

**7. TAX
ADJUSTMENTS**

	7.1	7.2	7.3	7.4	7.5	7.6	7.7	0	
	Total Normalized	Interest True-Up	Flow-Through Deferred Tax-WA	Year-end Deferred Taxes	Main Midpoint - WA	Wyoming Wind Tax Credit	Property Tax Adjustment	IRS Tax Settlement	0
1 Operating Revenues:									
2 General Business Revenues	-	-	-	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-	-	-	-
4 Special Sales	-	-	-	-	-	-	-	-	-
5 Other Operating Revenues	-	-	-	-	-	-	-	-	-
6 Total Operating Revenues	-	-	-	-	-	-	-	-	-
7									
8 Operating Expenses:									
9 Steam Production	-	-	-	-	-	-	-	-	-
10 Nuclear Production	-	-	-	-	-	-	-	-	-
11 Hydro Production	-	-	-	-	-	-	-	-	-
12 Other Power Supply	-	-	-	-	-	-	-	-	-
13 Transmission	-	-	-	-	-	-	-	-	-
14 Distribution	-	-	-	-	-	-	-	-	-
15 Customer Accounting	-	-	-	-	-	-	-	-	-
16 Customer Service & Info	-	-	-	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-	-	-	-
18 Administrative & General	-	-	-	-	-	-	-	-	-
19 Total O&M Expenses	-	-	-	-	-	-	-	-	-
20 Depreciation	-	-	-	-	-	-	-	-	-
21 Amortization	-	-	-	-	-	-	-	-	-
22 Taxes Other Than Income	136,227	-	-	-	-	-	136,227	-	-
23 Income Taxes: Federal	1,430,966	294,078	-	-	209,285	(186,337)	(45,515)	1,159,454	-
24 State	62,214	39,960	-	-	28,438	-	(6,185)	-	-
25 Deferred Income Taxes	495,037	-	312,381	-	182,655	-	-	-	-
26 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-
27 Misc Revenue & Expense	-	-	-	-	-	-	-	-	-
28 Total Operating Expenses:	2,124,444	334,038	312,381	-	420,379	(186,337)	84,528	1,159,454	-
29									
30 Operating Rev For Return:	(2,124,444)	(334,038)	(312,381)	-	(420,379)	186,337	(84,528)	(1,159,454)	-
31									
32 Rate Base:									
33 Electric Plant In Service	-	-	-	-	-	-	-	-	-
34 Plant Held for Future Use	-	-	-	-	-	-	-	-	-
35 Misc Deferred Debits	-	-	-	-	-	-	-	-	-
36 Elec Plant Acq Adj	-	-	-	-	-	-	-	-	-
37 Nuclear Fuel	-	-	-	-	-	-	-	-	-
38 Prepayments	-	-	-	-	-	-	-	-	-
39 Fuel Stock	-	-	-	-	-	-	-	-	-
40 Material & Supplies	-	-	-	-	-	-	-	-	-
41 Working Capital	-	-	-	-	-	-	-	-	-
42 Weatherization Loans	-	-	-	-	-	-	-	-	-
43 Misc Rate Base	-	-	-	-	-	-	-	-	-
44 Total Electric Plant:	-	-	-	-	-	-	-	-	-
45									
46 Deductions:									
47 Accum Prov For Deprec	-	-	-	-	-	-	-	-	-
48 Accum Prov For Amort	-	-	-	-	-	-	-	-	-
49 Accum Def Income Tax	5,512,531	-	3,634,651	(3,618,692)	858,757	-	-	4,637,815	-
50 Unamortized ITC	(405,889)	-	-	141,000	(546,889)	-	-	-	-
51 Customer Adv For Const	-	-	-	-	-	-	-	-	-
52 Customer Service Deposits	-	-	-	-	-	-	-	-	-
53 Miscellaneous Deductions	-	-	-	-	-	-	-	-	-
54									
55 Total Deductions:	5,106,641	-	3,634,651	(3,477,692)	311,868	-	-	4,637,815	-
56									
57 Total Rate Base:	5,106,641	-	3,634,651	(3,477,692)	311,868	-	-	4,637,815	-
58									
59									
60 Estimated ROE impact	-0.876%	-0.120%	-0.195%	0.081%	-0.159%	0.067%	-0.030%	-0.521%	0.000%
61									
62									
63									
64 TAX CALCULATION:									
65									
66 Operating Revenue	(136,227)	-	-	-	-	-	(136,227)	-	-
67 Other Deductions	-	-	-	-	-	-	-	-	-
68 Interest (AFUDC)	-	-	-	-	-	-	-	-	-
69 Interest	(880,183)	(880,183)	-	-	-	-	-	-	-
70 Schedule "M" Additions	626,396	-	-	-	626,396	-	-	-	-
71 Schedule "M" Deductions	-	-	-	-	-	-	-	-	-
72 Income Before Tax	1,370,352	880,183	-	-	626,396	-	(136,227)	-	-
73									
74 State Income Taxes	62,214	39,960	-	-	28,438	-	(6,185)	-	-
75									
76 Taxable Income	1,308,138	840,223	-	-	597,958	-	(130,043)	-	-
77									
78 Federal Income Tax - Calculated	457,848	294,078	-	-	209,285	-	(45,515)	-	-
79 Adjustments to Calculated Tax:									
80 Wyoming Wind Tax Credit	973,117	-	-	-	-	(186,337)	-	1,159,454	-
81 Federal Income Taxes	1,430,966	294,078	-	-	209,285	(186,337)	(45,515)	1,159,454	-

