

Exhibit No. SEM-4
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

Year-Two Incremental Revenue Requirement Adjustment Summary

November 2015

Year-Two Incremental Revenue Requirement Adjustment Summary

The table below presents the Company's pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement for the second step rate increase request in the Company's proposed Two-Year Rate Plan.

	A	B	C	D	E	F
Line No.	Adj. No.	Adj. Description	NOI	Rate Base	Rev. Req.	Reference
1	1	Jim Bridger Unit 4 Overhaul & SCR Installation	(1,533,980)	29,795,768	5,981,045	Exhibit No.__(SEM-4), Tab 2, Adj. 1
2	2	SCADA EMS Replacement & Upgrade	(82,543)	1,709,573	334,348	Exhibit No.__(SEM-4), Tab 2, Adj. 2
3	3	Union Gap Transmission Project	(65,371)	4,491,798	634,169	Exhibit No.__(SEM-4), Tab 2, Adj. 3
4	4	Production Tax Credit	(2,625,951)	-	4,234,464	Exhibit No.__(SEM-4), Tab 2, Adj. 4
5	5	Remove Deferred State Tax Expense & Balance	63,273	31,637	(98,306)	Exhibit No.__(SEM-4), Tab 2, Adj. 5
6	6	Interest True Up	332,162	-	(535,626)	Exhibit No.__(SEM-4), Tab 2, Adj. 6
7						
8		Subtotal Normalizing Adjustments	(3,912,410)	36,028,776	10,550,094	
9						
10		Total Incremental Revenue Requirement	(3,912,410)	36,028,776	10,550,094	
11						
12						

13 Notes:

14 (1) The revenue requirement column is calculated using the Company's approved return on rate base of 7.30% and NOI conversion factor
 15 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
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Variables

1 **Capital Structure and Cost**

2 (Page 2.1 of Exhibit No.__(SEM-3))

	Capital Structure	Embedded Cost	Weighted Cost
4 DEBT%	50.880%	5.177%	2.63%
5 PREFERRED %	0.020%	6.750%	0.00%
6 COMMON %	49.100%	9.500%	4.66%
			7.30%

9 **Net to Gross Bump-up Factor**

10 (Page 1.3 of Exhibit No.__(SEM-3))

11 Operating Revenue	100.000%
12	
13 Operating Deductions	
14 Uncollectable Accounts	0.521%
15 WUTC Regulatory Fee	0.200%
16 WUTC Public Utility Tax	3.873%
17 Taxes Other - Resource Supplier	0.000%
18 Taxes Other - Gross Receipts	0.000%
19	
20 Sub-Total	95.406%
21	
22 State Taxes	0.000%
23	
24 Sub-Total	95.406%
25	
26 Federal Income Tax @ 35.00%	33.392%
27	
28 Net Operating Income	62.014%
29	
30	

31 **West Control Area Allocation Factors from UE-15**

32 (Page 10.2 of Exhibit No.__(SEM-3))

33 Washington CAGW Factor	22.5651%
34 Washington CAEW Factor	22.8607%
35 Washington JBG Factor	22.4370%
36 Washington SO Factor	6.6548%
37	

38 **Normalized Results from UE-15**

39 (Page 1.1 of Exhibit No.__(SEM-3))

