657,375	33,000	283,072	2,891,698
64	Other Deductions	-	-	-	-	-	-
65	Interest (AFUDC)	-	-	-	-	-	-
66	Interest	-	-	-	-	-	-
67	Schedule "M" additions	-	241,288	-	(33,000)	(276,054)	-
68	Schedule "M" deductions	-	1,552,542	-	-	-	-
69							
70	Income Before Tax	1,114	(2,453,500)	657,375	-	7,018	2,891,698
71	State Income Tax	-	-	-	-	-	-
72	Taxable Income	1,114	(2,453,500)	657,375	-	7,018	2,891,698
73	Adjustments to FIT	-	-	-	-	-	-
74	Federal Income Tax	390	(858,725)	230,081	-	2,456	1,012,094

PacifiCorp State of Washington		Revised by CAGW 8.15 Remove per books current assets	8.16 ISWC	Pac. Adj. 9.6 8.17 Customer Deposits	Staff accepts rebuttal adjustments Pac. Adj. 9.1 EEI Dues Removed		Pac. Adj. 9.9 13-Month Average DFIT
Operating Revenues:							
1	General Business Revenues	-	-	-	-	-	-
2	Interdepartmental						
3	Special Sales						
4	Other operating revenues						
5	Total Operating Revenues	-	-	-	-	-	-
6							
Operating Expenses:							
8	Steam Production						
9	Nuclear Production						
10	Hydro Production						
11	Other Power Supply						
12	Transmission						
13	Distribution						
14	Customer Accounting						
15	Customer Service & Info						
16	Sales						
17	Administrative & General			37,483	(33,700)		
18	Total O&M Expense	-	-	37,483	(33,700)	-	-
19	Depreciation						
20	Amortization						
21	Taxes Other than Income						
22	Income Taxes: Federal	-	-	(13,119)	11,795	-	-
23	State	-	-	-	-	-	-
24	Deferred Income Taxes						
25	Investment Tax Credit Adj.						
26	Misc. Revenue & Expense						
27	Total Operating Expenses:	-	-	24,364	(21,905)	-	-
28							
29	Net Operating Income:	-	-	(24,364)	21,905	-	-
30							
Rate Base:							
32	Electric Plant in Service						
33	Plant Held for Future Use						
34	Misc. Deferred Debits						
35	Electric Plant Acq Adj						
36	Nuclear Fuel						
37	Prepayments	(2,599,684)					
38	Fuel Stock	(2,516,964)					
39	Material & Supplies	(6,970,931)					
40	Working Capital		8,321,198				
41	Weatherization Loans						
42	Misc. Rate Base						
43	Total Electric Plant:	(12,087,579)	8,321,198	-	-	-	-
44							
Deductions:							
46	Accum. Prov. for Depreciation						
47	Accum. Prov. for Amortization						
48	Accum. Deferred Income Tax					16,741	
49	Unamortized ITC					(95,606)	
50	Customer Advances for Const.						
51	Customer Service Deposits			(2,001,969)			
52	Miscellaneous Deductions						
53							
54	Total Deductions:	-	-	(2,001,969)	-	(78,865)	-
55							
56	Total Rate Base:	(12,087,579)	8,321,198	(2,001,969)	-	(78,865)	-
57							
58							
59							
TAX CALCULATION							
61	Per Company						
62							
63	Operating Revenue	-	-	(37,483)	33,700	-	-
64	Other Deductions						
65	Interest (AFUDC)						
66	Interest						
67	Schedule "M" additions						
68	Schedule "M" deductions						
69							
70	Income Before Tax	-	-	(37,483)	33,700	-	-
71	State Income Tax	-	-	-	-	-	-
72	Taxable Income	-	-	(37,483)	33,700	-	-
73	Adjustments to FIT						
74	Federal Income Tax	-	-	(13,119)	11,795	-	-