PacifiCorp
Washington Results of Operations March 2003
Interest True-Up

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Other Interest Expense - Type 1	427	3	(880,276)	WA	Situs	(880,276)	Below

Adjustment Detail:

Type 3							
Jurisdiction Specific Adjusted Rate Base						596,314,313	2.2
Weighted Cost of Debt:						<u>3.352%</u>	2.1
Trued-up Interest Expense						<u>19,986,999</u>	
Actual Interest Expense excluding CWIP related interest						<u>20,867,275</u>	2.18
Total Interest True-up Adjustment						<u>(880,276)</u>	2.18

Description of Adjustment:

This reflects interest expense based on the Washington allocated rate base times the Company's weighted cost of debt.

PacifiCorp
Washington Results of Operations March 2003
Flow-Through Deferred Tax-WA

	ACCOUNT	Type	TOTAL COMPANY	FACTOR	FACTOR %	WASHINGTON ALLOCATED	REF#
Adjustment to Rate Base:							
ADIT - Account 190	190	1	94,059,215	SO	8.3452%	7,849,460	2.34
ADIT - Account 190	190	1	(295,695)	DGP	16.8332%	(49,775)	2.34
ADIT - Account 190	190	1	(10,257,121)	BADDEBT	9.6034%	(985,030)	2.34
ADIT - Account 190	190	1	2,846,810	TROJP	8.7346%	248,658	2.34
ADIT - Account 190	190	1	(26,444,698)	SG	8.7743%	(2,320,347)	2.34
ADIT - Account 190	190	1	(38,476,194)	SE	8.5129%	(3,275,449)	2.34
ADIT - Account 190	190	1	5,236	SNP	8.2870%	434	2.34
ADIT - Account 281	281	1	1,765,893	DGP	16.8332%	297,256	2.34
ADIT - Account 282	282	1	303,066	DGP	16.8332%	51,016	2.34
ADIT - Account 282	282	1	6,073,323	SO	8.3452%	506,833	2.34
ADIT - Account 282	282	1	7,362,632	SE	8.5129%	626,775	2.34
ADIT - Account 282	282	1	15,764,716	SG	8.7743%	1,383,250	2.34
ADIT - Account 283	283	1	(12,470,808)	SG	8.7743%	(1,094,231)	2.34
ADIT - Account 283	283	1	393,871	SE	8.5129%	33,530	2.34
ADIT - Account 283	283	1	(20,462,346)	SO	8.3452%	(1,707,630)	2.34
ADIT - Account 283	283	1	11,101,254	GPS	8.3452%	926,425	2.34
ADIT - Account 283	283	1	13,680,174	SNP	8.2870%	1,133,677	2.34
ADIT - Account 283	283	1	112,192	TROJP	8.7346%	9,800	2.34
			<u>45,061,520</u>			<u>3,634,651</u>	
Adjustment to Expense:							
Deferred Tax Expense - Debit	41010	1	18,210,728	WA	Situs	1,377,602	2.19
Deferred Tax Expense - Debit	41010	1	(14,659)	TROJP	8.7346%	(1,280)	2.19
Deferred Tax Expense - Debit	41010	1	596,236	SG	8.7743%	52,316	2.19
Deferred Tax Expense - Debit	41010	1	1,864,013	SO	8.3452%	155,556	2.19
