

Schedule 1
Pacific Power & Light Company
- Washington Operations
REVENUE REQUIREMENT
Test Year Ended December 31, 2013

Docket UE-140762 et al.
Exhibit No. DMR-3
Page 1 of 24
Revised (10/17/14)

Line No	Description	Per Company Amount	Public Counsel Amount	Reference
1	Rate Base, as Adjusted	849,625,443	827,898,461	Schedule 2
2	Operating Income, as Adjusted	48,317,806	52,570,818	Schedule 2
3	Earned Rate of Return	5.687%	6.350%	L.2 / L.1
4	Fair Rate of Return	<u>7.67%</u>	<u>7.32%</u>	Schedule 14
5	Required Operating Income	65,166,271	60,563,082	L.1 X L.4
6	Income (Deficiency) Sufficiency	(16,848,465)	(7,992,264)	L.2 - L.5
7	Revenue Conversion Factor	<u>1.61447</u>	<u>1.61447</u>	
8	Total Revenue (Deficiency) Sufficiency	<u>(\$27,201,268)</u>	<u>(\$12,903,235)</u>	L. 6 X L.7
9	Revenue Requirement Impact Resulting from Situs Assignment of Purchase Power Agreements with Qualified Facilities		<u>10,000,000</u>	
10	Revenue (Deficiency) Sufficiency, per Public Counsel		<u>(\$2,903,235)</u>	

Schedule 2
Pacific Power & Light Company
- Washington Operations
RESULTS OF OPERATIONS
Test Year Ended December 31, 2013

Docket UE-140762 et al.
Exhibit No. DMR-3
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Line	Per Company	Per PC	Per PC
	Washington Adjusted (A)	Adjustments (B)	Washington Adjusted (C)
1	Operating Revenues:		
2	321,605,659	-	321,605,659
3	-	-	-
4	21,276,368	-	21,276,368
5	7,085,531	(84,747)	7,000,784
6	<u>349,967,558</u>	<u>(84,747)</u>	<u>349,882,811</u>
7			
8	Operating Expenses:		
9	66,445,152	(789,665)	65,655,487
10	-	-	-
11	7,625,921	(391,818)	7,234,103
12	85,764,809	(620,418)	85,144,391
13	31,289,089	(271,074)	31,018,015
14	12,252,659	(661,917)	11,590,742
15	6,967,383	(342,958)	6,624,425
16	790,894	(47,775)	743,119
17	-	-	-
18	12,471,080	(834,229)	11,636,851
19	<u>223,606,987</u>	<u>(3,959,854)</u>	<u>219,647,133</u>
20			
21	44,425,461	(843,999)	43,581,462
22	5,116,519	-	5,116,519
23	21,407,838	-	21,407,838
24	1,999,282	1,586,660	3,585,942
25	-	-	-
26	5,855,792	(1,120,566)	4,735,226
27	-	-	-
28	(762,127)	-	(762,127)
29	<u>301,649,752</u>	<u>(4,337,759)</u>	<u>297,311,993</u>
30			
31	<u>48,317,806</u>	<u>4,253,012</u>	<u>52,570,818</u>
32			
33	Additions to Rate Base:		
34	1,751,925,684	(23,586,152)	1,728,339,532
35	234,062	-	234,062
36	8,025,149	-	8,025,149
37	-	-	-
38	-	-	-
39	-	-	-
40	-	-	-
41	-	-	-
42	31,018,483	-	31,018,483
43	1,932,316	-	1,932,316
44	-	-	-
45	<u>1,793,135,694</u>	<u>(23,586,152)</u>	<u>1,769,549,542</u>
46			
47	Deductions from Rate Base:		
48	(639,633,916)	365,583	(639,268,333)
49	(46,269,157)	-	(46,269,157)
50	(246,671,788)	1,493,587	(245,178,201)
51	(246,775)	-	(246,775)
52	(488,824)	-	(488,824)
53	(3,361,134)	-	(3,361,134)
54	(6,838,657)	-	(6,838,657)
55	<u>(943,510,251)</u>	<u>1,859,170</u>	<u>(941,651,081)</u>
56			
57	<u>849,625,443</u>	<u>(21,726,982)</u>	<u>827,898,461</u>

Col (B): Adjustments summarized on Schedule 3

		35.00% FIT						
Total		Reduction to	Red. To Plant	Retired Plant	Limit Wage Incr.	Employee	Pension	OPEB
Public Counsel		Plant Additions	Adds (Cont.)	Depreciation	to Dec. 2014	Reductions	Expense	Expense
Adjustments		Sch. 4	Sch. 5	Sch. 6	Sch. 7	Sch. 8	Sch. 9	Sch. 10
1	Operating Revenues:							
2	General Business	-						
3	Interdepartmental	-						
4	Special Sales	-						
5	Other Operating Revenues	(84,747)						
6	Total Operating Revenues	(84,747)	-	-	-	-	-	-
7	Operating Expenses:							
8	Steam Production	(789,665)			(124,968)	(69,135)	(214,601)	(18,433)
9	Nuclear Production	-						
10	Hydro Production	(391,818)			(57,798)	(31,975)	(99,254)	(8,525)
11	Other Power Supply	(620,418)			(69,737)	(38,580)	(119,756)	(10,286)
12	Transmission	(271,074)			(36,026)	(19,930)	(61,866)	(5,314)
13	Distribution	(661,917)			(143,324)	(79,290)	(246,123)	(21,140)
14	Customer Accounting	(342,958)			(77,592)	(42,925)	(133,245)	(11,445)
15	Customer Service & Info	(47,775)			(11,906)	(6,587)	(20,446)	(1,756)
16	Sales	-						
17	Administrative & General	(834,229)			(161,262)	(89,213)	(276,927)	(23,786)
18	Total O & M Expense	(3,959,854)	-	-	(682,614)	(377,635)	(1,172,219)	(100,686)
19	Depreciation	(843,999)	(815,836)	(28,163)				
20	Amortization	-						
21	Taxes Other Than Income	-						
22	Income Taxes - Federal	1,586,660	285,543	1,033,432	9,857	238,915	410,277	35,240
23	Income Taxes - State	-						
24	Income Taxes Deferred - Net	(1,120,566)		(1,120,566)				
25	Investment Tax Credit Adj.	-						
26	Misc. Revenue & Expense	-						
27	Total Operating Expenses	(4,337,759)	(530,293)	(87,133)	(18,306)	(443,699)	(761,942)	(65,446)
28	Operating Revenue for Return:	4,253,012	530,293	87,133	18,306	443,699	761,942	65,446
29	Additions to Rate Base:							
30	Electric Plant In Service	(23,586,152)	(23,586,152)					
31	Plant Held for Future Use	-						
32	Misc Deferred Debits	-						
33	Electric Plant Acq Adj	-						
34	Nuclear Fuel	-						
35	Prepayments	-						
36	Fuel Stock	-						
37	Materials and Supplies	-						
38	Working Capital	-						
39	Weatherization Loans	-						
40	Misc. Rate Base	-						
41	Total Additions	(23,586,152)	(23,586,152)	-	-	-	-	-
42	Deductions from Rate Base:							
43	Accum Prov For Deprec.	365,583	365,583					
44	Accum Prov For Amort.	-						
45	Accum Def Income Taxes	1,493,587		1,493,587				
46	Unamortized ITC	-						
47	Customer Adv For Const	-						
48	Customer Service Deposits	-						
49	Misc. Rate Base Deductions	-						
50	Total Deductions	1,859,170	365,583	1,493,587	-	-	-	-
51	Rate Base	(21,726,982)	(23,220,569)	1,493,587	-	-	-	-
52	Rev. Req. @ Co. ROR		(3,731,532)	44,276	(29,555)	(716,337)	(396,291)	(1,230,130)
53	Rev. Req. @ Public Counsel ROR		(3,598,552)	35,723	(29,555)	(716,337)	(396,291)	(1,230,130)

(A) Sponsored by Public Counsel
witness Stefanie Johnson.

