

Exhibit No. ___(JTW-3)
Docket No. UE-03_____
2003 PP&L Rate Case
Witness: J. Ted Weston

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

Docket No. UE-03_____

PACIFICORP

EXHIBIT OF J. TED WESTON

Washington Results of Operations

December 2003

PACIFICORP
State of Washington - Electric Utility
Actual, Adjusted & Normalized Results of Operations
Twelve Months Ended March 2003

	(1) Unadjusted Results	(2) Normalizing Adjustments	(3) Total Normalized Results	(4) Price Change	(5) Results with Price Change
1 Operating Revenues:					
2 General Business Revenues	183,665,820	14,923,279	198,589,099	26,724,248	225,313,346
3 Interdepartmental	-	-	-		
4 Special Sales	91,649,561	4,928,471	96,578,032		
5 Other Operating Revenues	15,886,626	(7,610,807)	8,275,819		
6 Total Operating Revenues	291,202,007	12,240,943	303,442,950		
7					
8 Operating Expenses:					
9 Steam Production	52,593,415	(977,605)	51,615,809		
10 Nuclear Production	-	-	-		
11 Hydro Production	3,665,965	1,763,371	5,429,336		
12 Other Power Supply	90,079,507	14,459,918	104,539,425		
13 Transmission	8,650,088	(551,277)	8,098,811		
14 Distribution	6,969,552	104,292	7,073,844		
15 Customer Accounting	7,948,906	(1,336,361)	6,612,545	167,802	6,780,347
16 Customer Service & Info	213,426	774	214,200		
17 Sales	50,208	-	50,208		
18 Administrative & General	24,259,532	496,300	24,755,832		
19 Total O&M Expenses	194,430,600	13,959,412	208,390,012		
20 Depreciation	31,482,771	(2,263,242)	29,219,529		
21 Amortization	4,614,445	(172,412)	4,442,033		
22 Taxes Other Than Income	8,663,041	152,055	8,815,096	1,114,695	9,929,791
23 Income Taxes - Federal	16,538,880	(9,244,225)	7,294,655	8,500,343	15,794,998
24 Income Taxes - State	2,959,954	(1,388,367)	1,571,587	1,155,055	2,726,643
25 Income Taxes - Def Net	(4,950,980)	12,924,264	7,973,284		
26 Investment Tax Credit Adj.	-	-	-		
27 Misc Revenue & Expense	(271,678)	(340,594)	(612,272)		
28 Total Operating Expenses:	253,467,035	13,626,889	267,093,924	10,937,896	278,031,820
29					
30 Operating Rev For Return:	37,734,972	(1,385,946)	36,349,025	15,786,352	52,135,377
31					
32 Rate Base:					
33 Electric Plant In Service	1,050,578,775	(5,682,525)	1,044,896,250		
34 Plant Held for Future Use	186,926	(87,309)	99,617		
35 Misc Deferred Debits	19,796,342	(3,381,643)	16,414,699		
36 Elec Plant Acq Adj	8,826,303	-	8,826,303		
37 Nuclear Fuel	-	-	-		
38 Prepayments	1,334,636	-	1,334,636		
39 Fuel Stock	4,068,159	(171)	4,067,988		
40 Material & Supplies	6,612,849	-	6,612,849		
41 Working Capital	6,657,571	1,821,663	8,479,233		
42 Weatherization Loans	2,643,690	-	2,643,690		
43 Misc Rate Base	1,499,446	(1,469,297)	30,149		
44 Total Electric Plant:	1,102,204,697	(8,799,282)	1,093,405,416	-	1,093,405,416
45					
46 Rate Base Deductions:					
47 Accum Prov For Deprec	(414,889,993)	11,720,491	(403,169,502)		
48 Accum Prov For Amort	(20,423,185)	-	(20,423,185)		
49 Accum Def Income Tax	(64,317,270)	6,956,541	(57,360,729)		
50 Unamortized ITC	(2,595,292)	(39,284)	(2,634,576)		
51 Customer Adv For Const	(38,641)	-	(38,641)		
52 Customer Service Deposits	-	-	-		
53 Misc Rate Base Deductions	(10,783,634)	(2,680,835)	(13,464,469)		
54					
55 Total Rate Base Deductions	(513,048,016)	15,956,913	(497,091,103)	-	(497,091,103)
56					
57 Total Rate Base:	589,156,681	7,157,632	596,314,313	-	596,314,313
58					
59 Return on Rate Base	6.405%		6.096%		8.743%
60 Return on Equity	6.284%	-0.657%	5.627%		11.250%
61					
62 TAX CALCULATION:					
63 Operating Revenue	52,282,827	905,725	53,188,551	25,441,751	78,630,302
64 Other Deductions	-	-	-		
65 Interest (AFUDC)	-	-	-		
66 Interest	20,867,275	(880,276)	19,986,999		19,986,999
67 Schedule "M"	18,798,346	(32,366,776)	(13,568,430)		(13,568,430)
68 Income Before Tax	50,213,898	(30,580,775)	19,633,122	25,441,751	45,074,873
69					
70 State Income Taxes	2,959,954	(1,388,367)	1,571,587	1,155,055	2,726,643
71 Taxable Income	47,253,943	(29,192,408)	18,061,535	24,286,696	42,348,231
72					
73 Federal Income Taxes + Other	16,538,880	(9,244,225)	7,294,655	8,500,343	15,794,998