Summary of Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Staffs Revenue Requirement Impact	PacifiCorp's Revenue Requirement Impact per Rebuttal	Difference	footnote
A	B	C	D	E	F	G	H
1 Per Books		\$32,647,342	\$528,823,255	14,752,848	\$ 16,070,564	\$ (1,317,716)	1*
2 Adjustments							
3 REVENUE							
4 Temperature Normalization (u)	3.1	(143,284)	-	230,940	230,940	-	
5 ProForma Reduction in Load (u)	3.2	(2,539,148)	-	4,092,509	4,092,509	-	
6 Revenue Normalizing (u)	3.3	9,182,478	-	(14,799,993)	(14,799,993)	-	
7 Centralia Gain (u)	3.4	(734,690)	-	1,184,147	1,184,147	-	
8 Pole Attachment Revenue (u)	3.5	(519,401)	-	837,152	837,152	-	
9 SO2 Emission Allowances (u)	3.6	(1,246,243)	(1,457,588)	1,822,951	1,819,319	3,632	1*
10							
11 O & M							
12 Green Tag Removal (u)	4.1	26,742	-	(43,101)	(43,101)	-	
13 Miscellaneous General Expense (u)	4.2	21,560	-	(34,749)	(34,749)	-	
14 International Assignees (u)	4.3	95,029	-	(153,164)	(153,164)	-	
15 Out of Period Expense Adj.(u)	4.4	210,066	-	(338,576)	(338,577)	-	1
16 Property Insurance (u)	4.5	(108,614)	-	175,061	175,061	-	
17 Affiliate Fee Commitment (u)	4.6	7,018	-	(11,311)	(11,311)	-	
18 DSM Amortization Removal (u)	4.7	3,224,447	-	(5,197,049)	(5,197,049)	-	
19 Corporate Cost Commitment (u)	4.8	52,774	-	(85,058)	(85,058)	-	
20 A&G Expense Commitment (u)	4.9	-	-	-	(488,408)	488,408	4*
21 Proforma Wage Adjustment (u)	4.10	(688,860)	-	1,110,281	1,110,281	-	
22							
23							
24 POWER COSTS							
25 BPA Exchange (u)	5.1	(13,034,252)	-	21,008,147	21,008,147	-	
26 James River Royalty Offset (u)	5.2	1,041,119	-	(1,678,038)	(1,678,038)	-	
27 Removal of Colstrip #3 (u)	5.3	665,706	(9,494,838)	(2,282,615)	(2,306,274)	23,659	1*
28 Misc. Power Supply (u)	5.4	992,664	-	(1,599,941)	(1,599,938)	(3)	
29 Revised CAGW & SO Factors (u)	5.5	-	-	-	-	-	
30 Water Year Adjustment	5.6	1,001,444	-	(1,614,092)	-	(1,614,092)	3*
31							
32							
33 TAX ADJUSTMENTS							
34 Interest True Up	7.1	250,819	-	(404,261)	238,255	(642,516)	2*
35 Utah Gross Receipts Tax (u)	7.2	195,117	-	(314,483)	(314,483)	-	
36 Reclass Deferred Income Tax (u)	7.3	-	(16,435)	(2,094)	(2,135)	41	1*
37 Malin Midpoint (u)	7.4	292,603	(1,463,017)	(657,997)	(661,643)	3,646	1*
38 Flow-through Deferred Tax Adj. (u)	7.5	1,217,863	(10,531,719)	(3,304,661)	(3,330,904)	26,243	1*
39 IRS Settlement Amortization	7.6	-	-	-	796,787	(796,787)	3*
40 Year-end Deferred Tax (u)	7.7	-	(377,919)	(48,147)	(49,089)	942	1*
41 Renewable Energy Tax Credit (u)	7.8	629,057	-	(1,013,892)	(1,013,892)	-	
42 Low Income Tax Credit (u)	7.9	23,835	-	(38,416)	(38,416)	-	
43 Production Activity Deduction (u)	7.10	184,798	-	(297,851)	(297,849)	(2)	
44							
45 RATE BASE							
46 Cash Working Capital	8.1	-	-	-	22,842	(22,842)	3*
47 Remove Deferred Debits (u)	8.2	-	(2,809,600)	(357,946)	(364,947)	7,001	1*
48 Bridger Mine Rate Base	8.3	-	18,327,771	2,334,979	2,638,383	(303,404)	3*
49 Grid West Loan (u)	8.4	(84,652)	112,424	150,761	151,041	(280)	1*
50 North Umpqua Relicensing (u)	8.5	77,992	(128,204)	(142,037)	(142,357)	320	1*
51 Yakama Sale (u)	8.6	6,090	(441,866)	(66,110)	(67,211)	1,101	1*
52 Customer Advances (u)	8.7	-	984,551	125,433	127,886	(2,453)	1*
53 Centralia Transmission Line Sale (u)	8.8	724	(38,931)	(6,127)	(6,121)	(6)	1*
54 Leaning Juniper (u)	8.9	(934,138)	21,390,436	4,230,776	4,284,077	(53,301)	1*
55 Miscellaneous Rate Base Adj. (u)	8.10	427,294	-	(688,697)	(688,697)	-	
56 Colstrip 4 AFUDC Adj. (u)	8.11	33,000	(481,839)	(114,575)	(115,776)	1,201	1*
57 Trojan Removal (u)	8.12	280,616	685,583	(364,942)	(363,234)	(1,708)	1*
58 MEHC Transition Savings	8.13	1,879,604	1,592,618	(2,826,577)	(1,760,534)	(1,066,043)	3*
59 Remove Working Capital	8.14	-	(3,952,812)	(503,593)	-	(503,593)	3*