	Remove Escalation Adj. Sch. 11	Liability Exp. Adjustment Sch. 12	Reverse Co. Sch. 300 Adj. (A)	Collection Agency Fee (A)	Interest Synchronization Sch. 13
1 Operating Revenues:					
2 General Business					
3 Interdepartmental					
4 Special Sales					
5 Other Operating Revenues			(84,747)		
6 Total Operating Revenues	-	-	(84,747)	-	-
7 Operating Expenses:					
8 Steam Production	(362,528)				
9 Nuclear Production					
10 Hydro Production	(194,265)				
11 Other Power Supply	(382,058)				
12 Transmission	(147,938)				
13 Distribution	(172,040)				
14 Customer Accounting	(119,811)			42,060	
15 Customer Service & Info 16 Sales	(7,080)				
17 Administrative & General	(54,573)	(228,467)			
18 Total O & M Expense	(1,440,293)	(228,467)	-	42,060	-
19 Depreciation					
20 Amortization					
21 Taxes Other Than Income					
22 Income Taxes - Federal	504,103	79,963	(29,661)	(14,721)	(1,098,460)
23 Income Taxes - State					
24 Income Taxes Deferred - Net					
25 Investment Tax Credit Adj.					
26 Misc. Revenue & Expense					
27 Total Operating Expenses	(936,190)	(148,504)	(29,661)	27,339	(1,098,460)
28 Operating Revenue for Return:	936,190	148,504	(55,086)	(27,339)	1,098,460
29 Additions to Rate Base:					
30 Electric Plant In Service					
31 Plant Held for Future Use					
32 Misc Deferred Debits					
33 Electric Plant Acq Adj					
34 Nuclear Fuel					
35 Prepayments					
36 Fuel Stock					
37 Materials and Supplies					
38 Working Capital					
39 Weatherization Loans					
40 Misc. Rate Base					
41 Total Additions	-	-	-	-	-
42 Deductions from Rate Base:					
43 Accum Prov For Deprec.					
44 Accum Prov For Amort.					
45 Accum Def Income Taxes					
46 Unamortized ITC					
47 Customer Adv For Const					
48 Customer Service Deposits					
49 Misc. Rate Base Deductions					
50 Total Deductions	-	-	-	-	-
51 Rate Base	-	-	-	-	-
52 Rev. Req. @ Co. ROR	(1,511,447)	(239,754)	88,934	44,138	(1,773,426)
53 Rev. Req. @ Public Counsel ROR	(1,511,447)	(239,754)	88,934	44,138	(1,773,426)

(A) Sponsored by Public Counsel
witness Stefanie Johnson.

Line No.	Description	Accts.	Total Company	Factor	Factor %	Washington Allocation
<u>Adjustment to Plant in Service:</u>						
1	Steam Production	312	(562,574)	JBG	22.9539%	(129,133)
2	Steam Production	312	295,617	CAGW	23.0849%	68,243
3	Hydro Production	332	(18,065,257)	CAGW	23.0849%	(4,170,347)
4	Transmission	355	(3,359,989)	JBG	22.9539%	(771,249)
5	Transmission	355	(16,160,045)	CAGW	23.0849%	(3,730,530)
6	General	397	243,390	SO	6.8539%	16,682
7	General	397	(592,816)	CAGW	23.0849%	(136,851)
8	Distribution	360	(14,732,967)	WA	Situs	(14,732,967)
9	Total Plant In Service Adjustment		<u>(52,934,641)</u>			<u>(23,586,152)</u>
<u>Adjustment to Depreciation Reserve:</u>						
10	Accumulated Reserve	108SP	13,649	JBG	22.9539%	3,133
11	Accumulated Reserve	108HP	(9,162)	CAGW	23.0849%	(2,115)
12	Accumulated Reserve	108HP	426,760	CAGW	23.0849%	98,517
13	Accumulated Reserve	108TP	35,463	JBG	22.9539%	8,140
14	Accumulated Reserve	108TP	163,320	CAGW	23.0849%	37,702
15	Accumulated Reserve	108GP	(15,247)	SO	6.8539%	(1,045)
16	Accumulated Reserve	108GP	6,824	CAGW	23.0849%	1,575
17	Accumulated Reserve	108360	219,676	WA	Situs	219,676
18	Total Accumulated Reserve Adjustment		<u>841,283</u>			<u>365,583</u>
<u>Adjustment to Expense:</u>						
19	Depreciation Expense	403SP	(13,649)	JBG	22.9539%	(3,133)
20	Depreciation Expense	403SP	8,144	CAGW	23.0849%	1,880
21	Depreciation Expense	403HP	(408,772)	CAGW	23.0849%	(94,365)
22	Depreciation Expense	403TP	(35,463)	JBG	22.9539%	(8,140)
23	Depreciation Expense	403TP	(154,233)	CAGW	23.0849%	(35,605)
24	Depreciation Expense	403GP	14,637	SO	6.8539%	1,003
25	Depreciation Expense	403GP	(6,824)	CAGW	23.0849%	(1,575)
26	Depreciation Expense	403360	(219,676)	WA	Situs	(219,676)
27	Total Depreciation Expense Adjustment		<u>(815,836)</u>			<u>(359,611)</u>

Description of Adjustment:

The above adjustments limits the proposed pro form major plant additions to the actual known and measurable plant additions that were placed into service by June 30, 2014 (6-months post-test year). Adjustment allows for the actual amounts placed into service plus additional project close-outs on the projects placed into service.

REDUCTION TO PRO FORMA MAJOR PLANT ADDITIONS
 Test Year Ended December 31, 2013
 - Calculation of Plant in Service Adjustments

