

Exhibit No. SEM-2
Docket UE-15____
Witness: Shelley E. McCoy

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

Petition For a Rate Increase Based on a Modified
Commission Basis Report, Two-Year Rate Plan,
and Decoupling Mechanism.

Docket UE-15____

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF SHELLEY E. MCCOY

Summary of the Washington Results of Operations for the Test Period

November 2015

Revenue Requirement Adjustment Summary

The table below presents the Company's restating and pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement.

Line No.	Adj. No.	A	B	C			D	E	F
				Unadjusted Washington Allocated Data (Per Books)	NOI	Rate Base	Rev. Req.	Reference	
				53,650,957	781,321,066	5,459,220	(SEM-3) Page 1.0		
1	3.1	Temperature Normalization		(571,522)	-	921,602	(SEM-3), Page 3.0 Total		
2	3.2	Revenue Normalizing		(5,477,991)	-	8,833,475	(SEM-3), Page 3.0 Total		
3	3.3	Effective Price Change		5,273,123	-	(8,503,117)	(SEM-3), Page 3.0 Total		
4	3.4	SO2 Emission Allowance Sales		1,855	(1,645)	(3,184)	(SEM-3), Page 3.0 Total		
5	3.5	Renewable Energy Credits		(288,402)	-	465,060	(SEM-3), Page 3.0 Total		
6	3.6	Wheeling Revenue		58,936	-	(95,036)	(SEM-3), Page 3.0 Total		
			Tab 3 - Revenue - Subtotal	(1,004,003)	(1,645)	1,618,800			
9	4.1	Miscellaneous Expense & Revenue		107,519	-	(173,378)	(SEM-3), Page 4.0 Total		
10	4.2	General Wage Increase (Annualizing)		(62,648)	-	101,022	(SEM-3), Page 4.0 Total		
11	4.3	Legal Expenses		65,657	-	(105,875)	(SEM-3), Page 4.0 Total		
12	4.4	Irrigation Load Control Program		1,650	-	(2,661)	(SEM-3), Page 4.0 Total		
13	4.5	Remove Non-Recurring Entries		(90,925)	-	146,620	(SEM-3), Page 4.0 Total		
14	4.6	DSM Expense Removal		7,496,439	-	(12,088,301)	(SEM-3), Page 4.0 Total		
15	4.7	Insurance Expense		(184,003)	-	296,712	(SEM-3), Page 4.0.1 Total		
16	4.8	Advertising		15	-	(24)	(SEM-3), Page 4.0.1 Total		
17	4.9	Memberships & Subscriptions		5,873	-	(9,471)	(SEM-3), Page 4.0.1 Total		
18	4.10	Revenue-Sensitive/ Uncollectible Expense		(269,665)	-	434,845	(SEM-3), Page 4.0.1 Total		
			Tab 4 - O&M - Subtotal	7,069,912	-	(11,400,510)			
21	5.1	Net Power Costs - Removal		4,882,290	-	(7,872,883)	(SEM-3), Page 5.0 Total		
22	5.2	Colstrip #3 Removal		430,352	(7,809,780)	(1,613,290)	(SEM-3), Page 5.0 Total		
			Tab 5 - NPC - Subtotal	5,312,641	(7,809,780)	(9,486,173)			
25	6.1	End-of-Period Plant Reserves		-	(15,072,680)	(1,774,286)	(SEM-3), Page 6.0 Total		
26	6.2	Annualization of Base Period Depr./Amort. Expense		(350,091)	214,125	589,741	(SEM-3), Page 6.0/6.0.1 Total		
