

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	Docket No. UE-100749
v.)	
)	
PACIFICORP d/b/a PACIFIC POWER &)	
LIGHT COMPANY,)	
)	
Respondent.)	

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

EXHIBIT OF RANDALL J. FALKENBERG

COMBINED EFFECT OF MR. FALKENBERG'S PROPOSED ADJUSTMENTS

December 6, 2010

	(1) (From RAM - Results Tab)	(2)	(3) (1) + (2)	(4)	(5) (3) + (4)	(6)	(7) (5) + (6)
	Unadjusted Results	Restating Adjustments	Total Restated Actual Results	Proforma Adjustments	Total Normalized Results	Price Change	Results with Price Change
Operating Revenues:							
General Business Revenues	266,100,835	(6,737,566)	259,363,269	12,402,155	271,765,425	42,259,726	314,025,151
Interdepartmental	-	-	-	-	-	-	-
Special Sales	78,723,890	3,803,644	82,527,534	(42,468,353)	40,059,181	-	40,059,181
Other Operating Revenues	12,554,857	(4,108,989)	8,445,868	3,037,134	11,483,002	-	11,483,002
Total Operating Revenues	357,379,582	(7,042,910)	350,336,672	(27,029,064)	323,307,608	42,259,726	365,567,334
Operating Expenses:							
Steam Production	48,371,133	(1,302,039)	47,069,093	2,952,777	50,021,870	-	50,021,870
Nuclear Production	-	-	-	-	-	-	-
Hydro Production	6,349,038	1,965	6,351,002	14,128	6,365,130	-	6,365,130
Other Power Supply	125,305,885	2,206,562	127,512,447	(18,829,402)	108,683,044	-	108,683,044
Transmission	25,362,553	(119,206)	25,243,347	1,849,684	27,093,032	-	27,093,032
Distribution	13,621,607	6,969	13,628,576	91,505	13,720,082	-	13,720,082
Customer Accounting	8,025,975	4,466	8,030,441	57,733	8,088,175	237,077	8,325,252
Customer Service & Info Sales	5,423,426	(4,858,857)	564,569	2,679	567,249	-	567,249
Administrative & General	12,167,263	(60,435)	12,106,827	(1,329,009)	10,777,819	-	10,777,819
Total O&M Expenses	244,626,880	(4,120,576)	240,506,304	(15,189,903)	225,316,401	237,077	225,553,478
Depreciation	36,705,844	(415,223)	36,290,622	(29,238)	36,261,383	-	36,261,383
Amortization	4,017,010	(169,569)	3,847,441	(182,289)	3,665,152	-	3,665,152
Taxes Other Than Income	17,744,812	(42,124)	17,702,688	(428,617)	17,274,071	1,721,239	18,995,310
Income Taxes - Federal	(13,966,180)	131,482	(13,834,698)	(9,251,789)	(23,086,486)	14,105,494	(8,980,993)
Income Taxes - State	-	-	-	-	-	-	-
Income Taxes - Def Net	22,359,798	4,140,911	26,500,709	(417,014)	26,083,696	-	26,083,696
Investment Tax Credit Adj.	-	-	-	-	-	-	-
Misc Revenue & Expense	(341,244)	(203,946)	(545,190)	949	(544,241)	-	(544,241)
Total Operating Expenses:	311,146,920	(679,044)	310,467,876	(25,497,900)	284,969,976	16,063,809	301,033,785
Operating Rev For Return:	46,232,662	(6,363,866)	39,868,795	(1,531,163)	38,337,632	26,195,917	64,533,549
Rate Base:							
Electric Plant In Service	1,398,743,841	27,046,917	1,425,790,758	(1,161,847)	1,424,628,910	-	1,424,628,910
Plant Held for Future Use	37,310	-	37,310	-	37,310	-	37,310
Misc Deferred Debits	6,671,729	(2,197,306)	4,474,423	15,188,002	19,662,425	-	19,662,425
Elec Plant Acq Adj	-	-	-	-	-	-	-
Nuclear Fuel	-	-	-	-	-	-	-
Prepayments	2,850,428	(2,850,428)	(0)	-	(0)	-	(0)
Fuel Stock	3,524,551	2,033,952	5,558,503	(3,595)	5,554,908	-	5,554,908
Material & Supplies	7,763,143	2,018,178	9,781,321	(3,545)	9,777,775	-	9,777,775
Working Capital	2,159,291	8,669,513	10,828,804	(692,190)	10,136,615	-	10,136,615
Weatherization	2,046,741	-	2,046,741	-	2,046,741	-	2,046,741
Misc Rate Base	268,577	(268,577)	(0)	-	(0)	-	(0)
Total Electric Plant:	1,424,065,610	34,452,250	1,458,517,860	13,326,824	1,471,844,684	-	1,471,844,684
Rate Base Deductions:							
Accum Prov For Deprec	(503,192,584)	(7,446,965)	(510,639,549)	123,289	(510,516,260)	-	(510,516,260)
Accum Prov For Amort	(34,606,345)	-	(34,606,345)	-	(34,606,345)	-	(34,606,345)
Accum Def Income Tax	(128,569,574)	(6,475,410)	(135,044,985)	(5,544,378)	(140,589,362)	-	(140,589,362)
Unamortized ITC	(1,096,753)	144,386	(952,367)	-	(952,367)	-	(952,367)
Customer Adv For Const	(334,500)	23,143	(311,357)	-	(311,357)	-	(311,357)
Customer Service Deposits	-	(2,980,496)	(2,980,496)	-	(2,980,496)	-	(2,980,496)
Misc Rate Base Deductions	(4,865,967)	(3,245,919)	(8,111,886)	7,457	(8,104,430)	-	(8,104,430)
Total Rate Base Deductions	(672,665,724)	(19,981,263)	(692,646,986)	(5,413,631)	(698,060,618)	-	(698,060,618)
Total Rate Base:	751,399,887	14,470,987	765,870,874	7,913,193	773,784,067	-	773,784,067
Return on Rate Base	6.15%	-0.95%	5.21%	-0.25%	4.95%	3.39%	8.34%
Return on Equity	6.40%	-1.82%	4.58%	-0.48%	4.10%	6.50%	10.60%
Estimated Price Change	26,511,726	12,213,246	38,724,972	3,534,754	42,259,726	-	-
TAX CALCULATION:							
Operating Revenue	54,626,280	(2,091,473)	52,534,807	(11,199,966)	41,334,841	40,301,411	81,636,252
Other Deductions	-	-	-	-	-	-	-
Interest (AFUDC)	(4,599,793)	217,013	(4,382,780)	-	(4,382,780)	-	(4,382,780)
Interest	25,236,151	(3,763,889)	21,472,262	221,857	21,694,120	-	21,694,120
Schedule "M" Additions	64,493,174	(2,567,817)	61,925,357	2,050,307	63,975,664	-	63,975,664
Schedule "M" Deductions	138,386,468	(1,488,078)	136,898,390	951,490	137,849,880	-	137,849,880
Income Before Tax	(39,903,372)	375,664	(39,527,708)	(10,323,006)	(49,850,715)	40,301,411	(9,549,304)
State Income Taxes	-	-	-	-	-	-	-
Taxable Income	(39,903,372)	375,664	(39,527,708)	(10,323,006)	(49,850,715)	40,301,411	(9,549,304)
Federal Income Taxes Before Credits	(13,966,180)	131,482	(13,834,698)	(3,613,052)	(17,447,750)	14,105,494	(3,342,256)
Energy Tax Credits	-	-	-	(5,638,736)	(5,638,736)	-	(5,638,736)
Federal Income Taxes	(13,966,180)	131,482	(13,834,698)	(9,251,789)	(23,086,486)	14,105,494	(8,980,993)