Project Description	Acct	Factor	Est. Date	Revised	Per Company	Actual	Actual	Additional	Per Public	Plant in
			In-Service	In-Service		In-Service	In-Service			
			In Filing	Estimate	Amount	Date	@ June 2014	Plant	Amount	Adjustment
			(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e)+(f)	(h) = (g)-(c)
Transmission										
Alvey Series Cap Controls - Payment to BPA	355	CAGW	Feb-14	Feb-14	1,184,713	Feb-14	927,300		927,300	(257,413)
Fry Sub Instl 115 kV Capacitor Bank TPL2	355	CAGW	Dec-14	Feb-15	6,381,000		-		-	(6,381,000)
Knott Sub Install 115-12.5 kV Transformer - Trans.	355	CAGW	Oct-14	Dec-14	3,400,000		-		-	(3,400,000)
Line 3 Convert to 115kV - Phase 1 and 2	355	CAGW	Oct-14	Oct-14	2,835,843		-		-	(2,835,843)
Middleton-Toquerville: 69 kV Line Rebl'd 2.2 Miles	355	CAGW	Feb-14	Feb-14	3,737,294	Feb-14	2,451,005	500	2,451,505	(1,285,789)
Purchase spare 230-69 kV 150 MVA Transformer	355	CAGW	Nov-14	Oct-14	2,000,000		-		-	(2,000,000)
U2 GSU Transformer Upgrade Replacement	355	JBG	Aug-14	Sep-14	3,359,989		-		-	(3,359,989)
Transmission Total					<u>22,898,839</u>				<u>3,378,805</u>	<u>(19,520,034)</u>
Steam Production										
JB New Sewage Treatment Plant or Lagoon	312	JBG	May-14	Jun-14	1,315,211	Jun-14	1,309,964	31,324	1,341,288	26,077
JB U1 Burners - Major 14	312	JBG	May-14	May-14	1,438,405	May-14	1,327,783		1,327,783	(110,622)
JB U1 Pendant Plat Lower Replacement 14	312	JBG	May-14	May-14	2,448,968	May-14	2,334,290		2,334,290	(114,678)
JB U1 Replace Cooling Tower 13/14	312	JBG	May-14	May-14	5,889,967	May-14	5,453,021	73,595	5,526,616	(363,351)
Colstrip 4: Generator Repair CY13 & CY14	312	CAGW	Feb-14	Feb-14	250,000	Feb-14	1,145,617	(600,000)	545,617	295,617
Steam Production Total					<u>11,342,551</u>				<u>11,075,594</u>	<u>(266,957)</u>
Hydro Production										
ILR 4.3 Merwin Upstream Collect & Trans	332	CAGW	Mar-14	Mar-14	49,333,266	Mar-14	48,944,628	523,041	49,467,669	134,403
ILR 6.2 Merwin Flow Controls	332	CAGW	Oct-14	Oct-15	2,296,706		-		-	(2,296,706)
ILR 8.7 Speelyai Hatchery Water Intake	332	CAGW	Oct-14	Nov-15	2,002,024		-		-	(2,002,024)
INU 10.6 Aquatic Connectivity 14	332	CAGW	Nov-14	Nov-14	1,333,292		-		-	(1,333,292)
Merwin 1 TIV Overhaul	332	CAGW	Aug-14	Oct-14	1,241,748		-		-	(1,241,748)
Merwin 3 TIV Overhaul	332	CAGW	Sep-14	Nov-14	1,242,975		-		-	(1,242,975)
Soda Springs Screen Upgrade	332	CAGW	Jan-14	Jan-14	3,030,066	Jan-14	3,100,387		3,100,387	70,321
Swift 1 Spare Generator Windings	332	CAGW	Jul-14	Jun-14	1,632,114	Jun-14	1,614,209		1,614,209	(17,905)
Swift 11 Generator Rewind	332	CAGW	Sep-14	Oct-14	3,450,962		-		-	(3,450,962)
Swift Main Net Modifications	332	CAGW	Oct-14	Oct-14	2,655,774		-		-	(2,655,774)
Swift Side Nets Replacement	332	CAGW	Mar-14	Mar-14	3,458,441	Mar-14	2,156,065		2,156,065	(1,302,376)
Yale Upper Rock Block Stabilization	332	CAGW	Oct-14	Feb-15	2,726,219		-		-	(2,726,219)
Hydro Production Total					<u>74,403,587</u>				<u>56,338,330</u>	<u>(18,065,257)</u>
General Plant										
Call Center ACD Replacement Project	397	SO	Mar-14	Jul-14	4,414,551	Jul-14	4,515,941	142,000	4,657,941	243,390
Replace 6GHz MW radios Starvout to Fort Rock pl	397	CAGW	Dec-14	Partial *	1,418,281	Partial*	825,465		825,465	(592,816)
General Plant Total					<u>5,832,832</u>				<u>5,483,406</u>	<u>(349,426)</u>
Distribution Plant										
Orchard and Willey Substation Capacity Relief	360	WA	Apr-14	Nov-14	880,000		-		-	(880,000)
Replace Spare 116-13.0kV 25 MVA w/ LTC - Yaki	360	WA	Oct-14	Oct-14	655,000		-		-	(655,000)
Selah Substation Cap. Relief (25 MVA at Pomona H	360	WA	Dec-14	Dec-14	4,547,967		-		-	(4,547,967)
Union Gap - Add 230 - 115kV Capacity - TPL002	360	WA	Aug-14	Aug-14	8,650,000		-		-	(8,650,000)
Distribution Plant Total					<u>14,732,967</u>				<u>-</u>	<u>(14,732,967)</u>
Total Capital Additions					<u>129,210,776</u>				<u>76,276,135</u>	<u>(52,934,641)</u>

Source: Company Exhibit__(NCS-3), page 8.4.2, 1st Revised Response to Public Counsel Data Request 54 and response to Public Counsel Data Request 109.
 * Project Partially placed into service August 2014.

REDUCTION TO PRO FORMA MAJOR PLANT ADDITIONS
 Test Year Ended December 31, 2013
 - Calculation of Depreciation Expense and Depreciation Reserve

<u>Depreciation Expense</u>	<u>Plant Account</u>	<u>Deprec. Account</u>	<u>Factor</u>	<u>Plant Adds Per Co.</u> (A)	<u>Plant Adds per PC</u> (B)	<u>% Reduction to Plant Adds</u> (C)	<u>Per Co. Deprec. Expense</u> (D)	<u>Depreciation Expense Adjustment</u> (E) = (C) x (D)
<u>Plant Adjustments:</u>								
Steam Production	312	403SP	JBG	11,092,551	10,529,977	-5.1%	269,127	(13,649)
Steam Production	312	403SP	CAGW	250,000	545,617	118.2%	6,887	8,144
Hydro Production	332	403HP	CAGW	74,403,587	56,338,330	-24.3%	1,683,568	(408,772)
Transmission	355	403TP	JBG	3,359,989	-	-100.0%	35,463	(35,463)
Transmission	355	403TP	CAGW	19,538,850	3,378,805	-82.7%	186,481	(154,233)
General	397	403GP	SO	4,414,551	4,657,941	5.5%	265,490	14,637
General	397	403GP	CAGW	1,418,281	825,465	-41.8%	16,327	(6,824)
Distribution	360	403360	WA	14,732,967	-	-100.0%	219,676	(219,676)
				<u>129,210,776</u>	<u>76,276,135</u>		<u>2,683,019</u>	<u>(815,836)</u>

<u>Accumulated Depreciation</u>	<u>Plant Account</u>	<u>A/Dep Account</u>	<u>Factor</u>	<u>Plant Adds Per Co.</u> (A)	<u>Plant Adds per PC</u> (B)	<u>% Reduction to Plant Adds</u> (C)	<u>Per Co. Accum. Depreciation</u> (D)	<u>Accumulated Depreciation Adjustment</u> (E) = (C) x (D)
<u>Plant Adjustments:</u>								
Steam Production	312	108SP	JBG	11,092,551	10,529,977	-5.1%	(269,127)	13,649
Steam Production	312	108HP	CAGW	250,000	545,617	118.2%	(7,748)	(9,162)
Hydro Production	332	108HP	CAGW	74,403,587	56,338,330	-24.3%	(1,757,654)	426,760
Transmission	355	108TP	JBG	3,359,989	-	-100.0%	(35,463)	35,463
Transmission	355	108TP	CAGW	19,538,850	3,378,805	-82.7%	(197,467)	163,320
General	397	108GP	SO	4,414,551	4,657,941	5.5%	(276,552)	(15,247)
General	397	108GP	CAGW	1,418,281	825,465	-41.8%	(16,327)	6,824
Distribution	360	108360	WA	14,732,967	-	-100.0%	(219,676)	219,676
				<u>129,210,776</u>	<u>76,276,135</u>		<u>(2,780,014)</u>	<u>841,283</u>

Source:

Columns (A) & (D): Company Exhibit__(NCS-3), page 8.4.3
 Column (B): See page 2 of 3.

Schedule 5
 Pacific Power & Light Company
 - Washington Operations
 PRO FORMA MAJOR PLANT ADDITIONS ADJUSTMENT - TAX IMPACTS
 Test Year Ended December 31, 2013

Docket UE-140762 et al.
 Exhibit No. DMR-3
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 Revised (10/17/14)

Line No.	Description	Per Company Adjustment -Washington	% Reduction to Pro Forma Plant Adds, per PC	Adjustments - Washington
<u>Expense Adjustments:</u>				
1	Federal Income Tax Expense Adjustment	(1,771,212)	-58.3%	1,033,432
2	Deferred Income Tax Expense Adjustment	1,920,551	-58.3%	<u>(1,120,566)</u>
3	Total Tax Expense Adjustment			<u>(87,133)</u>
<u>Rate Base Adjustments:</u>				
4	Accumulated Deferred Income Taxes Adj.	(2,559,876)	-58.3%	<u>1,493,587</u>
<u>Details:</u>				
A.1	Per Company Pro Forma Major Plant Adds - Washington		40,424,582	
A.2	Public Counsel Reduction to Pro Forma Major Plant Adds - WA		<u>(23,586,152)</u>	Sch. 4, p.1
A.3	% Reduction to Pro Forma Plant Adds, per Public Counsel		-58.3%	

Schedule 6
Pacific Power & Light Company
- Washington Operations
RETIRED PLANT DEPRECIATION EXPENSE
Test Year Ended December 31, 2013