27	6.3	Hydro Decommissioning		-	(160,400)	(18,882)	(SEM-3), Page 6.0.1 Total		
28	6.4	Accelerated Depreciation on Jim Bridger & Colstrip		(6,376,618)	(3,188,309)	9,907,232	(SEM-3), Page 6.0.1 Total		
			Tab 6 - Depreciation/Amortization - Subtotal	(6,726,708)	(18,207,264)	8,703,806			
31	7.1	Interest True Up		306,887	-	(494,868)	(SEM-3), Page 7.0 Total		
32	7.2	Property Tax Expense		(166,290)	-	268,148	(SEM-3), Page 7.0 Total		
33	7.3	Production Tax Credit		47,086	-	(75,927)	(SEM-3), Page 7.0 Total		
34	7.4	Power Tax ADIT Balance		-	9,290,956	1,093,688	(SEM-3), Page 7.0 Total		
35	7.5	WA Low Income Tax Credit		12,289	-	(19,816)	(SEM-3), Page 7.0 Total		
36	7.6	Flow-Through Adjustment		(2,123,178)	(2,260,168)	3,157,651	(SEM-3), Page 7.0/7.0.1 Total		
37	7.7	Remove Deferred State Tax Expense & Balance		77,895	(78)	(125,618)	(SEM-3), Page 7.0.1 Total		
38	7.8	WA Public Utility Tax Adjustment		(182,112)	-	293,662	(SEM-3), Page 7.0.1 Total		
39	7.9	AFUDC Equity		(1,353)	-	2,183	(SEM-3), Page 7.0.1 Total		
			Tab 7 - Tax - Subtotal	(2,028,776)	7,030,710	4,099,103			
42	8.1	Jim Bridger Mine Rate Base		-	27,838,518	3,277,021	(SEM-3), Page 8.0 Total		
43	8.2	Environmental Remediation		(434,575)	(849,177)	600,808	(SEM-3), Page 8.0 Total		
44	8.3	Customer Advances for Construction		-	(997,745)	(117,450)	(SEM-3), Page 8.0 Total		
45	8.4	Pro Forma Major Plant Additions		(1,338,761)	24,354,578	5,025,712	(SEM-3), Page 8.0 Total		
46	8.5	Miscellaneous Rate Base		-	(23,631,671)	(2,781,811)	(SEM-3), Page 8.0 Total		
47	8.6	Removal of Colstrip #4 AFUDC		17,991	(342,058)	(69,276)	(SEM-3), Page 8.0/8.0.1 Total		
48	8.7	Trojan Unrecovered Plant		2,901	(277,124)	(37,300)	(SEM-3), Page 8.0.1 Total		
49	8.8	Customer Service Deposits		(2,831)	(3,272,583)	(380,668)	(SEM-3), Page 8.0.1 Total		
50	8.9	Misc. Asset Sales and Removals		-	210,870	24,823	(SEM-3), Page 8.0.1 Total		
51	8.10	Investor Supplied Working Capital		-	23,962,204	2,820,719	(SEM-3), Page 8.0.1 Total		
52	8.11	End-of-Period Plant Balances		-	27,245,532	3,207,217	(SEM-3), Page 8.0.1/8.0.2 Total		
53	8.12	Chehalis Regulatory Asset Adjustment		-	(1,861,470)	(219,124)	(SEM-3), Page 8.0.2 Total		
54	8.13	Idaho Asset Exchange		-	3,411,203	401,551	(SEM-3), Page 8.0.2 Total		
			Tab 8 - Rate Base- Subtotal	(1,755,275)	75,791,077	11,752,223			
57	9.1	Production Factor (Blank)		-	-	-	N/A		
			Tab 9 - Production Factor- Subtotal	-	-	-			
		Subtotal Normalizing Adjustments		867,791	56,803,098	5,287,249			
		Total Adjusted Results		54,518,748	838,124,164	10,746,470	(SEM-3) Page 1.0		