Deferred Tax Expense - Debit	41010	1	2,198,466	SNP	8.2870%	182,187	2.19
Deferred Tax Expense - Debit	41010	1	(312,219)	SE	8.5129%	(26,579)	2.19
Deferred Tax Expense - Debit	41010	1	1,598,592	SG	8.7743%	140,266	2.19
Deferred Tax Expense - Debit	41010	1	187,991	GPS	8.3452%	15,688	2.19
Deferred Tax Expense - Credit	41110	1	(489,037)	WA	Situs	(615,483)	2.19
Deferred Tax Expense - Credit	41110	1	(8,960,537)	SE	8.5129%	(762,804)	2.19
Deferred Tax Expense - Credit	41110	1	58,816	SNP	8.2870%	4,874	2.19
Deferred Tax Expense - Credit	41110	1	270,399	SG	8.7743%	23,726	2.19
Deferred Tax Expense - Credit	41110	1	(11,293,062)	SO	8.3452%	(942,432)	2.19
Deferred Tax Expense - Credit	41110	1	1,523,055	SNPD	7.5100%	114,382	2.19
Deferred Tax Expense - Credit	41110	1	5,678,364	BADDEBT	9.6034%	545,314	2.19
Deferred Tax Expense - Credit	41110	1	346,796	TROJP	8.7346%	30,291	2.19
Deferred Tax Expense - Credit	41110	1	212,987	SGCT	8.8065%	18,757	2.19
			<u>11,676,929</u>			<u>312,381</u>	

Description of Adjustment:

This adjustment reflects the removal of the 13-month average balances for all non-depreciation related deferred taxes and the removal of the associated deferred tax expenses. This in effect flows through to income the current tax impacts on these items. This treatment is consistent with Commission order in Cause No. U-86-02.

PacifiCorp
Washington Results of Operations March 2003
Year-end Deferred Taxes

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL</u> <u>COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON</u> <u>ALLOCATED</u>	<u>REF#</u>
Adjustment to Rate Base:							
Accumulated Deferred Income Taxes	282	1	(3,618,692)	WA	Situs	(3,618,692)	Below
Accumulated Investment Tax Credit	255	1	141,000	WA	Situs	141,000	Below

Adjustment Detail:

Year-end Deferred Income Taxes	(64,301,000)	7.3.1
Less: Average Deferred Income Taxes	<u>(60,682,308)</u>	2.34
Adj. To Deferred Income Taxes	(3,618,692)	

Year-end Investment Tax Credits	(2,455,000)	7.3.2
Less: Average Investment Tax Credits	<u>(2,596,000)</u>	2.35
Adj. To Investment Tax Credits	141,000	

Description of Adjustment:

This adjustment reflects year-end balances rather than average balances for deferred taxes. This is consistent with previous authorized Washington treatment in cause Nos. U-86-02 and U-84-65.