Summary of Adjustments

	Adj. No.	NOI Impact	Net Rate Base Impact	Staff's Revenue Requirement Impact	PacifiCorp's Revenue Requirement Impact per Rebuttal	Difference	footnote
A	B	C	D	E	F	G	H
60 Remove Current Assets	8.15	-	(12,087,579)	(1,539,971)	-	(1,539,971)	3*
61 ISWC	8.16	-	8,321,198	1,060,130	-	1,060,130	3*
62 Customer Deposits (u)	8.17	(24,364)	(2,001,969)	(215,784)	(220,773)	4,989	1*
63 Remove EEI Dues (u)	9.1	21,905	-	(35,306)	(35,306)	-	
64 13-Month average ADFIT (u)	9.9	-	(78,865)	(10,047)	(10,244)	197	1*
65 Total		34,632,057	534,874,655	12,324,914	18,568,120	(6,243,206)	
66 Conversion Factor				0.620438	0.621670		
67 Percentage Increase in Revenues				5.4%	10.2%		
68							
69							
70							
71 <i>Capital Structure</i>		Staff	Staff		Company	Company	
72 Long-term Debt / Cost		54.00%	6.34%		50.00%	6.34%	
73 Short term Debt / Cost		3.00%	4.50%		3.00%	4.50%	
74 Preferred Stock / Cost		1.00%	6.46%		1.00%	6.46%	
75 Common Stock / Cost		42.00%	10.20%		46.00%	10.20%	
76 Weighted Average Cost of Capital			7.90%			8.06%	
77							
78							
79 Footnotes:							

- 1* Differences between Staff and Company are due to different rates of return.
This difference is due to both the difference in rate base and different amounts of debt in the capital structure.
- 2* These are the contested adjustments.
- 3* Staff's adjustments bring total A&G expenses below the threshold that triggers the MECH Commitment. The cap on A&G expense still in force for the Company.

PacifiCorp General Rate Case
Appendix to Exhibit No. ____ (TES-2)

Mechanics of the Exhibit

The following is a description of how to navigate Exhibit No. ____ (TES-2) and how it compares to Exhibit No. ____ (PMW-4).

Starting at Exhibit No. ____ (TES-2), page 1, Column 1; this is the same as Exhibit No. ____ (PMW-4), page 2.2, Washington unadjusted results, also known as "per books" results. Column 2 is the sum of the adjustments presented in pages 7 – 14. Column 3 is the sum of columns 1 and 2. Column 4 retrieves the revenue requirement from page 3 and shows the revenue related expenses. Finally Column 5 shows the total results after Staff's revenue requirement recommendation.

Page 3 of Exhibit TES-2 shows the calculation of the revenue requirement similar to the top portion of the Company's page 1.2, Exhibit No. ____ (PMW-4).

Page 4 shows Staff's recommended conversion factor which may be compared to the Company's Exhibit No. ____ (PMW-4), page 1.3.

Page 5 of Exhibit No. ____ (TES-2) calculates the recommended cost of capital and return on rate base.

Page 6 shows the calculation of Adjustment 7.1, Interest True-up.

Pages 7-14 present Staff's adjustments to the unadjusted results of operations. The format of these pages follows the format of the first page of tabs 3, 4, 5, etc., in Exhibit No. ____ (PMW-4). In Exhibit No. ____ (PMW-4) the first page of the adjustment tabs is the sum of the Company's Types 1, 2, and 3. Staff does not distinguish between the "types" of adjustments presented by PacifiCorp and has combined them in each adjustment. Each column is one adjustment with the tax consequences of revenue or expense calculated in the lower section of the column beginning at line 60. Note that Adjustment 7.1, interest true-up, is automatically recalculated with changes in rate base or debt cost. This recalculation is shown at page 6.

Pages 15 and 16 are a summary of the adjustments showing the net operating income impact, net rate base impact, and revenue requirement impact of each adjustment. A comparison to the revenue requirement impact of each of PacifiCorp's adjustments is included.

Pages 18-23 are summary tables of the components of revenue requirements as requested in the last PacifiCorp general rate case.