	Tab 3 - Revenue			Tab 4 - Operations and Maintenance			Combined Cycle O&M Adjustment
	3.3	3.5.1	3.6	4.3	4.4	4.8	
Total Pro Forma Adjustments	Effective Price Change	Normalized Green Tag Revenue	Wheeling Revenue Adjustment	Proforma General Wage Increase	Pension Curtailment	Remove MEHC Severance	
Operating Revenues:							
General Business Revenues	12,402,155						
Interdepartmental	-						
Special Sales	(42,468,353)						
Other Operating Revenues	3,037,134	4,870,266	(17,063)				
Total Operating Revenues	(27,029,064)	12,402,155	4,870,266	(17,063)	-	-	-
Operating Expenses:							
Steam Production	2,952,777			59,055			(561,124)
Nuclear Production	-						
Hydro Production	14,128			25,399			
Other Power Supply	(18,829,402)			30,949			
Transmission	1,849,684			21,962			
Distribution	91,505			91,505			
Customer Accounting	57,733			57,733			
Customer Service & Info Sales	2,679			2,679			
Administrative & General	(1,329,009)			84,611	(776,573)	(637,047)	
Total O&M Expenses	(15,189,903)			373,895	(776,573)	(637,047)	(561,124)
Depreciation	(29,238)						
Amortization	(182,289)						
Taxes Other Than Income	(428,617)						
Income Taxes - Federal	(9,251,789)	4,340,754	1,704,593	(5,972)	(130,863)	(82,999)	21,778
Income Taxes - State	-	-	-	-	-	-	-
Income Taxes - Def Net	(417,014)	-	-	-	384,714	218,152	-
Investment Tax Credit Adj.	-	-	-	-	-	-	-
Misc Revenue & Expense	949						
Total Operating Expenses:	(25,497,900)	4,340,754	1,704,593	(5,972)	243,032	(474,858)	(397,117)
Operating Rev For Return:	(1,531,163)	8,061,401	3,165,673	(11,091)	(243,032)	474,858	397,117
Rate Base:							
Electric Plant In Service	(1,161,847)						
Plant Held for Future Use	-						
Misc Deferred Debits	15,188,002					(637,047)	
Elec Plant Acq Adj	-						
Nuclear Fuel	-						
Prepayments	-						
Fuel Stock	(3,595)						
Material & Supplies	(3,545)						
Working Capital	(692,190)						
Weatherization	-						
Misc Rate Base	-						
Total Electric Plant:	13,326,824	-	-	-	-	(637,047)	-
Rate Base Deductions:							
Accum Prov For Deprec	123,289						
Accum Prov For Amort	-						
Accum Def Income Tax	(5,544,378)					330,671	
Unamortized ITC	-						
Customer Adv For Const	-						
Customer Service Deposits	-						
Misc Rate Base Deductions	7,457						
Total Rate Base Deductions	(5,413,631)	-	-	-	-	330,671	-
Total Rate Base:	7,913,193	-	-	-	-	(306,376)	-
Estimated Return on Equity Impact	-0.48%	2.02%	0.79%	0.00%	-0.06%	0.12%	0.10%
Estimated Price Change	3,534,754	(13,004,776)	(5,106,913)	17,892	392,062	(766,048)	(681,856)
TAX CALCULATION:							
Operating Revenue	(11,199,966)	12,402,155	4,870,266	(17,063)	(373,895)	776,573	637,047
Other Deductions	-						
Interest (AFUDC)	221,857						
Schedule "M" Additions	2,050,307						(637,047)
Schedule "M" Deductions	951,490					1,013,713	(62,223)
Income Before Tax	(10,323,006)	12,402,155	4,870,266	(17,063)	(373,895)	(237,141)	62,224
State Income Taxes	-	-	-	-	-	-	-
Taxable Income	(10,323,006)	12,402,155	4,870,266	(17,063)	(373,895)	(237,141)	62,224
Federal Income Taxes Before Credits	(3,613,052)	4,340,754	1,704,593	(5,972)	(130,863)	(82,999)	21,778
Energy Tax Credits	(5,638,736)						
Federal Income Taxes	(9,251,789)	4,340,754	1,704,593	(5,972)	(130,863)	(82,999)	21,778

