

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	
v.	)	DOCKET UE-152253
	)	
PACIFIC POWER & LIGHT COMPANY,	)	
	)	
Respondent.	)	
	)	
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**EXHIBIT NO. BGM-3**  
**FIRST RATE PERIOD REVENUE REQUIREMENT CALCULATIONS**

**Boise Washington Revenue Requirement Recommendation**  
**First Rate Period**  
**Normalized Results of Operations - West Control Area**  
**12 Months Ended JUNE 2015**

	As Filed Total Adjusted Results	A Bridger 3 SCRs	B Bonus Depreciation	C Update Pro Forma Plant	D AMA Rate Base	E Colstrip 3 O&M	F Transmission O&M	G Pension & OPEB	H General Office Expense	I Correct Cholla O&M	J EIM Costs	K Hydro Deferral	Balancing
1 Operating Revenues:													
2 General Business Revenues	205,927,969	-	-	-	-	-	-	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Special Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Other Operating Revenues	9,320,426	-	-	-	-	-	-	-	-	-	-	-	-
6 Total Operating Revenues	<u>215,248,395</u>	-	-	-	-	-	-	-	-	-	-	-	-
7													
8 Operating Expenses:													
9 Steam Production	14,047,910	-	-	-	-	(978,354)	-	-	-	97,000	-	-	-
10 Nuclear Production	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Hydro Production	6,649,311	-	-	-	-	-	-	-	-	-	-	-	-
12 Other Power Supply	9,720,488	-	-	-	-	-	-	-	-	-	(150,089)	-	-
13 Transmission	5,578,176	-	-	-	-	-	-	-	-	-	-	-	-
14 Distribution	11,115,084	-	-	-	-	-	-	-	-	-	-	-	-
15 Customer Accounting	6,342,566	-	-	-	-	-	-	-	-	-	-	-	-
16 Customer Service & Info	761,220	-	-	-	-	-	-	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Administrative & General	10,155,481	-	-	-	-	-	(1,083,598)	(401,737)	(531,595)	-	-	-	-
19 Total O&M Expenses	<u>64,370,235</u>	-	-	-	-	(978,354)	(1,083,598)	(401,737)	(531,595)	97,000	(150,089)	-	-
20 Depreciation	56,225,842	(927,559)	-	(165,525)	-	-	-	-	-	-	-	-	(131,248)
21 Amortization	4,757,954	-	-	-	-	-	-	-	-	-	-	(132,174)	(43,669)
22 Taxes Other Than Income	21,662,321	-	-	-	-	-	-	-	-	-	-	-	-
23 Income Taxes - Federal	12,782,160	481,000	(254,122)	97,298	112,226	342,424	379,259	140,608	186,058	(33,950)	69,886	92,522	(196,682)
24 Income Taxes - State	-	-	-	-	-	-	-	-	-	-	-	-	-
25 Income Taxes - Def Net	923,866	(42,616)	276,630	(19,554)	-	-	-	-	-	-	-	(46,261)	205,438
26 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-	-	-	-	-
27 Misc Revenue & Expense	7,269	-	-	-	-	-	-	-	-	-	-	-	-
28 Total Operating Expenses:	<u>160,729,647</u>	<u>(489,175)</u>	<u>22,508</u>	<u>(87,781)</u>	<u>112,226</u>	<u>(635,930)</u>	<u>(704,339)</u>	<u>(261,129)</u>	<u>(345,537)</u>	<u>63,050</u>	<u>(80,202)</u>	<u>(85,913)</u>	<u>(166,161)</u>
29													
30 Operating Rev For Return:	<u>54,518,748</u>	<u>489,175</u>	<u>(22,508)</u>	<u>87,781</u>	<u>(112,226)</u>	<u>635,930</u>	<u>704,339</u>	<u>261,129</u>	<u>345,537</u>	<u>(63,050)</u>	<u>80,202</u>	<u>85,913</u>	<u>166,161</u>
31 Rate Base:													
32 Electric Plant In Service	1,812,053,781	(12,964,622)	-	(2,313,559)	(27,245,532)	-	-	-	-	-	(1,898,279)	-	668,050
33 Plant Held for Future Use	424,723	-	-	-	-	-	-	-	-	-	-	-	-
34 Misc Deferred Debits	397,121	-	-	-	-	-	-	-	-	-	-	-	90,560