Docket UE-140762 et al.
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Line No.	Description	Accts.	Total Company	Factor	Factor %	Washington Allocation
<u>Adjustment to Expense:</u>						
1	Depreciation Expense - Transmission	403TP	(52,369)	CAGW	23.085%	(12,089)
2	Depreciation Expense - Hydro	403HP	(23,672)	CAGW	23.085%	(5,465)
3	Depreciation Expense - Steam	403SP	<u>(46,219)</u>	JBG	22.954%	<u>(10,609)</u>
4	Reduction to Expense		<u>(122,260)</u>			<u>(28,163)</u>
<u>Details:</u>						
			<u>Plant amount</u>	<u>Deprec. Rate</u>	<u>Deprec. Expense</u>	
A.1	Step-up Transformer GSU #3 - Transmission		2,992,487	1.75%	52,369	
A.2	WF-Swift Fish/Wildlife Stuct. & Improvements		1,610,333	1.47%	23,672	
A.3	CT - Cooling Tower (JB Unit 1)		1,966,749	2.35%	46,219	

Source: Company response to Public Counsel Data Request 79

Description of Adjustment:

Since the end of the historic test year, the Company retired three plant items exceeding the \$250,000 Washington basis threshold used for the post-test year plant additions. The above adjustments removes the depreciation expense on the retired plant items. Since the adjustment to plant in service is equally offset by the adjustment to accumulated depreciation, only the depreciation expense is being adjusted.

LIMIT WAGE INCREASES TO 12-MONTHS POST-TEST YEAR
 Test Year Ended December 31, 2013

Description	Acct.	Total Company	Factor	Factor %	Washington Allocation
<u>Adjustment to Expense:</u>					
1 Labor Expense Reduction	500-935	(10,508,842)	Multiple	Multiple	(682,614)

Details:

A.1	Reduction to Limit Wage Increases to Annualized December 2014 Level	(15,037,919)
A.2	Per Company Expense Factor	69.88%
A.3	Reduction to Labor Expense	<u>(10,508,842)</u>

Details:		Total Per Company	Total per Public Counsel	Difference
B.1	Total Regular Time, Overtime and Premium Pay	498,234,565	485,146,624	(13,087,941)
B.2	Annual Incentive Plan	34,603,225	33,656,632	(946,593)
B.3	Payroll Tax Expense	41,847,044	40,843,659	(1,003,385)
B.4	Subtotal	<u>574,684,834</u>	<u>559,646,915</u>	<u>(15,037,919)</u>

Purpose of Adjustment:

The Company included actual and projected wage increases through March 2016. The above adjustments limits the wage increases to known and measurable post-test year wage increases occurring by December 31, 2014 and analyzes the impact of the increases through December 2014. Includes the impact of all 2013 and 2014 wage increases incorporated in Company's filing. Adjustment reflects impacts on regular ordinary time wages, overtime, premium pay, annual incentive plan and payroll tax expense.

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LIMIT LABOR ESCALATIONS TO 12-MONTHS POST-TEST YEAR
 Test Year Ended December 31, 2013

Account	Actual YE 12/31/13	Allocation	Pro Forma Per Company	Pro Forma Per PC	Public Counsel Adjustment	Allocation Percentage	Washington Amount
500CAGE	72,805,759	10.38%	75,517,358	73,956,966	(1,560,393)	0.0000%	-
500IBG	5,004,257	0.71%	5,190,637	5,083,385	(107,253)	22.9539%	(24,619)
500SG	28,134	0.00%	29,182	28,579	(603)	7.9057%	(48)
501CAEE	1,059,195	0.15%	1,098,644	1,075,943	(22,701)	0.0000%	-
501IBE	657,036	0.09%	681,507	667,425	(14,082)	22.6123%	(3,184)
501SE	299,330	0.04%	310,479	304,063	(6,415)	7.5698%	(486)
500CAGW	3,701	0.00%	3,839	3,760	(79)	23.0849%	(18)
512CAGE	29,914,945	4.26%	31,029,106	30,387,961	(641,145)	0.0000%	-
512IBG	19,827,025	2.83%	20,565,469	20,140,531	(424,938)	22.9539%	(97,540)
512CAGW	(187,198)	-0.03%	(194,170)	(190,158)	4,012	23.0849%	926
535CAGE	6,266,650	0.89%	6,500,047	6,365,739	(134,309)	0.0000%	-
535CAGW	8,273,337	1.18%	8,581,472	8,404,155	(177,316)	23.0849%	(40,933)
545CAGW	3,408,722	0.49%	3,535,678	3,462,621	(73,057)	23.0849%	(16,865)
545CAGE	1,239,753	0.18%	1,285,926	1,259,356	(26,571)	0.0000%	-
548CAGE	4,220,656	0.60%	4,377,851	4,287,393	(90,458)	0.0000%	-
548CAGW	1,578,132	0.22%	1,636,908	1,603,085	(33,823)	23.0849%	(7,808)
548OR	3,463	0.00%	3,592	3,518	(74)	0.0000%	-
548SG	1,950,082	0.28%	2,022,712	1,980,917	(41,795)	7.9057%	(3,304)
553CAGE	1,390,973	0.20%	1,442,778	1,412,967	(29,812)	0.0000%	-
553CAGW	807,494	0.12%	837,569	820,262	(17,306)	23.0849%	(3,995)
557SG	26,928,953	3.84%	27,931,903	27,354,755	(577,149)	7.9057%	(45,628)
557CAGE	10,104,432	1.44%	10,480,765	10,264,204	(216,561)	0.0000%	-
557CAGW	141,507	0.02%	146,777	143,744	(3,033)	23.0849%	(700)
557IBG	1,687,549	0.24%	1,750,401	1,714,233	(36,168)	22.9539%	(8,302)
560CAGE	4,197,786	0.60%	4,354,129	4,264,161	(89,968)	0.0000%	-
560CAGW	769,066	0.11%	797,709	781,226	(16,483)	23.0849%	(3,805)
560SG	15,700,223	2.24%	16,284,967	15,948,476	(336,491)	7.9057%	(26,602)
560IBG	31,740	0.00%	32,922	32,241	(680)	22.9539%	(156)
571CAGE	(873,428)	-0.12%	(905,958)	(887,238)	18,720	0.0000%	-
571CAGW	864,074	0.12%	896,256	877,737	(18,519)	23.0849%	(4,275)
571IBG	87,786	0.01%	91,056	89,175	(1,881)	22.9539%	(432)
571SG	446,033	0.06%	462,645	453,086	(9,560)	7.9057%	(756)
580ID	1,421,176	0.20%	1,474,107	1,443,648	(30,459)	0.0000%	-
580OR	9,308,199	1.33%	9,654,876	9,455,380	(199,496)	0.0000%	-
580SNPD	31,486,401	4.49%	32,659,090	31,984,265	(674,825)	6.2803%	(42,381)
580UT	8,995,076	1.28%	9,330,091	9,137,306	(192,785)	0.0000%	-
580WA	1,906,825	0.27%	1,977,844	1,936,976	(40,868)	100.0000%	(40,868)
580WYP	2,283,018	0.33%	2,368,047	2,319,117	(48,930)	0.0000%	-
580CA	847,559	0.12%	879,126	860,961	(18,165)	0.0000%	-
580WYU	149,500	0.02%	155,068	151,864	(3,204)	0.0000%	-
593CA	1,676,878	0.24%	1,739,332	1,703,392	(35,939)	0.0000%	-
593WYU	969,677	0.14%	1,005,792	985,010	(20,782)	0.0000%	-
593OR	11,523,388	1.64%	11,952,568	11,705,596	(246,972)	0.0000%	-
593SNPD	6,168,451	0.88%	6,398,190	6,265,986	(132,204)	6.2803%	(8,303)
593UT	17,650,696	2.52%	18,308,084	17,929,789	(378,295)	0.0000%	-
593WA	2,415,628	0.34%	2,505,597	2,453,824	(51,772)	100.0000%	(51,772)
593WYP	3,929,219	0.56%	4,075,560	3,991,348	(84,212)	0.0000%	-
593ID	2,687,345	0.38%	2,787,433	2,729,838	(57,596)	0.0000%	-
593OTHER	0	0.00%	0	0	(0)	0.0000%	-
903CN	35,231,804	5.02%	36,543,988	35,788,890	(755,098)	6.9174%	(52,233)
903ID	1,567,423	0.22%	1,625,800	1,592,207	(33,593)	0.0000%	-
903OR	9,163,493	1.31%	9,504,781	9,308,386	(196,394)	0.0000%	-
903CA	934,232	0.13%	969,027	949,005	(20,023)	0.0000%	-
903UT	5,661,589	0.81%	5,872,451	5,751,111	(121,341)	0.0000%	-
903WA	1,183,229	0.17%	1,227,298	1,201,939	(25,359)	100.0000%	(25,359)
903WYP	1,649,963	0.24%	1,711,415	1,676,053	(35,362)	0.0000%	-
903WYU	191,643	0.03%	198,781	194,673	(4,107)	0.0000%	-
908CN	2,582,866	0.37%	2,679,063	2,623,706	(55,357)	6.9174%	(3,829)
908OR	1,772,662	0.25%	1,838,683	1,800,691	(37,992)	0.0000%	-
908CA	40,353	0.01%	41,856	40,991	(865)	0.0000%	-
908ID	372,042	0.05%	385,899	377,925	(7,974)	0.0000%	-
908OTHER	69,094	0.01%	71,667	70,187	(1,481)	0.0000%	-
908UT	2,658,041	0.38%	2,757,037	2,700,070	(56,968)	0.0000%	-
908WA	376,861	0.05%	390,897	382,820	(8,077)	100.0000%	(8,077)
908WYP	1,157,324	0.16%	1,200,427	1,175,623	(24,804)	0.0000%	-
920CA	42,701	0.01%	44,292	43,377	(915)	0.0000%	-
920OR	599,153	0.09%	621,468	608,627	(12,841)	0.0000%	-
920SO	98,580,207	14.05%	102,251,758	100,138,960	(2,112,798)	6.8539%	(144,810)
920UT	888,908	0.13%	922,015	902,964	(19,051)	0.0000%	-
920WA	585,783	0.08%	607,600	595,045	(12,555)	100.0000%	(12,555)
920ID	164,586	0.02%	170,716	167,188	(3,527)	0.0000%	-
920WYP	177,364	0.03%	183,970	180,169	(3,801)	0.0000%	-
935CA	(13,685)	0.00%	(14,194)	(13,901)	293	0.0000%	-
935ID	(118)	0.00%	(122)	(120)	3	0.0000%	-
935OR	1,626	0.00%	1,686	1,651	(35)	0.0000%	-
935SO	2,653,756	0.38%	2,752,593	2,695,717	(56,876)	6.8539%	(3,898)
935UT	(15,150)	0.00%	(15,715)	(15,390)	325	0.0000%	-
935WA	(30)	0.00%	(31)	(30)	1	100.0000%	1
935WYP	(6,007)	0.00%	(6,230)	(6,102)	129	0.0000%	-
935WYU	55	0.00%	57	56	(1)	0.0000%	-
Utility Labor	490,327,972	69.88%	508,589,894	498,081,051	(10,508,842)		(682,614)
Non-Utility/Capita	211,320,424	30.12%	219,190,905	214,661,829	(4,529,077)		
Total	701,648,396	100.00%	727,780,799	712,742,880	(15,037,919)		