	Tab 5 - Net Power Costs			Tab 6	Tab 7 - Taxes			
	5.2	5.2.1-21	5.5	6.1	7.1	7.3	7.7	7.12
	Net Power Costs - Proforma	ICNU Net Power Cost Adjustments - Combined	James River Royalty Offset	Hydro Decommissioning	Interest True Up	Renewable Energy Tax Credit	Public Utility Tax Adjustment	WA Low Income Tax Credit
Operating Revenues:								
General Business Revenues		-						
Interdepartmental		-						
Special Sales	(43,487,527)	1,088,183						
Other Operating Revenues		-	1,178,569					
Total Operating Revenues	(43,487,527)	1,088,183	1,178,569	-	-	-	-	-
Operating Expenses:								
Steam Production	4,196,529	(650,958)						
Nuclear Production		-						
Hydro Production		-						
Other Power Supply	(13,589,900)	(5,069,020)						
Transmission	3,336,530	(1,466,810)						
Distribution		-						
Customer Accounting		-						
Customer Service & Info Sales		-						
Administrative & General		-						
Total O&M Expenses	(6,056,841)	(7,186,788)	-	-	-	-	-	-
Depreciation								
Amortization								
Taxes Other Than Income							(396,368)	(32,249)
Income Taxes - Federal	(13,100,740)	2,896,240	412,499	-	(77,650)	(5,638,736)	138,729	11,287
Income Taxes - State		-	-	-	-	-	-	-
Income Taxes - Def Net								
Investment Tax Credit Adj.								
Misc Revenue & Expense								
Total Operating Expenses:	(19,157,581)	(4,290,548)	412,499	-	(77,650)	(5,638,736)	(257,639)	(20,962)
Operating Rev For Return:	(24,329,945)	5,378,731	766,070	-	77,650	5,638,736	257,639	20,962
Rate Base:								
Electric Plant In Service								
Plant Held for Future Use								
Misc Deferred Debits								
Elec Plant Acq Adj								
Nuclear Fuel								
Prepayments								
Fuel Stock								
Material & Supplies								
Working Capital								
Weatherization								
Misc Rate Base								
Total Electric Plant:	-	-	-	-	-	-	-	-
Rate Base Deductions:								
Accum Prov For Deprec				(256,078)				
Accum Prov For Amort								
Accum Def Income Tax								
Unamortized ITC								
Customer Adv For Const								
Customer Service Deposits								
Misc Rate Base Deductions								
Total Rate Base Deductions	-	-	-	(256,078)	-	-	-	-
Total Rate Base:	-	-	-	(256,078)	-	-	-	-
Estimated Return on Equity Impact	-6.10%	1.35%	0.19%	0.00%	0.02%	1.41%	0.06%	0.01%
Estimated Price Change	39,249,444	(8,677,052)	(1,235,836)	(34,453)	(125,266)	(9,096,497)	(415,628)	(33,815)
TAX CALCULATION:								
Operating Revenue								
Other Deductions	(37,430,685)	8,274,971	1,178,569	-	-	-	396,368	32,249
Interest (AFUDC)					221,857			
Schedule "M" Additions								
Schedule "M" Deductions								
Income Before Tax	(37,430,685)	8,274,971	1,178,569	-	(221,857)	-	396,368	32,249
State Income Taxes								
State Taxable Income	(37,430,685)	8,274,971	1,178,569	-	(221,857)	-	396,368	32,249
Federal Income Taxes Before Credits	(13,100,740)	2,896,240	412,499	-	(77,650)	-	138,729	11,287
Energy Tax Credits						(5,638,736)		
Federal Income Taxes	(13,100,740)	2,896,240	412,499	-	(77,650)	(5,638,736)	138,729	11,287