Deferred Income Tax Balances

Allocated - in Thousands

Period Ending: 3 / 2003

Primary Secondary

Account	Description	Total	Alloc	Calif	Oregon	Wash	Id PPL	Mont	Wy-PPL	Utah	Id UPL	Wy-UPL	FERC	Other	Nutil
1901	190504 CMC-AMORT. OVERBURDEN	507	SE	9	138	43	0	0	71	199	35	10	2	0	0
Total 1901	ACCUMULATED DEFERRED INCOM	76,390		-468	1,057	739	0	0	3,489	34,295	304	47	52	0	36,874
1902	192001 ADIT-MALIN LINE ADJ.	13,627	NUTIL	0	0	0	0	0	0	0	0	0	0	0	13,627
1902	192008 ADIT-BEND SERVICE CENTER	167	NUTIL	0	0	0	0	0	0	0	0	0	0	0	167
1902	192010 ADIT-NON UTILITY ASSET WRITE DOWN	143	NUTIL	0	0	0	0	0	0	0	0	0	0	0	143
1902	192020 ADIT - YAKIMA HYDRO LIC FEE WRITE-O	-2,102	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-2,102
1902	192021 ADIT - TRAIL MOUNTAIN CLOSING COST	-2,003	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-2,003
1902	192500 RECLAMATION-NOBS	-4,727	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-4,727
Total 1902	ACCUM DEF INC TAX-NONUTILITY	5,105		0	0	0	0	0	0	0	0	0	0	0	5,105
2811	286601 ACCUM DIT - PPL EMERGENCY FACILITI	-1,554	DGP	-56	-858	-262	0	0	-379	0	0	0	0	0	0
Total 2811	ACCUM DEF INCOME TAXES - ACCE	-1,554		-56	-858	-262	0	0	-379	0	0	0	0	0	0
2821	287001 ADIT - DEVELOPMENT 30% AMORT	533	SE	10	145	45	0	0	74	209	37	11	2	0	0
2821	287003 ADIT AMORT LTD TERM PLT	-6,073	SO	-161	-1,810	-501	0	0	-669	-2,437	-369	-111	-15	0	0
2821	287008 ADIT - FEDERAL - PROPERTY PLANT & E.	-1,021,379	DITBALMA	036	-258,008	-64,301	0	0	-87,259	-495,454	-70,189	-24,732	-2,168	-62	3,830
2821	287020 ACCUM DIT - SOGA UPL	-118	FERC	0	0	0	0	0	0	0	0	0	-118	0	0
2821	287022 ACCUM DIT - EPUD	-1,397	OR	0	-1,397	0	0	0	0	0	0	0	0	0	0
2821	287024 ACCUM DIT - REPAIR ALLOW	-137	DGP	-5	-76	-23	0	0	-33	0	0	0	0	0	0
2821	287026 CHOILLA TAX BENEFITS AMORT	-10,947	SG	-206	-3,149	-961	0	0	-1,390	-4,305	-697	-200	-40	0	0
2821	287027 ACCUM DIT - SOGA PPL	372	WYP	0	0	0	0	0	372	0	0	0	0	0	0
2821	287029 CHOILLA CONTRACT DISCOUNT AMORT	-2,545	SG	-48	-732	-223	0	0	-323	-1,001	-162	-46	-9	0	0
2821	287031 PMI - DEPRECIATION (TAX)	-7,899	SE	-145	-2,153	-672	0	0	-1,102	-3,096	-543	-161	-27	0	0
Total 2821	ACCUM DEF INC TAXES-OTHER PRO	-1,049,590		-23,591	-267,180	-66,636	0	0	-90,331	-506,083	-71,923	-25,240	-2,375	-62	3,830
2822	287101 ACCUM DIT-MALIN TAX LEASE-AMORT	-8,606	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-8,606
2822	287102 ACCUM DIT-MALIN TAX LEASE-AMORT	80	NUTIL	0	0	0	0	0	0	0	0	0	0	0	80
Total 2822	ACCUM DEF INC TAX - OTH PRPTY-	-8,526		0	0	0	0	0	0	0	0	0	0	0	-8,526
2823109	287201 FAS 109 DEFERRED TAX LIABILITY-ELEC	-517,421	NUTIL	0	0	0	0	0	0	0	0	0	0	0	517,421