35 Elec Plant Acq Adj	-	-	-	-	-	-	-	-	-	-	-	-	-
36 Nuclear Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
37 Prepayments	(1)	-	-	-	-	-	-	-	-	-	-	-	-
38 Fuel Stock	0	-	-	-	-	-	-	-	-	-	-	-	-
39 Material & Supplies	(0)	-	-	-	-	-	-	-	-	-	-	-	-
40 Working Capital	23,962,203	-	-	-	-	-	-	-	-	-	-	-	-
41 Weatherization Loans	1,840,890	-	-	-	-	-	-	-	-	-	-	-	-
42 Misc Rate Base	-	-	-	-	-	-	-	-	-	-	-	-	-
43 Total Electric Plant:	<u>1,838,678,717</u>	<u>(12,964,622)</u>	<u>-</u>	<u>(2,313,559)</u>	<u>(27,245,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,898,279)</u>	<u>-</u>	<u>758,609</u>
44 Rate Base Deductions:													
45 Accum Prov For Deprec	(695,354,089)	627,648	-	111,181	15,072,680	-	-	-	-	-	(234,779)	-	(1,760,280)
46 Accum Prov For Amort	(52,956,681)	-	-	-	-	-	-	-	-	-	-	-	1,914,754
47 Accum Def Income Tax	(244,540,095)	-	(2,441,357)	53,588	-	-	-	-	-	-	250,561	-	4,777,264
48 Unamortized ITC	(106,780)	-	-	-	-	-	-	-	-	-	-	-	411
49 Customer Adv For Const	(972,510)	-	-	-	-	-	-	-	-	-	-	-	-
50 Customer Service Deposits	(3,272,583)	-	-	-	-	-	-	-	-	-	-	-	-
51 Misc Rate Base Deductions	(3,351,815)	-	-	-	-	-	-	-	-	-	-	-	-
52 Total Rate Base Deductions	<u>(1,000,554,553)</u>	<u>627,648</u>	<u>(2,441,357)</u>	<u>164,769</u>	<u>15,072,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,782</u>	<u>-</u>	<u>4,932,150</u>
53 Total Rate Base:	<u>838,124,164</u>	<u>(12,336,974)</u>	<u>(2,441,357)</u>	<u>(2,148,791)</u>	<u>(12,172,852)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,882,496)</u>	<u>-</u>	<u>5,690,759</u>
54 Return on Rate Base	6.50%												
55 Return on Equity	7.88%												
56 TAX CALCULATION:													
57 Operating Revenue	68,224,774	927,559	-	165,525	-	978,354	1,083,598	401,737	531,595	(97,000)	150,089	132,174	174,918
58 Other Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-
59 Interest (AFUDC)	2,385,952	-	-	-	-	-	-	-	-	-	-	-	-
60 Interest	(22,077,012)	324,968	64,308	56,601	320,645	-	-	-	-	-	49,587	-	(149,900)
61 Schedule "M" Additions Temp	76,768,451	(927,559)	-	(165,525)	-	-	-	-	-	-	-	-	(511,862)
62 Schedule "M" Deductions Temp	(73,577,208)	1,049,319	(790,370)	221,393	-	-	-	-	-	-	-	132,174	(75,103)
63 Schedule "M" Additions Perm	74,328	-	-	-	-	-	-	-	-	-	-	-	-
64 Schedule "M" Deductions Perm	(985,895)	-	-	-	-	-	-	-	-	-	-	-	-
65 Income Before Tax	<u>50,813,391</u>	<u>1,374,287</u>	<u>(726,062)</u>	<u>277,994</u>	<u>320,645</u>	<u>978,354</u>	<u>1,083,598</u>	<u>401,737</u>	<u>531,595</u>	<u>(97,000)</u>	<u>199,675</u>	<u>264,348</u>	<u>(561,948)</u>
66 State Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
67 Fed Taxable Income	<u>50,813,391</u>	<u>1,374,287</u>	<u>(726,062)</u>	<u>277,994</u>	<u>320,645</u>	<u>978,354</u>	<u>1,083,598</u>	<u>401,737</u>	<u>531,595</u>	<u>(97,000)</u>	<u>199,675</u>	<u>264,348</u>	<u>(561,948)</u>
68 Production Tax Credits	(4,997,164)	-	-	-	-	-	-	-	-	-	-	-	-
69 Other Tax Credits	(5,364)	-	-	-	-	-	-	-	-	-	-	-	-
70 Federal Income Taxes Current	<u>12,782,160</u>	<u>481,000</u>	<u>(254,122)</u>	<u>97,298</u>	<u>112,226</u>	<u>342,424</u>	<u>379,259</u>	<u>140,608</u>	<u>186,058</u>	<u>(33,950)</u>	<u>69,886</u>	<u>92,522</u>	<u>(196,682)</u>