Notes:

(1) The revenue requirement column is calculated using the Company's approved return on rate base of 7.30% and the NOI conversion factor of 62.014%.

The development of these percentages can be found in Exhibit No. ____ (SEM-3) on pages 2.1 and 1.3 respectively.

**PacifiCorp
Summary
Washington Expedited Rate Filing
12 Months Ended June 2015**

		Exhibit No. (SEM-3)							
		Tab 3	Tab 4	Tab 5	Tab 6	Tab 7	Tab 8	Tab 9	
Washington Allocated Actual Results June 2015		Revenue Adjustments	O&M Adjustments	Net Power Cost Adjustments	Depreciation & Amortization Adjustments	Tax Adjustments	Rate Base Adjustments	Production Factor	
1	Operating Revenues:								
2	General Business Revenues	336,867,108	(1,194,447)	(129,744,692)	-	-	-	-	
3	Interdepartmental	-	-	-	-	-	-	-	
4	Special Sales	13,422,783	-	(13,422,783)	-	-	-	-	
5	Other Operating Revenues	9,740,155	(419,729)	-	-	-	-	-	
6	Total Operating Revenues	360,030,046	(1,614,176)	(143,167,475)	-	-	-	-	
7									
8	Operating Expenses:								
9	Steam Production	67,493,070	19,104	(53,464,264)	-	-	-	-	
10	Nuclear Production	-	-	-	-	-	-	-	
11	Hydro Production	6,641,502	7,276	-	-	-	-	-	
12	Other Power Supply	81,408,339	(8,563)	(71,878,393)	-	-	-	-	
13	Transmission	31,030,201	(66,703)	150,286	(25,336,034)	-	-	-	
14	Distribution	11,025,297	-	89,787	-	-	-	-	
15	Customer Accounting	5,916,884	-	424,244	-	-	-	-	
16	Customer Service & Info	12,294,037	-	(11,531,316)	-	-	-	-	
17	Sales	-	-	-	-	-	-	-	
18	Administrative & General	9,604,908	-	93,952	-	-	456,622	-	
19	Total O&M Expenses	225,414,237	(66,703)	(10,755,230)	(150,678,690)	-	456,622	-	
20	Depreciation	44,144,438	-	(132,826)	(612,501)	10,797,292	-	2,029,439	
21	Amortization	4,714,285	-	-	-	43,669	-	-	
22	Taxes Other Than Income	21,184,678	-	(39,453)	-	517,096	-	-	
23	Income Taxes - Federal	8,322,675	(541,624)	3,806,876	2,700,260	(0)	(533,603)	(972,423)	
24	Income Taxes - State	-	-	-	-	-	-	-	
25	Income Taxes - Def Net	2,604,141	1,144	150,268	(4,114,253)	2,045,283	237,282	-	
26	Investment Tax Credit Adj.	-	-	-	-	-	-	-	
27	Misc Revenue & Expense	(5,365)	(2,990)	11,268	-	-	4,355	-	
28	Total Operating Expenses:	306,379,090	(610,173)	(7,069,912)	(148,480,116)	6,726,708	2,028,776	1,755,275	
29									
30	Operating Rev For Return:	53,650,957	(1,004,003)	7,069,912	5,312,641	(6,726,708)	(2,028,776)	(1,755,275)	
31									
32	Rate Base:								
33	Electric Plant In Service	1,711,240,085	-	(28,085,021)	-	-	128,898,717	-	
34	Plant Held for Future Use	424,723	-	-	-	-	-	-	
35	Misc Deferred Debits	10,635,421	-	-	-	-	(10,238,300)	-	
36	Elec Plant Acq Adj	-	-	-	-	-	-	-	
37	Nuclear Fuel	-	-	-	-	-	-	-	
38	Prepayments	1,753,737	-	-	-	-	(1,753,737)	-	
39	Fuel Stock	6,572,936	-	-	-	-	(6,572,936)	-	
40	Material & Supplies	7,344,634	-	-	-	-	(7,344,634)	-	
41	Working Capital	2,150,960	-	-	-	-	21,811,244	-	
42	Weatherization	1,840,890	-	-	-	-	-	-	
43	Misc Rate Base	-	-	-	-	-	-	-	
44	Total Electric Plant:	1,741,963,386	-	(28,085,021)	-	-	124,800,354	-	
45									
46	Rate Base Deductions:								
47	Accum Prov For Deprec	(650,698,309)	-	19,121,392	(8,319,761)	-	(45,320,474)	-	
48	Accum Prov For Amort	(51,041,927)	-	-	(12,051,692)	-	-	-	
49	Accum Def Income Tax	(254,566,534)	1,006	1,153,438	2,164,189	7,030,710	(322,904)	-	
50	Unamortized ITC	(107,192)	-	411	-	-	-	-	
51	Customer Adv For Const	25,235	-	-	-	-	(997,745)	-	
52	Customer Service Deposits	-	-	-	-	-	(3,272,583)	-	
53	Misc Rate Base Deductions	(4,253,593)	(2,651)	-	-	-	904,429	-	
54									
55	Total Rate Base Deductions	(960,642,319)	(1,645)	20,275,241	(18,207,264)	7,030,710	(49,009,277)	-	
56									
57	Total Rate Base:	781,321,066	(1,645)	(7,809,780)	(18,207,264)	7,030,710	75,791,077	-	
58									
59	Return on Equity	8.62%	-0.26%	1.84%	1.54%	-1.46%	-0.65%	-1.65%	0.00%
60	Price Change	5,459,221	1,618,800	(11,400,510)	(9,486,173)	8,703,806	4,099,103	11,752,223	-
61									
62	TAX CALCULATION:								
63	Operating Revenue	64,577,772	(1,544,483)	10,876,788	8,163,169	(10,840,961)	(517,096)	(2,490,416)	
64	Other Deductions	-	-	-	-	-	-	-	
65	Interest (AFUDC)	(2,382,085)	-	-	-	-	(3,867)	-	
66	Interest	21,200,191	-	-	-	876,821	-	-	
67	Schedule "M" Additions	64,495,489	-	(52,188)	10,840,961	-	1,558,518	-	
68	Schedule "M" Deductions	72,317,680	3,015	395,953	-	-	1,846,455	-	
69	Income Before Tax	37,937,475	(1,547,497)	10,876,788	7,715,028	(0)	(1,390,050)	(2,778,353)	
70									
71	State Income Taxes	-	-	-	-	-	-	-	
72	Taxable Income	37,937,475	(1,547,497)	10,876,788	7,715,028	(0)	(1,390,050)	(2,778,353)	
73									
74	Federal Income Taxes + Other	8,322,675	(541,624)	3,806,876	2,700,260	(0)	(533,603)	(972,423)	