IMPACT OF EMPLOYEE REDUCTIONS ON LABOR COSTS
 Test Year Ended December 31, 2013

Description	Acct.	Total Company	Factor	Factor %	Washington Allocation
<u>Adjustment to Expense:</u>					
1 Reduction to Labor Expense	500-935	(5,813,687)	Multiple	Multiple	(377,635)

Details:

A.1 Labor Costs Impacted by Employee Level, as Adjusted	670,907,737	See Sch. 8, page 3 of 3
A.2 Actual % FTE Employee Reduction from Average Base Year Level	-1.24%	See Sch. 8, page 2 of 3
A.3 Reduction to Labor Costs to Reflect Employee Reductions	(8,319,256)	
A.4 Per Company Expense Factor	69.88%	See Sch. 8, page 3 of 3
A.5 Reduction to Labor Expense	(5,813,687)	

Purpose of Adjustment:

Adjusted Test Year labor costs incorporated in the filing are based on the employee compliment that existed during the base year ended December 31, 2013. The employee compliment declined steadily throughout the base year and subsequent to date. The above adjustment reduces the Company's adjusted test year labor costs to reflect the current employee compliment as of June 30, 2014.

IMPACT OF EMPLOYEE REDUCTIONS ON LABOR COSTS
 Test Year Ended December 31, 2013

Employee Full Time Equivalent Count

<u>Line</u>	<u>Month</u>	<u>Full-Time Equivalent</u>	<u>Monthly Change</u>
1	Jan-13	5,451.0	
2	Feb-13	5,448.5	(2.5)
3	Mar-13	5,420.5	(28.0)
4	Apr-13	5,411.5	(9.0)
5	May-13	5,383.5	(28.0)
6	Jun-13	5,364.5	(19.0)
7	Jul-13	5,347.5	(17.0)
8	Aug-13	5,342.0	(5.5)
9	Sep-13	5,332.5	(9.5)
10	Oct-13	5,335.0	2.5
11	Nov-13	5,333.5	(1.5)
12	Dec-13	5,335.5	2.0
13	Jan-14	5,334.5	(1.0)
14	Feb-14	5,327.0	(7.5)
15	Mar-14	5,328.0	1.0
16	Apr-14	5,329.0	1.0
17	May-14	5,319.0	(10.0)
18	Jun-14	5,308.5	(10.5)
19	Avg. Test Year Employee Compliment	5,375.0	Average Lines 1 - 12
20	Actual FTE Employee Compliment June 2014	5,308.5	Line 18
21	Reduction to Average Test Year Employee Level	<u>(66.5)</u>	Line 20 - Line 19
2	Actual % Change from Average Test Year FTE Employee Compliment	<u>-1.24%</u>	Line 21 / Line 19
23	Reduction from Start of Base Year to June 2014	<u>(142.5)</u>	Line 18 - Line 1

Source:

Lines 1 - 18: Response to Public Counsel Data Request 70.

- Labor Costs Directly Impacted by Change in Employee Level

Line No.	Description	Amount
1	Pro Forma Regular Time, Overtime and Premium Pay, per Public Counsel	\$ 485,146,624
2	Annual Incentive Plan, per Public Counsel	33,656,632
3	Payroll Tax Expense, per Public Counsel	40,843,659
4	Medical Expense, per Company	56,560,311
5	Stock/401(k)/ESOP, per Company	32,696,587
6	All Other Labor and Benefit Items, per Company	22,003,924
7	Labor Costs Impacted by Employee Level	<u>670,907,737</u>

Source:

Lines 1 - 3: See Schedule 7, lines B.1 to B.3. Reflects limitation of wage increases to December 2014.

Lines 4 - 6: Exhibit No.__(NCS-3), page 4.3.2

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IMPACT OF EMPLOYEE REDUCTIONS ON LABOR COSTS
Test Year Ended December 31, 2013