Investment Tax Credit Balance

Allocation Method: Modified Accord

Allocation Version: 3 / 2003

Allocated - in Thousands

Period Ending: 3 / 2003

Primary Secondary

Account	Description	Total	Alloc	Calif	Oregon	Wash	Id PPL	Mont	Wy-PPL	Utah	Id UPL	Wy-UPL	FERC	Other	Nutil
2551	285601 ACC DEF ITC-PACIFIC-MALIN LINE 46(F)	-3,857	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-3,857
2551	285602 ACCUM DEF ITC - PPL - 1983	-5,672	ITC84	-186	-4,026	-804	0	0	-621	0	0	0	0	0	-35
2551	285603 ACCUM DEF ITC - PPL - 1984	-3,756	ITC85	-204	-2,542	-502	0	0	-436	0	0	0	0	0	-72
2551	285604 ACCUM DEF ITC - PPL - 1985	-3,869	ITC85	-210	-2,619	-517	0	0	-449	0	0	0	0	0	-74
2551	285605 ACCUM DEF ITC - PPL - 1986	-3,144	ITC86	-151	-2,031	-413	0	0	-487	0	0	0	0	0	-62
2551	285606 ACCUM DEF ITC - PPL - 1987	-422	ITC88	-18	-258	-63	0	0	-71	0	0	0	0	0	-12
2551	285607 ACCUM DEF ITC - PPL - 1988	-898	ITC89	-44	-506	-137	0	0	-186	0	0	0	0	0	-25
2551	285608 JIM BRIDGER RETROFIT ITC - PPL	-496	ITC90	-7	-79	-19	0	0	-19	-233	-69	-67	0	0	-2
2551	285610 ACCUM DEFERRED ITC - UPL - 71 POST	-68,118	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-68,118
Total 2551		-90,232		-820	-12,062	-2,455	0	0	-2,269	-233	-69	-67	0	0	-72,257

2552	285690 ACCUM DEFERRED ITC-UTAH-IDAHO-46	-1,154	NUTIL	0	0	0	0	0	0	0	0	0	0	0	-1,154
Total 2552		-1,154		0	0	0	0	0	0	0	0	0	0	0	-1,154

Grand Total		-91,386		-820	-12,062	-2,455	0	0	-2,269	-233	-69	-67	0	0	-73,411
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7.3.2

**PacifiCorp
Washington Results of Operations March 2003
Malin Midpoint - WA**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Deferred Income Tax - Federal	41010	1	1,085,090	DGP	16.8332%	182,655	7.4.1
Adjustment to Taxes:							
Rent Interest Timing Difference	SCHMAT	1	3,721,196	DGP	16.8332%	626,396	7.4.1
Adjustment to Rate Base:							
Accumulated DIT - Amortization	282	1	(8,525,646)	DGP	16.8332%	(1,435,139)	7.4.3&4
Accumulated DIT - Malin Line Adj	190	1	13,627,213	DGP	16.8332%	2,293,896	7.4.2
Accumulated Def ITC - Federal	255	1	(3,856,766)	ITC84	14.1800%	(546,889)	7.4.5
			<u>1,244,801</u>			<u>311,868</u>	

Description of Adjustment:

In 1981, the Company placed a transmission line called Malin-Midpoint into service. The Company was eligible for investment tax credits and accelerated depreciation. The Company entered into a safe harbor lease transaction to transfer the tax benefits to an unrelated third party. The amount of the cash transfer was \$43,869,000. The Washington Commission wants to treat the transaction as the sale of part of the benefits associated with the property and to amortize the cash receipts over the life of the assets. The gain is being amortized over 30 years with a rate base deduction for the unamortized balance. This treatment was authorized in Cause No. U-82-12/35 and U-83-33.