Table 1
Net Operating Income Impacts

	Adjustment No.	Staff NOI Impact
1		\$ 32,647,342
2		
		REVENUES
3	3.1	\$ (143,284)
4	3.2	\$ (2,539,148)
5	3.3	\$ 9,182,478
6	3.4	\$ (734,690)
7	3.5	\$ (519,401)
8	3.6	\$ (1,246,243)
9		
10		O & M
11	4.1	\$ 26,742
12	4.2	\$ 21,560
13	4.3	\$ 95,029
14	4.4	\$ 210,066
15	4.5	\$ (108,614)
16	4.6	\$ 7,018
17	4.7	\$ 3,224,447
18	4.8	\$ 52,774
19	4.9	\$ -
20	4.10	\$ (688,860)
21		
22		POWER COSTS
23	5.1	\$ (13,034,252)
24	5.2	\$ 1,041,119
25	5.3	\$ 665,706
26	5.4	\$ 992,664
27	5.5	\$ -
28	5.6	\$ 1,001,444
29		
30		TAX ADJUSTMENTS
31	7.1	\$ 250,819
32	7.2	\$ 195,117
33	7.3	\$ -
34	7.4	\$ 292,603
35	7.5	\$ 1,217,863
36	7.6	\$ -
37	7.7	\$ -

Table 1
Net Operating Income Impacts

	Adjustment No.	Staff NOI Impact
38 Renewable Energy Tax Credit (u)	7.8	\$ 629,057
39 Low Income Tax Credit (u)	7.9	\$ 23,835
40 Production Activity Deduction (u)	7.10	\$ 184,798
41		
42 RATE BASE		
43 Cash Working Capital	8.1	\$ -
44 Remove Deferred Debits (u)	8.2	\$ -
45 Bridger Mine Rate Base	8.3	\$ -
46 Grid West Loan (u)	8.4	\$ (84,652)
47 North Umpqua Relicensing (u)	8.5	\$ 77,992
48 Yakama Sale (u)	8.6	\$ 6,090
49 Customer Advances (u)	8.7	\$ -
50 Centralia Transmission Line Sale (u)	8.8	\$ 724
51 Leaning Juniper (u)	8.9	\$ (934,138)
52 Miscellaneous Rate Base Adj. (u)	8.10	\$ 427,294
53 Colstrip 4 AFUDC Adj. (u)	8.11	\$ 33,000
54 Trojan Removal (u)	8.12	\$ 280,616
55 MEHC Transition Savings	8.13	\$ 1,879,604
56 Remove Working Capital	8.14	\$ -
57 Remove Current Assets	8.15	\$ -
58 ISWC	8.16	\$ -
59 Customer Deposits (u)	8.17	\$ (24,364)
60 Remove EEI Dues (u)	9.1	\$ 21,905
61 13-Month average ADFIT (u)	9.9	\$ -
62		
	Total	<u>\$ 34,632,057</u>

Table 2
Net Rate Base Impacts

Adjustment	Adj. No.	Staff Rate Base Impact
1 Net Rate Base "Unadjusted"		\$ 528,823,255
2 REVENUES		
3 Temperature Normalization (u)	3.1	\$ -
4 ProForma Reduction in Load (u)	3.2	\$ -
5 Revenue Normalizing (u)	3.3	\$ -
6 Centralia Gain (u)	3.4	\$ -
7 Pole Attachment Revenue (u)	3.5	\$ -
8 SO2 Emission Allowances (u)	3.6	\$ (1,457,588)
9		
10 O & M		
11 Green Tag Removal (u)	4.1	\$ -
12 Miscellaneous General Expense (u)	4.2	\$ -
13 International Assignees (u)	4.3	\$ -
14 Out of Period Expense Adj.(u)	4.4	\$ -
15 Property Insurance (u)	4.5	\$ -
16 Affiliate Fee Commitment (u)	4.6	\$ -
17 DSM Amortization Removal (u)	4.7	\$ -
18 Corporate Cost Commitment (u)	4.8	\$ -
19 A&G Expense Commitment (u)	4.9	\$ -
20 Proforma Wage Adjustment (u)	4.10	\$ -
21		
22 POWER COSTS		
23 BPA Exchange (u)	5.1	\$ -
24 James River Royalty Offset (u)	5.2	\$ -
25 Removal of Colstrip #3 (u)	5.3	\$ (9,494,838)
26 Misc. Power Supply (u)	5.4	\$ -
27 Revised CAGW & SO Factors (u)	5.5	\$ -
28 Water Year Adjustment	5.6	\$ -
29		
30 TAX ADJUSTMENTS		
31 Interest True Up	7.1	\$ -
32 Utah Gross Receipts Tax (u)	7.2	\$ -
33 Reclass Deferred Income Tax (u)	7.3	\$ (16,435)
34 Malin Midpoint (u)	7.4	\$ (1,463,017)
35 Flow-through Deferred Tax Adj. (u)	7.5	\$ (10,531,719)
36 IRS Settlement Amortization	7.6	\$ -
37 Year-end Deferred Tax (u)	7.7	\$ (377,919)
38 Renewable Energy Tax Credit (u)	7.8	\$ -
39 Low Income Tax Credit (u)	7.9	\$ -
40 Production Activity Deduction (u)	7.10	\$ -
41		
42 RATE BASE		
43 Cash Working Capital	8.1	\$ -
44 Remove Deferred Debits (u)	8.2	\$ (2,809,600)
45 Bridger Mine Rate Base	8.3	\$ 18,327,771