Account	Actual		Public Counsel	Allocation	Washington
	YE 12/31/13	Allocation			
500CAGE	72,805,759	10.38%	(863,238)	0.0000%	-
500JBG	5,004,257	0.71%	(59,334)	22.9539%	(13,619)
500SG	28,134	0.00%	(334)	7.9057%	(26)
501CAEE	1,059,195	0.15%	(12,559)	0.0000%	-
501JBE	657,036	0.09%	(7,790)	22.6123%	(1,762)
501SE	299,330	0.04%	(3,549)	7.5698%	(269)
500CAGW	3,701	0.00%	(44)	23.0849%	(10)
512CAGE	29,914,945	4.26%	(354,693)	0.0000%	-
512JBG	19,827,025	2.83%	(235,084)	22.9539%	(53,961)
512CAGW	(187,198)	-0.03%	2,220	23.0849%	512
535CAGE	6,266,650	0.89%	(74,302)	0.0000%	-
535CAGW	8,273,337	1.18%	(98,095)	23.0849%	(22,645)
545CAGW	3,408,722	0.49%	(40,416)	23.0849%	(9,330)
545CAGE	1,239,753	0.18%	(14,699)	0.0000%	-
548CAGE	4,220,656	0.60%	(50,043)	0.0000%	-
548CAGW	1,578,132	0.22%	(18,711)	23.0849%	(4,320)
548OR	3,463	0.00%	(41)	0.0000%	-
548SG	1,950,082	0.28%	(23,122)	7.9057%	(1,828)
553CAGE	1,390,973	0.20%	(16,492)	0.0000%	-
553CAGW	807,494	0.12%	(9,574)	23.0849%	(2,210)
557SG	26,928,953	3.84%	(319,289)	7.9057%	(25,242)
557CAGE	10,104,432	1.44%	(119,806)	0.0000%	-
557CAGW	141,507	0.02%	(1,678)	23.0849%	(387)
557JBG	1,687,549	0.24%	(20,009)	22.9539%	(4,593)
560CAGE	4,197,786	0.60%	(49,772)	0.0000%	-
560CAGW	769,066	0.11%	(9,119)	23.0849%	(2,105)
560SG	15,700,223	2.24%	(186,153)	7.9057%	(14,717)
560JBG	31,740	0.00%	(376)	22.9539%	(86)
571CAGE	(873,428)	-0.12%	10,356	0.0000%	-
571CAGW	864,074	0.12%	(10,245)	23.0849%	(2,365)
571JBG	87,786	0.01%	(1,041)	22.9539%	(239)
571SG	446,033	0.06%	(5,288)	7.9057%	(418)
580ID	1,421,176	0.20%	(16,851)	0.0000%	-
580OR	9,308,199	1.33%	(110,365)	0.0000%	-
580SNPD	31,486,401	4.49%	(373,326)	6.2803%	(23,446)
580UT	8,995,076	1.28%	(106,652)	0.0000%	-
580WA	1,906,825	0.27%	(22,609)	100.0000%	(22,609)
580WYP	2,283,018	0.33%	(27,069)	0.0000%	-
580CA	847,559	0.12%	(10,049)	0.0000%	-
580WYU	149,500	0.02%	(1,773)	0.0000%	-
593CA	1,676,878	0.24%	(19,882)	0.0000%	-
593WYU	969,677	0.14%	(11,497)	0.0000%	-
593OR	11,523,388	1.64%	(136,630)	0.0000%	-
593SNPD	6,168,451	0.88%	(73,138)	6.2803%	(4,593)
593UT	17,650,696	2.52%	(209,280)	0.0000%	-
593WA	2,415,628	0.34%	(28,641)	100.0000%	(28,641)
593WYP	3,929,219	0.56%	(46,588)	0.0000%	-
593ID	2,687,345	0.38%	(31,863)	0.0000%	-
593OTHER	0	0.00%	(0)	0.0000%	-
903CN	35,231,804	5.02%	(417,734)	6.9174%	(28,896)
903ID	1,567,423	0.22%	(18,585)	0.0000%	-
903OR	9,163,493	1.31%	(108,649)	0.0000%	-
903CA	934,232	0.13%	(11,077)	0.0000%	-
903UT	5,661,589	0.81%	(67,128)	0.0000%	-
903WA	1,183,229	0.17%	(14,029)	100.0000%	(14,029)
903WYP	1,649,963	0.24%	(19,563)	0.0000%	-
903WYU	191,643	0.03%	(2,272)	0.0000%	-
908CN	2,582,866	0.37%	(30,624)	6.9174%	(2,118)
908OR	1,772,662	0.25%	(21,018)	0.0000%	-
908CA	40,353	0.01%	(478)	0.0000%	-
908ID	372,042	0.05%	(4,411)	0.0000%	-
908OTHER	69,094	0.01%	(819)	0.0000%	-
908UT	2,658,041	0.38%	(31,516)	0.0000%	-
908WA	376,861	0.05%	(4,468)	100.0000%	(4,468)
908WYP	1,157,324	0.16%	(13,722)	0.0000%	-
920CA	42,701	0.01%	(506)	0.0000%	-
920OR	599,153	0.09%	(7,104)	0.0000%	-
920SO	98,580,207	14.05%	(1,168,839)	6.8539%	(80,111)
920UT	888,908	0.13%	(10,540)	0.0000%	-
920WA	585,783	0.08%	(6,945)	100.0000%	(6,945)
920ID	164,586	0.02%	(1,951)	0.0000%	-
920WYP	177,364	0.03%	(2,103)	0.0000%	-
935CA	(13,685)	0.00%	162	0.0000%	-
935ID	(118)	0.00%	1	0.0000%	-
935OR	1,626	0.00%	(19)	0.0000%	-
935SO	2,653,756	0.38%	(31,465)	6.8539%	(2,157)
935UT	(15,150)	0.00%	180	0.0000%	-
935WA	(30)	0.00%	0	100.0000%	0
935WYP	(6,007)	0.00%	71	0.0000%	-
935WYU	55	0.00%	(1)	0.0000%	-
Utility Labor	490,327,972	69.88%	(5,813,687)		(377,635)
Non-Utility/Capital	211,320,424	30.12%	(2,505,569)		
Total	701,648,396	100.00%	(8,319,256)		

<u>Description</u>	<u>Acct.</u>	<u>Total Company</u>	<u>Factor</u>	<u>Factor %</u>	<u>Washington Allocation</u>
<u>Adjustment to Expense:</u>					
1 Reduction to Pension Expense	500-935	(18,046,306)	Multiple	Multiple	(1,172,219)

Details:

A.1	Test Year Pension Expense, per Company	39,131,821	Exh. No__ (NCS-3), p. 4.3.2
A.2	Test Year Pension Expense Based on Most Recent Actuarial Repc	<u>13,307,960</u>	Response to PC 67
A.3	Known and Measurable Reduction to Pension Expense	(25,823,861)	Line A.2 - Line A.1
A.4	Per Company Expense Factor	<u>69.88%</u>	
A.5	Reduction to Pension Expense	<u>(18,046,306)</u>	

Purpose of Adjustment:

Based on the most recent actuarial valuation for 2014, pension expense has declined significantly as compared to the amount incorporated in the adjusted test year, which was based on the 2013 recorded amount. The 2014 pension projections provided by the actuarial firm are based on known and measurable changes, such as the 2014 actuarial assumptions selection that occurred at the end of 2013 and impact of the actual 2013 plan experience.

Schedule 9, page 2 of 2
Pacific Power & Light Company
- Washington Operations
REDUCTION TO PENSION EXPENSE
Test Year Ended December 31, 2013