P A C I F I C O R P
Malin Midpoint Commission Adopted Adjustment
 March 2003 Results of Operations

						RATE BASE ADJUSTMENT		
DESCRIPTION	FERC Accts	GL Accts	3/31/2002	3/31/2003	DIFFERENCE			
Accumulated DIT - Maline Line Adjustment	Acct 190.2 Ctrl 5	192001	13,818,868	13,627,213	(191,655)	<i>from 7.4.2</i>		
Accumulated DIT - Amortization Income	Acct 282.2 Ctrl 3	287101	(7,723,014)	(8,605,601)	(882,587)	<i>from 7.4.3</i>		
Accumulated DIT - Amortization Expense	Acct 282.2 Ctrl 5	287102	90,803	79,955	(10,848)	<i>from 7.4.4</i>		
Accumulated DIT - ITC (Federal)	Acct 255.1 Ctrl 2	285601	(4,297,574)	(3,856,766)		<i>from 7.4.5</i>		
TOTAL			1,889,083	1,244,801	(1,085,090)			

						EXPENSE ADJUSTMENT	
DESCRIPTION	FERC Accts	GL Accts			3/31/2003		
Monthly Deferred Malin Line Adjustment	Acct 190.2 Ctrl 5	192001			191,655		
Monthly Deferred Tax Amortization - Income	Acct 282.2 Ctrl 3	287101			882,587		
Monthly Deferred Tax Amortization - Expense	Acct 282.2 Ctrl 5	287102			10,848		
TOTAL	Acct 410.10				1,085,090	<i>to 7.4</i>	

						TAX ADJUSTMENT	
DESCRIPTION			25%	75%	100%		
Calculate FY Tax Lease Benefit (information from Lease Benefit Schedule)			410,500.00	1,231,500.00	1,642,000.00		
2002 Lease Benefit			480,250.00	1,440,750.00	1,921,000.00		
2003 Lease Benefit							
Calculated Lease Benefit for FY Mar03					1,711,750.00		
Divided by the Federal Tax Rate					46%		
Rent Interest Timing Differential	SCHMAT				3,721,196.00	<i>to 7.4</i>	

7.4.1

7.4.2

G/L Account Balance Display

Account number: 192001 ADIT-Malin Line Adj
 Company code: 1000 PacifiCorp
 Business area:
 Fiscal year: 2003
 All documents in currency: * Display currency: USD

Period	Debit	Credit	Balance	Cum. balance
Balance C...				13,818,868.00
1				13,818,868.00
2				13,818,868.00
3	13,818,868.00	13,818,868.00		13,818,868.00
4				13,818,868.00
5				13,818,868.00
6	95,827.00		95,827.00	13,914,695.00
7				13,914,695.00
8				13,914,695.00
9	209,672.00	314,508.00	104,836.00-	13,809,859.00
10				13,809,859.00
11				13,809,859.00
12		182,646.00	182,646.00-	13,627,213.00
13				13,627,213.00
14				13,627,213.00
15				13,627,213.00
16				13,627,213.00
Total	14,124,367.00	14,316,022.00	191,655.00-	13,627,213.00

to 7.4.2

to 7.4.1

Account Edit Goto Environment System Help

G/L Account Balance Display

Document currency Document currency Document currency Business area

Account number: 287101 ADIT-Malin Tax Lease
 Company code: 1000 PacifiCorp
 Business area:
 Fiscal year: 2003
 All documents in currency: Display currency: USD

Period	Debit	Credit	Balance	Cum. balance
Balance C...				7,723,014.00-
1				7,723,014.00-
2				7,723,014.00-
3	7,723,014.00	7,723,014.00		7,723,014.00-
4				7,723,014.00-
5				7,723,014.00-
6	441,293.00		441,293.00	7,281,721.00-
7				7,281,721.00-
8				7,281,721.00-
9	661,944.00	441,296.00	220,648.00	7,061,073.00-
10				7,061,073.00-
11				7,061,073.00-
12		1,544,528.00	1,544,528.00-	8,605,601.00-
13				8,605,601.00-
14				8,605,601.00-
15				8,605,601.00-
16				8,605,601.00-
Total	8,826,251.00	9,708,838.00	882,587.00-	8,605,601.00-

to 7.4.1

to 7.4.1

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G/L Account Balance Display

Document currency | Document currency | Document currency | Business area

Account number	287102	ADIT-Malin Tax Lease
Company code	1000	PacifiCorp
Business area		
Fiscal year	2003	
All documents in currency		Display currency: USD