	Total Adjustments	Revenue Adjustments (Tab 3)	O&M Adjustments (Tab 4)	Net Power Cost Adjustments (Tab 5)	Depreciation & Amortization (Tab 6)	Tax Adjustments (Tab 7)	Misc Rate Base Adjustments (Tab 8)	Other Adjustments (Tab 9)	Other (Tab 10)
1 Operating Revenues:									
2 General Business Revenues	14,923,279	14,923,279	-	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-	-	-	-
4 Special Sales	4,928,471	-	(58,475)	4,986,946	-	-	-	-	-
5 Other Operating Revenues	(7,610,807)	(7,577,008)	-	(33,799)	-	-	-	-	-
6 Total Operating Revenues	12,240,943	7,346,271	(58,475)	4,953,147	-	-	-	-	-
7									
8 Operating Expenses:									
9 Steam Production	(977,605)	-	145,251	(1,122,857)	-	-	-	-	-
10 Nuclear Production	-	-	-	-	-	-	-	-	-
11 Hydro Production	1,763,371	1,755,178	8,192	-	-	-	-	-	-
12 Other Power Supply	14,459,918	-	(17,857)	14,477,775	-	-	-	-	-
13 Transmission	(551,277)	-	19,919	(571,196)	-	-	-	-	-
14 Distribution	104,292	-	104,292	-	-	-	-	-	-
15 Customer Accounting	(1,336,361)	-	(1,336,361)	-	-	-	-	-	-
16 Customer Service & Info	774	-	774	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-	-	-	-
18 Administrative & General	496,300	-	496,300	-	-	-	-	-	-
19 Total O&M Expenses	13,959,412	1,755,178	(579,489)	12,783,722	-	-	-	-	-
20 Depreciation	(2,263,242)	-	(147,443)	(568,199)	(1,777,606)	-	230,005	-	-
21 Amortization	(172,412)	-	(6,308)	-	-	-	(166,104)	-	-
22 Taxes Other Than Income	152,055	-	48,500	(32,673)	-	136,227	-	-	-
23 Income Taxes: Federal	(9,244,225)	(8,263,174)	209,241	(2,599,940)	-	1,430,997	(21,350)	-	-
24 State	(1,388,367)	(1,122,828)	28,432	(353,289)	-	62,218	(2,901)	-	-
25 Deferred Income Taxes	12,924,264	11,634,259	-	120,349	674,619	495,037	-	-	-
26 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-
27 Misc Revenue & Expense	(340,594)	(340,594)	-	-	-	-	-	-	-
28 Total Operating Expenses:	13,626,889	3,662,841	(447,066)	9,349,972	(1,102,986)	2,124,479	39,650	-	-
29									
30 Operating Rev For Return:	(1,385,946)	3,683,430	388,591	(4,396,825)	1,102,986	(2,124,479)	(39,650)	-	-
31									
32 Rate Base:									
33 Electric Plant In Service	(5,682,525)	-	-	(18,877,037)	-	-	13,194,512	-	-
34 Plant Held for Future Use	(87,309)	-	-	-	-	-	(87,309)	-	-
35 Misc Deferred Debits	(3,381,643)	-	-	(366,503)	-	-	(3,015,139)	-	-
36 Elec Plant Acq Adj	-	-	-	-	-	-	-	-	-
37 Nuclear Fuel	-	-	-	-	-	-	-	-	-
38 Prepayments	-	-	-	-	-	-	-	-	-
39 Fuel Stock	(171)	-	(171)	-	-	-	-	-	-
40 Material & Supplies	-	-	-	-	-	-	-	-	-
41 Working Capital	1,821,663	-	-	-	-	-	1,821,663	-	-
42 Weatherization Loans	-	-	-	-	-	-	-	-	-
43 Misc Rate Base	(1,469,297)	-	-	-	-	-	(1,469,297)	-	-
44 Total Electric Plant:	(8,799,282)	-	(171)	(19,243,540)	-	-	10,444,430	-	-
45									
46 Deductions:									
47 Accum Prov For Deprec	11,720,491	-	-	9,986,590	888,801	-	845,100	-	-
48 Accum Prov For Amort	-	-	-	-	-	-	-	-	-
49 Accum Def Income Tax	6,956,541	1,415,358	-	671,269	(674,619)	5,512,531	32,003	-	-
50 Unamortized ITC	(39,284)	-	-	366,606	-	(405,889)	-	-	-
51 Customer Adv For Const	-	-	-	-	-	-	-	-	-
52 Customer Service Deposits	-	-	-	-	-	-	-	-	-
53 Miscellaneous Deductions	(2,680,835)	(3,416,674)	-	-	-	-	735,839	-	-
54									
55 Total Deductions:	15,956,913	(2,001,316)	-	11,024,464	214,182	5,106,641	1,612,942	-	-
56									
57 Total Rate Base:	7,157,632	(2,001,316)	(171)	(8,219,076)	214,182	5,106,641	12,057,372	-	-
58									
59									
60 Estimated ROE impact	-0.657%	1.379%	0.140%	-1.415%	0.393%	-0.876%	-0.287%	0.000%	0.000%
61									
62									
63									
64 TAX CALCULATION:									
65									
66 Operating Revenue	905,725	5,931,687	626,264	(7,229,704)	1,777,606	(136,227)	(63,901)	-	-
67 Other Deductions	-	-	-	-	-	-	-	-	-
68 Interest (AFUDC)	-	-	-	-	-	-	-	-	-
69 Interest	(880,276)	-	-	-	-	(880,276)	-	-	-
70 Schedule "M" Additions	(31,994,149)	(30,274,741)	-	(568,199)	(1,777,606)	626,396	-	-	-
72 Schedule "M" Deductions	372,627	388,842	-	(16,215)	-	-	-	-	-
73 Income Before Tax	(30,580,775)	(24,731,896)	626,264	(7,781,688)	-	1,370,445	(63,901)	-	-
74									
76 State Income Taxes	(1,388,367)	(1,122,828)	28,432	(353,289)	-	62,218	(2,901)	-	-
77 Taxable Income	(29,192,408)	(23,609,068)	597,832	(7,428,399)	-	1,308,227	(61,000)	-	-
78									
79 Federal Income Taxes	(9,244,225)	(8,263,174)	209,241	(2,599,940)	-	1,430,997	(21,350)	-	-