71 Approximate Revenue Deficiency	<u>10,746,470</u>	<u>(2,241,065)</u>	<u>(251,091)</u>	<u>(394,495)</u>	<u>(1,251,963)</u>	<u>(1,025,462)</u>	<u>(1,135,774)</u>	<u>(421,081)</u>	<u>(557,191)</u>	<u>101,671</u>	<u>(350,928)</u>	<u>(138,538)</u>	<u>401,948</u>

	Adjusted Results	Price Change	Results with Price Change
1 Operating Revenues:			
2 General Business Revenues	205,927,969	3,482,501	209,410,470
3 Interdepartmental	-		
4 Special Sales	-		
5 Other Operating Revenues	9,320,426		
6 Total Operating Revenues	<u>215,248,395</u>		
7			
8 Operating Expenses:			
9 Steam Production	13,166,556		
10 Nuclear Production	-		
11 Hydro Production	6,649,311		
12 Other Power Supply	9,570,400		
13 Transmission	5,578,176		
14 Distribution	11,115,084		
15 Customer Accounting	6,342,566	18,137	6,360,702
16 Customer Service & Info	761,220		
17 Sales	-		
18 Administrative & General	8,138,551		
19 Total O&M Expenses	<u>61,321,863</u>		
20 Depreciation	55,001,509		
21 Amortization	4,582,111		
22 Taxes Other Than Income	21,662,321	141,856	21,804,177
23 Income Taxes - Federal	14,198,687	1,162,878	15,361,565
24 Income Taxes - State	-		
25 Income Taxes - Def Net	1,297,503		
26 Investment Tax Credit Adj.	-		
27 Misc Revenue & Expense	7,269		
28 Total Operating Expenses:	<u>158,071,264</u>	<u>1,322,871</u>	<u>159,394,135</u>
29			
30 Operating Rev For Return:	<u>57,177,131</u>	<u>2,159,630</u>	<u>59,336,761</u>
31 Rate Base:			
32 Electric Plant In Service	1,768,299,839		
33 Plant Held for Future Use	424,723		
34 Misc Deferred Debits	487,681		
35 Elec Plant Acq Adj	-		
36 Nuclear Fuel	-		
37 Prepayments	(1)		
38 Fuel Stock	0		
39 Material & Supplies	(0)		
40 Working Capital	23,962,203		
41 Weatherization Loans	1,840,890		
42 Misc Rate Base	-		
43 Total Electric Plant:	<u>1,795,015,335</u>	-	<u>1,795,015,335</u>
44 Rate Base Deductions:			
45 Accum Prov For Deprec	(681,537,640)		
46 Accum Prov For Amort	(51,041,927)		
47 Accum Def Income Tax	(241,900,039)		
48 Unamortized ITC	(106,369)		
49 Customer Adv For Const	(972,510)		
50 Customer Service Deposits	(3,272,583)		
51 Misc Rate Base Deductions	(3,351,815)		
52 Total Rate Base Deductions	<u>(982,182,882)</u>	-	<u>(982,182,882)</u>
53 Total Rate Base:	<u>812,832,453</u>	-	<u>812,832,453</u>
54 Return on Rate Base	7.03%		7.30%
55 Return on Equity	8.96%		9.50%
56 TAX CALCULATION:			
57 Operating Revenue	72,673,321	3,322,508	75,995,829
58 Other Deductions			
59 Interest (AFUDC)	2,385,952	-	2,385,952
60 Interest	(21,410,803)	-	(21,410,803)
61 Schedule "M" Additions Temp	75,163,505	-	75,163,505
62 Schedule "M" Deductions Temp	(73,039,796)	-	(73,039,796)
63 Schedule "M" Additions Perm	74,328	-	74,328
64 Schedule "M" Deductions Perm	(985,895)	-	(985,895)
65 Income Before Tax	<u>54,860,613</u>	<u>3,322,508</u>	<u>243,223,981</u>
66 State Income Taxes	-	-	-
67 Fed Taxable Income	<u>54,860,613</u>	<u>3,322,508</u>	<u>58,183,121</u>
68 Production Tax Credits	(4,997,164)		
69 Other Tax Credits	(5,364)		
70 Federal Income Taxes Current	<u>14,198,687</u>	<u>1,162,878</u>	<u>15,361,565</u>
71 Approximate Revenue Deficiency	<u>3,482,501</u>		<u>13</u>