Print | Copy | Paste | Undo | Redo | Refresh | Help

Period	Debit	Credit	Balance	Cum. balance
Balance C...				90,803.18
1				90,803.18
2				90,803.18
3	90,803.18	90,803.18		90,803.18
4				90,803.18
5				90,803.18
6		5,424.00	5,424.00-	85,379.18
7				85,379.18
8				85,379.18
9	5,424.00	8,136.00	2,712.00-	82,667.18
10				82,667.18
11				82,667.18
12		2,712.00	2,712.00-	79,955.18
13				79,955.18
14				79,955.18
15				79,955.18
16				79,955.18
Total	96,227.18	107,075.18	10,848.00-	79,955.18

to 7.4.1

to 7.4.1

Account Edit Goto Environment System Help

G/L Account Balance Display

Document currency | Document currency | Document currency | Business area

Account number: 285601 Acc Def ITC-Pacific
 Company code: 1000 PacifiCorp
 Business area:
 Fiscal year: 2003
 All documents in currency: Display currency: USD

Period	Debit	Credit	Balance	Cum. balance
Balance C...				4,297,574.00-
1				4,297,574.00-
2				4,297,574.00-
3	4,297,574.00	4,297,574.00		4,297,574.00-
4				4,297,574.00-
5				4,297,574.00-
6	220,404.00		220,404.00	4,077,170.00-
7				4,077,170.00-
8				4,077,170.00-
9	330,606.00	220,404.00	110,202.00	3,966,968.00-
10				3,966,968.00-
11				3,966,968.00-
12	110,202.00		110,202.00	3,856,766.00-
13				3,856,766.00-
14				3,856,766.00-
15				3,856,766.00-
16				3,856,766.00-
Total	4,958,786.00	4,517,978.00	440,808.00	3,856,766.00-

to 7.4.1

to 7.4.1

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**PacifiCorp
 Washington Results of Operations March 2003
 Wyoming Wind Tax Credit**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
Wyoming Wind Tax Credit	40910	1	(2,188,867)	SE	8.5129%	(186,337)	Below

Adjustment Detail:	<u>PacifiCorp's Share</u>	
Total KWh Production Type III (estimated)	121,603,698	7.5.1
Factor (inflated tax per unit)	0.018	
Tax Credit Adjustment	<u>2,188,867</u>	

Description of Adjustment:

This adjustment normalizes a federal income tax credit the Company is entitled to take as a result of placing its Wyoming Wind generating plant into service before December 31, 2001. After December 2001, the tax credit was extended 2 years to December 31, 2003 for new generation in service since the beginning of January 1, 2002. The tax credit is based on the generation of the plant, and the credit can be taken for ten years on qualifying property.

Calculation of Estimated Wind Credits - Foote Creek

PacifiCorp Share

<u>Year</u>	<u>Base Factor</u>	<u>Inflation Adjmt. (1)</u>	<u>Inflated Factor (2)</u>	<u>PacifiCorp Share kwh Production (3)</u>	<u>PacifiCorp Share Wind Credit</u>
1999	\$ 0.015	1.124	\$ 0.017	81,069,132	\$ 1,378,175
<u>2000</u>	\$ 0.015	1.146	<u>\$ 0.017</u>	121,603,698	\$ 2,067,263
2001	\$ 0.015	1.169	\$ 0.018	121,603,698	\$ 2,188,867
2002	\$ 0.015	1.193	\$ 0.018	121,603,698	\$ 2,188,867
2003	\$ 0.015	1.217	\$ 0.018	<u>121,603,698</u> ^{to 7.5}	\$ 2,188,867
2004	\$ 0.015	1.241	\$ 0.019	121,603,698	\$ 2,310,470
2005	\$ 0.015	1.266	\$ 0.019	121,603,698	\$ 2,310,470
2006	\$ 0.015	1.291	\$ 0.019	121,603,698	\$ 2,310,470
2007	\$ 0.015	1.317	\$ 0.020	121,603,698	\$ 2,432,074
2008	\$ 0.015	1.343	\$ 0.020	121,603,698	\$ 2,432,074
2009	\$ 0.015	1.370	\$ 0.021	40,534,566	\$ 851,226