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Account	Actual YE 12/31/13	Allocation	Public Counsel Adjustment	Allocation Percentage	Washington Amount
500CAGE	72,805,759	10.38%	(2,679,584)	0.0000%	-
500JBG	5,004,257	0.71%	(184,179)	22.9539%	(42,276)
500SG	28,134	0.00%	(1,035)	7.9057%	(82)
501CAEE	1,059,195	0.15%	(38,983)	0.0000%	-
501JBE	657,036	0.09%	(24,182)	22.6123%	(5,468)
501SE	299,330	0.04%	(11,017)	7.5698%	(834)
500CAGW	3,701	0.00%	(136)	23.0849%	(31)
512CAGE	29,914,945	4.26%	(1,101,006)	0.0000%	-
512JBG	19,827,025	2.83%	(729,725)	22.9539%	(167,500)
512CAGW	(187,198)	-0.03%	6,890	23.0849%	1,590
535CAGE	6,266,650	0.89%	(230,641)	0.0000%	-
535CAGW	8,273,337	1.18%	(304,497)	23.0849%	(70,293)
545CAGW	3,408,722	0.49%	(125,457)	23.0849%	(28,961)
545CAGE	1,239,753	0.18%	(45,629)	0.0000%	-
548CAGE	4,220,656	0.60%	(155,339)	0.0000%	-
548CAGW	1,578,132	0.22%	(58,082)	23.0849%	(13,408)
548OR	3,463	0.00%	(127)	0.0000%	-
548SG	1,950,082	0.28%	(71,772)	7.9057%	(5,674)
553CAGE	1,390,973	0.20%	(51,194)	0.0000%	-
553CAGW	807,494	0.12%	(29,719)	23.0849%	(6,861)
557SG	26,928,953	3.84%	(991,108)	7.9057%	(78,354)
557CAGE	10,104,432	1.44%	(371,889)	0.0000%	-
557CAGW	141,507	0.02%	(5,208)	23.0849%	(1,202)
557JBG	1,687,549	0.24%	(62,109)	22.9539%	(14,257)
560CAGE	4,197,786	0.60%	(154,498)	0.0000%	-
560CAGW	769,066	0.11%	(28,305)	23.0849%	(6,534)
560SG	15,700,223	2.24%	(577,840)	7.9057%	(45,682)
560JBG	31,740	0.00%	(1,168)	22.9539%	(268)
571CAGE	(873,428)	-0.12%	32,146	0.0000%	-
571CAGW	864,074	0.12%	(31,802)	23.0849%	(7,341)
571JBG	87,786	0.01%	(3,231)	22.9539%	(742)
571SG	446,033	0.06%	(16,416)	7.9057%	(1,298)
580ID	1,421,176	0.20%	(52,306)	0.0000%	-
580OR	9,308,199	1.33%	(342,584)	0.0000%	-
580SNPD	31,486,401	4.49%	(1,158,843)	6.2803%	(72,779)
580UT	8,995,076	1.28%	(331,060)	0.0000%	-
580WA	1,906,825	0.27%	(70,180)	100.0000%	(70,180)
580WYP	2,283,018	0.33%	(84,025)	0.0000%	-
580CA	847,589	0.12%	(31,194)	0.0000%	-
580WYU	149,500	0.02%	(5,502)	0.0000%	-
593CA	1,676,878	0.24%	(61,717)	0.0000%	-
593WYU	969,677	0.14%	(35,689)	0.0000%	-
593OR	11,523,388	1.64%	(424,113)	0.0000%	-
593SNPD	6,168,451	0.88%	(227,027)	6.2803%	(14,258)
593UT	17,650,696	2.52%	(649,626)	0.0000%	-
593WA	2,415,628	0.34%	(88,906)	100.0000%	(88,906)
593WYP	3,929,219	0.56%	(144,613)	0.0000%	-
593ID	2,687,345	0.38%	(98,907)	0.0000%	-
593OTHER	0	0.00%	(0)	0.0000%	-
903CN	35,231,804	5.02%	(1,296,691)	6.9174%	(89,697)
903ID	1,567,423	0.22%	(57,688)	0.0000%	-
903OR	9,163,493	1.31%	(337,258)	0.0000%	-
903CA	934,232	0.13%	(34,384)	0.0000%	-
903UT	5,661,589	0.81%	(208,372)	0.0000%	-
903WA	1,183,229	0.17%	(43,548)	100.0000%	(43,548)
903WYP	1,649,963	0.24%	(60,726)	0.0000%	-
903WYU	191,643	0.03%	(7,053)	0.0000%	-
908CN	2,582,866	0.37%	(95,061)	6.9174%	(6,576)
908OR	1,772,662	0.25%	(65,242)	0.0000%	-
908CA	40,353	0.01%	(1,485)	0.0000%	-
908ID	372,042	0.05%	(13,693)	0.0000%	-
908OTHER	69,094	0.01%	(2,543)	0.0000%	-
908UT	2,658,041	0.38%	(97,828)	0.0000%	-
908WA	376,861	0.05%	(13,870)	100.0000%	(13,870)
908WYP	1,157,324	0.16%	(42,595)	0.0000%	-
920CA	42,701	0.01%	(1,572)	0.0000%	-
920OR	599,153	0.09%	(22,052)	0.0000%	-
920SO	98,580,207	14.05%	(3,628,201)	6.8539%	(248,675)
920UT	888,908	0.13%	(32,716)	0.0000%	-
920WA	585,783	0.08%	(21,559)	100.0000%	(21,559)
920ID	164,586	0.02%	(6,058)	0.0000%	-
920WYP	177,364	0.03%	(6,528)	0.0000%	-
935CA	(13,685)	0.00%	504	0.0000%	-
935ID	(118)	0.00%	4	0.0000%	-
935OR	1,626	0.00%	(60)	0.0000%	-
935SO	2,653,756	0.38%	(97,670)	6.8539%	(6,694)
935UT	(15,150)	0.00%	558	0.0000%	-
935WA	(30)	0.00%	1	100.0000%	1
935WYP	(6,007)	0.00%	221	0.0000%	-
935WYU	55	0.00%	(2)	0.0000%	-
Utility Labor	490,327,972	69.88%	(18,046,306)		(1,172,219)
Non-Utility/Capital	211,320,424	30.12%	(7,777,555)		
Total	701,648,396	100.00%	(25,823,861)		

Description	Acct.	Total Company	Factor	Factor %	Washington Allocation
<u>Adjustment to Expense:</u>					
1 Reduction to OPEB Expense	500-935	(1,550,064)	Multiple	Multiple	(100,686)

Details:

A.1	Test Year OPEB Expense, per Company	2,703,322	Exh. No__(NCS-3), p. 4.3.2
A.2	Test Year OPEB Expense Based on Most Recent Actuarial Repor	485,215	Response to PC 69
A.3	Known and Measurable Reduction to OPEB Expense	(2,218,107)	Line A.2 - Line A.1
A.4	Per Company Expense Factor	69.88%	
A.5	Reduction to OPEB Expense	(1,550,064)	

Purpose of Adjustment:

Based on the most recent actuarial valuation for 2014, OPEB expense has declined significantly as compared to the amount incorporated in the adjusted test year, which was based on the 2013 recorded amount. The 2014 OPEB projections provided by the actuarial firm are based on known and measurable changes, such as the 2014 actuarial assumptions selection that occurred at the end of 2013 and impact of the actual 2013 plan experience.

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 Pacific Power & Light Company
 - Washington Operations
 REDUCTION TO PENSION EXPENSE
 Test Year Ended December 31, 2013