PACIFICORP
State of Washington
Normalized Results of Operations - MSP Protocol
12 Months Ended March 2003

Net Rate Base - Washington Jurisdiction	\$ 596,314,313	Ref. Page 1.0
Return on Rate Base Requested	<u>8.743%</u>	Ref. Page 2.1
Revenues Required to Earn Requested Return	52,135,377	
Less Current Operating Revenues	<u>(36,349,025)</u>	
Increase to Current Revenues	15,786,352	
Net to Gross Bump-up	<u>169.29%</u>	
Price Change Required for Requested Return	<u><u>\$ 26,724,248</u></u>	
Requested Price Change	\$ 26,724,248	
Uncollectible Percent	<u>0.628%</u>	Ref. Page 1.3
Increased Uncollectible Expense	<u>\$ 167,802</u>	
Requested Price Change	\$ 26,724,248	
Franchise Tax	0.113%	Ref. Page 1.3
OPUC Fee	0.000%	Ref. Page 1.3
Washington Revenue Tax	3.873%	Ref. Page 1.3
Utah Gross Receipts	0.000%	Ref. Page 1.3
WUTC Tax	0.185%	Ref. Page 1.3
Resource Supplier	0.000%	Ref. Page 1.3
Increase Taxes Other Than Income	<u>\$ 1,114,695</u>	
Requested Price Change	\$ 26,724,248	
Uncollectible Expense	(167,802)	
Taxes Other Than Income	<u>(1,114,695)</u>	
Income Before Taxes	<u>\$ 25,441,751</u>	
State Effective Tax Rate	<u>4.540%</u>	Ref. Page 2.1
State Income Taxes	<u>\$ 1,155,055</u>	
Taxable Income	\$ 24,286,695	
Federal Income Tax Rate	<u>35.00%</u>	Ref. Page 2.1
Federal Income Taxes	<u>\$ 8,500,343</u>	
Operating Income	100.000%	
Net Operating Income	<u>59.071%</u>	Ref. Page 1.3
Net to Gross Bump-Up	<u>169.29%</u>	

PACIFICORP
State of Washington
Normalized Results of Operations - MSP Protocol
12 Months Ended March 2003

Operating Revenue	100.0000%
Operating Deductions	
Uncollectable Accounts	0.6279%
Taxes Other - Franchise Tax	0.1131%
Taxes Other - WA Revenue Tax	3.8730%
Taxes Other - WUTC Tax	0.1850%
Taxes Other - Utah Gross Receipts	<u>0.0000%</u>
Sub-Total	95.2010%
State Income Tax @ 4.54%	<u>4.32210%</u>
Sub-Total	90.8789%
Federal Income Tax @ 35.00%	<u>31.8076%</u>
Net Operating Income	<u><u>59.0713%</u></u>