**PacifiCorp
Summary
Washington Expedited Rate Filing
12 Months Ended June 2015**

	<u>Total Tabs 3-9</u>	
	<u>Normalizing Adjustments</u>	<u>Washington Normalized Results</u>
1 Operating Revenues:		
2 General Business Revenues	(130,939,139)	205,927,969
3 Interdepartmental	-	-
4 Special Sales	(13,422,783)	-
5 Other Operating Revenues	(419,729)	9,320,426
6 Total Operating Revenues	<u>(144,781,651)</u>	<u>215,248,395</u>
7		
8 Operating Expenses:		
9 Steam Production	(53,445,160)	14,047,910
10 Nuclear Production	-	-
11 Hydro Production	7,276	6,648,778
12 Other Power Supply	(71,886,956)	9,521,383
13 Transmission	(25,252,451)	5,777,750
14 Distribution	89,787	11,115,084
15 Customer Accounting	424,244	6,341,128
16 Customer Service & Info	(11,531,316)	762,721
17 Sales	-	-
18 Administrative & General	550,573	10,155,481
19 Total O&M Expenses	(161,044,002)	64,370,236
20 Depreciation	12,081,403	56,225,842
21 Amortization	43,669	4,757,954
22 Taxes Other Than Income	477,643	21,662,321
23 Income Taxes - Federal	4,459,485	12,782,160
24 Income Taxes - State	-	-
25 Income Taxes - Def Net	(1,680,275)	923,866
26 Investment Tax Credit Adj.	-	-
27 Misc Revenue & Expense	12,634	7,269
28 Total Operating Expenses:	<u>(145,649,443)</u>	<u>160,729,647</u>
29		
30 Operating Rev For Return:	<u>867,791</u>	<u>54,518,748</u>
31		
32 Rate Base:		
33 Electric Plant In Service	100,813,696	1,812,053,781
34 Plant Held for Future Use	-	424,723
35 Misc Deferred Debits	(10,238,300)	397,121
36 Elec Plant Acq Adj	-	-
37 Nuclear Fuel	-	-
38 Prepayments	(1,753,737)	(0)
39 Fuel Stock	(6,572,936)	0
40 Material & Supplies	(7,344,634)	0
41 Working Capital	21,811,244	23,962,204
42 Weatherization	-	1,840,890
43 Misc Rate Base	-	-
44 Total Electric Plant:	<u>96,715,333</u>	<u>1,838,678,719</u>
45		
46 Rate Base Deductions:		
47 Accum Prov For Deprec	(34,518,843)	(685,217,152)
48 Accum Prov For Amort	(12,051,692)	(63,093,619)
49 Accum Def Income Tax	10,026,439	(244,540,095)
50 Unamortized ITC	411	(106,780)
51 Customer Adv For Const	(997,745)	(972,510)
52 Customer Service Deposits	(3,272,583)	(3,272,583)
53 Misc Rate Base Deductions	901,777	(3,351,815)
54		
55 Total Rate Base Deductions	<u>(39,912,235)</u>	<u>(1,000,554,554)</u>
56		
57 Total Rate Base:	<u>56,803,098</u>	<u>838,124,165</u>
58		
59 Return on Equity		7.88%
60 Price Change	5,287,249	10,746,470
61		
62 TAX CALCULATION:		
63 Operating Revenue	3,647,002	68,224,774
64 Other Deductions		
65 Interest (AFUDC)	(3,867)	(2,385,952)
66 Interest	876,821	22,077,012
67 Schedule "M" Additions	12,347,291	76,842,780
68 Schedule "M" Deductions	2,245,423	74,563,103
69 Income Before Tax	<u>12,875,916</u>	<u>50,813,391</u>
70		
71 State Income Taxes	-	-
72 Taxable Income	<u>12,875,916</u>	<u>50,813,391</u>
73		
74 Federal Income Taxes + Other	<u>4,459,485</u>	<u>12,782,160</u>