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Account	Actual		Public Counsel	Allocation	Washington
	YE 12/31/13	Allocation	Adjustment	Percentage	Amount
500CAGE	72,805,759	10.38%	(230,159)	0.0000%	-
500IBG	5,004,257	0.71%	(15,820)	22.9539%	(3,631)
500SG	28,134	0.00%	(89)	7.9057%	(7)
501CAEE	1,059,195	0.15%	(3,348)	0.0000%	-
501JBE	657,036	0.09%	(2,077)	22.6123%	(470)
501SE	299,330	0.04%	(946)	7.5698%	(72)
500CAGW	3,701	0.00%	(12)	23.0849%	(3)
512CAGE	29,914,945	4.26%	(94,570)	0.0000%	-
512IBG	19,827,025	2.83%	(62,679)	22.9539%	(14,387)
512CAGW	(187,198)	-0.03%	592	23.0849%	137
535CAGE	6,266,650	0.89%	(19,811)	0.0000%	-
535CAGW	8,273,337	1.18%	(26,154)	23.0849%	(6,038)
545CAGW	3,408,722	0.49%	(10,776)	23.0849%	(2,488)
545CAGE	1,239,753	0.18%	(3,919)	0.0000%	-
548CAGE	4,220,656	0.60%	(13,343)	0.0000%	-
548CAGW	1,578,132	0.22%	(4,989)	23.0849%	(1,152)
548OR	3,463	0.00%	(11)	0.0000%	-
548SG	1,950,082	0.28%	(6,165)	7.9057%	(487)
553CAGE	1,390,973	0.20%	(4,397)	0.0000%	-
553CAGW	807,494	0.12%	(2,553)	23.0849%	(589)
557SG	26,928,953	3.84%	(85,130)	7.9057%	(6,730)
557CAGE	10,104,432	1.44%	(31,943)	0.0000%	-
557CAGW	141,507	0.02%	(447)	23.0849%	(103)
557IBG	1,687,549	0.24%	(5,335)	22.9539%	(1,225)
560CAGE	4,197,786	0.60%	(13,270)	0.0000%	-
560CAGW	769,066	0.11%	(2,431)	23.0849%	(561)
560SG	15,700,223	2.24%	(49,633)	7.9057%	(3,924)
560IBG	31,740	0.00%	(100)	22.9539%	(23)
571CAGE	(873,428)	-0.12%	2,761	0.0000%	-
571CAGW	864,074	0.12%	(2,732)	23.0849%	(631)
571IBG	87,786	0.01%	(278)	22.9539%	(64)
571SG	446,033	0.06%	(1,410)	7.9057%	(111)
580ID	1,421,176	0.20%	(4,493)	0.0000%	-
580OR	9,308,199	1.33%	(29,426)	0.0000%	-
580SNPD	31,486,401	4.49%	(99,537)	6.2803%	(6,251)
580UT	8,995,076	1.28%	(28,436)	0.0000%	-
580WA	1,906,825	0.27%	(6,028)	100.0000%	(6,028)
580WYP	2,283,018	0.33%	(7,217)	0.0000%	-
580CA	847,559	0.12%	(2,679)	0.0000%	-
580WYU	149,500	0.02%	(473)	0.0000%	-
593CA	1,676,878	0.24%	(5,301)	0.0000%	-
593WYU	969,677	0.14%	(3,065)	0.0000%	-
593OR	11,523,388	1.64%	(36,429)	0.0000%	-
593SNPD	6,168,451	0.88%	(19,500)	6.2803%	(1,225)
593UT	17,650,696	2.52%	(55,799)	0.0000%	-
593WA	2,415,628	0.34%	(7,636)	100.0000%	(7,636)
593WYP	3,929,219	0.56%	(12,421)	0.0000%	-
593ID	2,687,345	0.38%	(8,495)	0.0000%	-
593OTHER	0	0.00%	(0)	0.0000%	-
903CN	35,231,804	5.02%	(111,378)	6.9174%	(7,704)
903ID	1,567,423	0.22%	(4,955)	0.0000%	-
903OR	9,163,493	1.31%	(28,968)	0.0000%	-
903CA	934,232	0.13%	(2,953)	0.0000%	-
903UT	5,661,589	0.81%	(17,898)	0.0000%	-
903WA	1,183,229	0.17%	(3,741)	100.0000%	(3,741)
903WYP	1,649,963	0.24%	(5,216)	0.0000%	-
903WYU	191,643	0.03%	(606)	0.0000%	-
908CN	2,582,866	0.37%	(8,165)	6.9174%	(565)
908OR	1,772,662	0.25%	(5,604)	0.0000%	-
908CA	40,353	0.01%	(128)	0.0000%	-
908ID	372,042	0.05%	(1,176)	0.0000%	-
908OTHER	69,094	0.01%	(218)	0.0000%	-
908UT	2,658,041	0.38%	(8,403)	0.0000%	-
908WA	376,861	0.05%	(1,191)	100.0000%	(1,191)
908WYP	1,157,324	0.16%	(3,659)	0.0000%	-
920CA	42,701	0.01%	(135)	0.0000%	-
920OR	599,153	0.09%	(1,894)	0.0000%	-
920SO	98,580,207	14.05%	(311,640)	6.8539%	(21,360)
920UT	888,908	0.13%	(2,810)	0.0000%	-
920WA	585,783	0.08%	(1,852)	100.0000%	(1,852)
920ID	164,586	0.02%	(520)	0.0000%	-
920WYP	177,364	0.03%	(561)	0.0000%	-
935CA	(13,685)	0.00%	43	0.0000%	-
935ID	(118)	0.00%	0	0.0000%	-
935OR	1,626	0.00%	(5)	0.0000%	-
935SO	2,653,756	0.38%	(8,389)	6.8539%	(575)
935UT	(15,150)	0.00%	48	0.0000%	-
935WA	(30)	0.00%	0	100.0000%	0
935WYP	(6,007)	0.00%	19	0.0000%	-
935WYU	55	0.00%	(0)	0.0000%	-
Utility Labor	490,327,972	69.88%	(1,550,064)		(100,686)
Non-Utility/Capital	211,320,424	30.12%	(668,043)		
Total	701,648,396	100.00%	(2,218,107)		

	<u>Description</u>	<u>Acct.</u>	<u>Total Company</u>	<u>Factor</u>	<u>Factor %</u>	<u>Washington Allocation</u>
	<u>Adjustment to Expense:</u>					
1	Reverse Company Escalation Adjustment	500 - 935	(19,819,142)	Multiple	Multiple	<u>(1,440,294)</u>

Description of Adjustment:

The above removes the Company's post-test year pro forma adjustment to escalate non-labor and non-NPC expenses by IHS Global Insight Factors.

Line No.	Description	Accts.	Total Company	Factor	Factor %	Washington Allocation
	<u>Adjustment to Expense:</u>					
1	Reduction to Liability Expense	925	(3,333,333)	SO	6.854%	<u>(228,467)</u>

Description of Adjustment:

The Company bases the liability expense, net of commercial reimbursements, on a six year average. In determining the six-year average amount, the Company removed \$16,200,000 from 2012 expenses and \$27,688,053 from 2013 expenses for items it is not requesting to include in determining the average expense level. Public Counsel recommends several additional items be removed from the 2012 accrued expenses for purposes of determining the six-year average amount to include in rates. The specific items being removed, and reason for removal, are addressed in confidential testimony.

ADDITIONAL LIABILITY EXPENSE ADJUSTMENT
 Test Year Ended December 31, 2013
 - Calculation of Additional Adjustment

<u>Year</u>	<u>Accrual Per Company</u>	<u>Amount Not Requested, Per Company</u>	<u>Net Expense per Company</u>	<u>Additional Removals, per Public Counsel</u>	<u>Revised Net Expense</u>
2008	8,469,504		8,469,504		8,469,504
2009	4,487,483		4,487,483		4,487,483
2010	4,831,787		4,831,787		4,831,787
2011	2,901,323		2,901,323		2,901,323
2012	47,059,248	(16,200,000)	30,859,248	(20,000,000)	10,859,248
2013	32,552,817	(27,688,053)	4,864,764		<u>4,864,764</u>
Revised Six-Year Average, per Public Counsel					6,069,018
Six-Year Average, per Company			9,402,352		<u>9,402,351</u>
Additional Reduction to Liability Insurance Expense					(3,333,333)

Source: Company Exhibit__(NCS-3), page 4.7.1. Additional removal discussed in Confidential Testimony.

Line No.	Description	Amount	Reference
1	Adjusted Rate Base, per Public Counsel	\$827,898,461	Schedule 2
2	Weighted Cost of Debt, per Public Counsel	<u>2.94%</u>	Schedule 14
3	Interest Deduction for Income Taxes	\$ 24,373,571	Line 1 x Line 2
4	Interest Deduction, per Company	<u>\$ 21,235,114</u>	Exh.__(NCS-3), Page 1.0
5	Increase (Reduction) in Deductible Interest	\$ 3,138,457	Line 3 - Line 4
6	Federal Income Tax Rate	<u>35%</u>	
7	Reduction (Increase) to Income Tax Expense	<u><u>\$ 1,098,460</u></u>	

Description of Adjustment

The above adjustment synchronizes the tax deductible interest expense with Public Counsel's recommended rate base and weighted cost of debt. Since Public Counsel's recommended weighted cost of debt is higher than the amount proposed by the Company, the resulting interest expense is higher, reducing income tax expense.

Schedule 14
Pacific Power & Light Company
- Washington Operations
RATE OF RETURN
Test Year Ended December 31, 2013

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<u>Line No.</u>	<u>Description</u>	<u>Capitalization Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
1	Common Equity	49.10%	8.90%	4.37%
2	Preferred Stock	0.02%	6.75%	0.00%
3	Long Term Debt	50.69%	5.80%	2.94%
4	Short Term Debt	<u>0.19%</u>	2.11%	<u>0.00%</u>
5	Total	100.00%		<u><u>7.32%</u></u>

Above amounts per Public Counsel witness Stephen Hill. Amounts provided here for ease of reference.