- (1) Increased using historical average increase of 1.02
- (2) Factor only increases to next tenth of a cent per regulations.
- (3) Kwh production is based on PacifiCorp's share (78.79%) of annual production (154,339,000 kwh).

Inflation Factor History

<u>year</u>	<u>rate</u>	<u>increase</u>
1994	1.0273	
1995	1.043	1.01528278
1996	1.075	1.03068073
1997	1.097	1.02046512
1998	1.124	1.02461258
	ave increase	1.02276030
	<u>use</u>	<u>1.02</u>

**PacifiCorp
Washington Results of Operations March 2003
Property Tax Adjustment**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expenses:							
Taxes Other Than Income	408	3	1,632,398	GPS	8.3452%	136,227	Below

Adjustment Detail:

Total Estimated Property Tax Expense FY 2004	68,000,000
Total Accrued Property Tax FY 2003	(66,367,602) Ref. 7.6.1
Net Difference	<u>1,632,398</u>

Description of Adjustment:

This adjustment normalizes the difference between actual accrued property tax and forecasted property tax expense resulting from forecasted capital additions. This is a new methodology for computing regulatory property tax expense. The property tax adjustment is based on net capital additions rather than gross plant as was done in the past. The old method created a state property tax rate based on the actual property tax accruals for the prior year by state as a percentage of gross plant by state for the prior year. This state property tax rate was then applied to the current year gross plant by state to calculate the current year property tax expense which was then compared to the current year accrual of property tax expense. This new method uses the Property Tax Department estimated property tax expense for the next fiscal year compared to the current year accrual.

7.6.1

2003 Property Tax Accruals
FERC Account 408 & G/L Account Ranges

Sum of TOTALS	
G/L Account	Total
579000	4,545,392.38
579010	24,532,554.40
579011	37,289,654.83
Grand Total	66,367,601.61

to 7.6

**PacifiCorp
Washington Results of Operations March 2003
IRS Tax Settlement**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>WASHINGTON ALLOCATED</u>	<u>REF#</u>
Adjustment to Expense:							
IRS Tax Settlement	40910	1	1,159,454	WA	Situs	1,159,454	7.7.1
Adjustment to Rate Base:							
Accum Def Inc Tax Bal - DR	190	1	4,637,815	WA	Situs	4,637,815	7.7.1

Description of Adjustment:

This adjustment amortizes into results the IRS Settlement payments made during fiscal year 2003 and 2004 at one fifth of the total payment allocated to Washington using an average IBT factor.

Washington IRS Settlement Amortization
Amortization Schedule

	Mar-03	Sep-03	Mar-04	Sep-04	Mar-05	Sep-05	Mar-06	Sep-06	Mar-07
Cost to Amortize	5,797,269								
Amortization Expense	(1,159,454)	(579,727)	(579,727)	(579,727)	(579,727)	(579,727)	(579,727)	(579,727)	(579,725)
Period Ending Balance	4,637,815	4,058,088	3,478,361	2,898,634	2,318,907	1,739,180	1,159,453	579,726	1

7.7

① to 7.7

② from 7.7.2

Federal and State Tax Payments including Interest

	<u>Federal</u>	<u>State</u>	<u>Total</u>
1991-1993	9,605,559	1,239,530	10,845,089
1994-1998	48,426,494	3,570,102	51,996,596
Bridger	1,376,161	-	1,376,161
Total	<u>59,408,214</u>	<u>4,809,632</u>	<u>64,217,846</u>

Washington's Average IBT

9.0275% *from 7.7.3*

Washington Portion based on IBT

5,797,269 *to 7.7.1*