Table 2
Net Rate Base Impacts

Adjustment	Adj. No.	Staff Rate Base Impact
46 Grid West Loan (u)	8.4	\$ 112,424
47 North Umpqua Relicensing (u)	8.5	\$ (128,204)
48 Yakama Sale (u)	8.6	\$ (441,866)
49 Customer Advances (u)	8.7	\$ 984,551
50 Centralia Transmission Line Sale (u)	8.8	\$ (38,931)
51 Leaning Juniper (u)	8.9	\$ 21,390,436
52 Miscellaneous Rate Base Adj. (u)	8.10	\$ -
53 Colstrip 4 AFUDC Adj. (u)	8.11	\$ (481,839)
54 Trojan Removal (u)	8.12	\$ 685,583
55 MEHC Transition Savings	8.13	\$ 1,592,618
56 Remove Working Capital	8.14	\$ (3,952,812)
57 Remove Current Assets	8.15	\$ (12,087,579)
58 ISWC	8.16	\$ 8,321,198
59 Customer Deposits (u)	8.17	\$ (2,001,969)
60 Remove EEI Dues (u)	9.1	\$ -
61 13-Month average ADFIT (u)	9.9	\$ (78,865)
62	Total	<u>\$ 534,874,655</u>

Table 3
Rate of Return

Staff Recommended Weighted Average Cost of Capital with a PCAM

Type of Capital	Capital Structure	Interest Rate	Weighted Cost	Weighted Debt Rate
1 Long-term Debt	54.00%	6.3350%	3.42090%	
2 Short term Debt	3.00%	4.5000%	0.13500%	3.55590%
3 Preferred Stock	1.00%	6.4550%	0.06455%	
4 Common Stock	42.00%	10.2000%	4.28400%	
5 Weighted Average Cost of Capital	<u>100.00%</u>		<u>7.90%</u>	

Table 4
Conversion Factor

			Nominal Tax Rate
1	Operating Revenue	100.0000%	
2	Operating Revenue Deductions:		
3	Uncollectible Accounts	0.4850%	
4	Franchise Tax	0.0000%	
5	WA Revenue Tax	3.8730%	
6	WUTC Fee	0.1900%	
7	Sub-Total	95.4520%	
8	State Income Tax	0.0000%	
9	Sub-Total	95.4520%	
10	Federal Income Tax @ 35%	<u>33.4082%</u>	35%
11	Net Operating Income Conversion Factor	<u>62.0438%</u>	
12	Company uses inverse known as "Net to Gross Bump-up".	161.17646%	

Table 5
Staff Recommended
Increase in Net Operating Income

	With PCAM
1 Net Rate Base - Washington Jurisdiction	\$ 534,874,655
2 Proposed Rate of Return	7.90%
3 Net Operating Income Requirement	\$ 42,278,900
4 Proforma Net Operating Income	\$ 34,632,057
5 Recommended Increase (Decrease) in Net Operating Income	\$ 7,646,843

Sources:

Line 1: From Table 2, line 60

Line 2: From Table 3, line 5

Line 3: Line 1 times line 2

Line 4: From Table 1, line 60

Line 5: Line 3 less line 4

Table 6
Staff Recommended
Increase to Revenue Requirements

Revenue Requirement Calculation	Notes	With PCAM
1 Net Operating Income Excess	1*	\$ 7,646,843
2		
3 NOI > Revenue Conversion Factor	2*	62.0438%
4		
5 <u>Revenue Requirement Increase (Decrease)</u>	3*	<u>\$ 12,324,911</u>
6		
7 Adjusted Revenues at Present Rates	4*	\$ 226,563,996
8		
9 Percentage increase	5*	5.4%

Sources:

1* From Table 5, line 5

2* From Table 4, line 11

3* Line 1 divided by line 3

4* Exhibit ___(TES-2) at 1, line 1, column 3

5* Line 5 divided by line 7.