	Tab 8 - Rate Base			Tab 9 - Prod. Factor	
	8.1	8.7	8.10	9.1	9.1.1
	Cash Working Capital	Powerdale Hydro Removal	Chehalis Reg Asset - WA	Production Factor Adjustment	(Cont) Production Factor Adjustment
Operating Revenues:					
General Business Revenues					
Interdepartmental					
Special Sales					(69,009)
Other Operating Revenues			(3,000,000)		5,361
Total Operating Revenues	-	-	(3,000,000)	-	(63,648)
Operating Expenses:					
Steam Production				(22,243)	(68,481)
Nuclear Production					
Hydro Production				(11,271)	
Other Power Supply				(15,102)	(186,329)
Transmission					(41,998)
Distribution					
Customer Accounting					
Customer Service & Info Sales					
Administrative & General					
Total O&M Expenses	-	-	-	(48,616)	(296,809)
Depreciation				(29,238)	
Amortization		(182,289)			
Taxes Other Than Income					
Income Taxes - Federal		(45,625)		27,249	81,274
Income Taxes - State	-				
Income Taxes - Def Net		118,650	(1,138,530)		
Investment Tax Credit Adj.					
Misc Revenue & Expense					949
Total Operating Expenses:	-	(109,264)	(1,138,530)	(50,606)	(214,586)
Operating Rev For Return:	-	109,264	(1,861,470)	50,606	150,937
Rate Base:					
Electric Plant In Service				(1,067,076)	(94,771)
Plant Held for Future Use					
Misc Deferred Debits		75,958	15,750,000		(909)
Elec Plant Acq Adj					
Nuclear Fuel					
Prepayments					
Fuel Stock					(3,595)
Material & Supplies					(3,545)
Working Capital	(692,190)				
Weatherization					
Misc Rate Base					
Total Electric Plant:	(692,190)	75,958	15,750,000	(1,067,076)	(102,821)
Rate Base Deductions:					
Accum Prov For Deprec				337,917	41,451
Accum Prov For Amort					
Accum Def Income Tax		386,866	(6,261,915)		
Unamortized ITC					
Customer Adv For Const					
Customer Service Deposits					7,457
Misc Rate Base Deductions					
Total Rate Base Deductions	-	386,866	(6,261,915)	337,917	48,908
Total Rate Base:	(692,190)	462,824	9,488,085	(729,160)	(53,913)
Estimated Return on Equity Impact	0.01%	0.02%	-0.58%	0.02%	0.04%
Estimated Price Change	(93,129)	(113,997)	4,279,500	(179,740)	(250,748)
TAX CALCULATION:					
Operating Revenue				77,855	232,212
Other Deductions		182,289	(3,000,000)		
Interest (AFUDC)					
Interest					
Schedule "M" Additions		(312,646)	3,000,000		
Schedule "M" Deductions					
Income Before Tax	-	(130,357)	-	77,855	232,212
State Income Taxes	-	-	-	-	-
Taxable Income	-	(130,357)	-	77,855	232,212
Federal Income Taxes Before Credits	-	(45,625)	-	27,249	81,274
Energy Tax Credits					
Federal Income Taxes	-	(45,625)	-	27,249	81,274