40 Operating Revenue for Return	61,183,039
41 Rate Base	838,124,164
42 ROE	9.50%

	Adjustment No.				
	1	2	3	4	
Total Incremental Revenue Requirement (Year Two)	Jim Bridger Unit 4 Overhaul & SCR Installation	SCADA EMS Replacement & Upgrade	Union Gap Transmission Project	Production Tax Credit	
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 Production	-				
10 Other Power Supply	-				
11 Transmission	-				
12 Distribution	-				
13 Customer Accounting	-				
14 Customer Service & Info	-				
15 Sales	-				
16 Administrative & General	-				
17 Total O&M Expenses	-	-			-
18 Depreciation	2,436,440	2,306,071	45,596	84,774	
19 Amortization	53,746		53,746		
20 Taxes Other Than Income	-				
21 Income Taxes - Federal	671,781	(1,222,638)	(247,911)	(151,459)	2,625,951
22 Income Taxes - State	-	-			-
23 Income Taxes - Def Net	750,443	450,547	231,112	132,057	
24 Investment Tax Credit Adj.	-				
25 Misc Revenue & Expense	-				
26 Total Operating Expenses:	3,912,410	1,533,980	82,543	65,371	2,625,951
27	-				
28 Operating Rev For Return:	(3,912,410)	(1,533,980)	(82,543)	(65,371)	(2,625,951)
29					
30 Rate Base:					
31 Electric Plant In Service	39,201,477	32,232,257	2,256,967	4,712,254	
32 Plant Held for Future Use	-				
33 Misc Deferred Debits	-				
34 Elec Plant Acq Adj	-				
35 Nuclear Fuel	-				
36 Prepayments	-				
37 Fuel Stock	-				
38 Material & Supplies	-				
39 Working Capital	-				
40 Weatherization	-				
41 Misc Rate Base	-				
42 Total Electric Plant:	39,201,477	32,232,257	2,256,967	4,712,254	-
43					
44 Rate Base Deductions:					
45 Accum Prov For Deprec	(2,338,772)	(2,138,165)	(74,093)	(126,514)	
46 Accum Prov For Amort	(87,338)		(87,338)		
47 Accum Def Income Tax	(746,592)	(298,324)	(385,963)	(93,942)	
48 Unamortized ITC	-				
49 Customer Adv For Const	-				
50 Customer Service Deposits	-				
51 Misc Rate Base Deductions	-				
52	-				
53 Total Rate Base Deductions	(3,172,702)	(2,436,489)	(547,394)	(220,456)	-
54					
55 Total Rate Base:	36,028,776	29,795,768	1,709,573	4,491,798	-
56					
57					
58 Estimated Return on Equity Impact	-1.524%	-0.870%	-0.050%	-0.095%	-0.638%
59 Estimated Price Change	10,550,094	5,981,045	334,348	634,169	4,234,464
60					
61 TAX CALCULATION:					
62 Operating Revenue	(2,490,186)	(2,306,071)	(99,342)	(84,774)	-
63 Other Deductions	-				
64 Interest (AFUDC)	-				
65 Interest	949,033				
66 Schedule "M" Additions	2,490,186	2,306,071	99,342	84,774	
67 Schedule "M" Deductions	4,634,310	3,493,251	708,317	432,741	
68 Income Before Tax	(5,583,343)	(3,493,251)	(708,317)	(432,741)	-
69					
70 State Income Taxes	-	-			-
71 Taxable Income	(5,583,343)	(3,493,251)	(708,317)	(432,741)	-
72					
73 Federal Income Taxes Before Credits	(1,954,170)	(1,222,638)	(247,911)	(151,459)	-
74 Energy Tax Credits	2,625,951				2,625,951
75 Federal Income Taxes	671,781	(1,222,638)	(247,911)	(151,459)	2,625,951

	Adjustment No.	
	5	6
	Remove Deferred State Tax Expense & Balance	Interest True Up
Operating Revenues:		
General Business Revenues		
Interdepartmental		
Special Sales		
Other Operating Revenues		
Total Operating Revenues	-	-
Operating Expenses:		
Production		
Other Power Supply		
Transmission		
Distribution		
Customer Accounting		
Customer Service & Info		
Sales		
Administrative & General		
Total O&M Expenses	-	-
Depreciation		
Amortization		
Taxes Other Than Income		
Income Taxes - Federal	-	(332,162)
Income Taxes - State	-	-
Income Taxes - Def Net	(63,273)	
Investment Tax Credit Adj.		
Misc Revenue & Expense		
Total Operating Expenses:	(63,273)	(332,162)
Operating Rev For Return:	63,273	332,162
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		
Accum Prov For Amort		
Accum Def Income Tax	31,637	
Unamortized ITC		
Customer Adv For Const		
Customer Service Deposits		
Misc Rate Base Deductions		
Total Rate Base Deductions	31,637	-
Total Rate Base:	31,637	-
Estimated Return on Equity Impact	0.015%	0.081%
Estimated Price Change	(98,306)	(535,626)
TAX CALCULATION:		
Operating Revenue	-	-
Other Deductions		
Interest (AFUDC)		
Interest		949,033
Schedule "M" Additions		
Schedule "M" Deductions		
Income Before Tax	-	(949,033)
State Income Taxes	-	-
Taxable Income	-	(949,033)
Federal Income Taxes Before Credits	-	(332,162)
Energy Tax Credits		
Federal Income Taxes	-	(332,162)

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Jim Bridger Unit 4 Overhaul & SCR Installation

	<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 Rate Base:							
Steam Production	312	PRO	143,656,688	JBG	22.437%	32,232,257	Pg. 2
Adjustment to Reserve:							
Accumulated Reserve	108SP	PRO	(9,529,638)	JBG	22.437%	(2,138,165)	Pg. 3
Adjustment to Expense:							
Depreciation Expense	403SP	PRO	10,277,979	JBG	22.437%	2,306,071	Pg. 3
Adjustment to Tax:							
Steam Production - Sch M Adjust	SCHMAT	PRO	10,277,979	JBG	22.437%	2,306,071	Pg. 4
Steam Production - Sch M Adjust	SCHMDT	PRO	15,569,152	JBG	22.437%	3,493,251	Pg. 4
Steam Production - DIT Expense	41010	PRO	2,008,055	JBG	22.437%	450,547	Pg. 4
Steam Production - AMA ADIT	282	PRO	(1,329,605)	JBG	22.437%	(298,324)	Pg. 4

Description of Adjustment

This adjustment adds into rate base Jim Bridger Unit 4 Overhaul and Selective Catalytic Reduction (SCR) system installation scheduled to be placed in-service in calendar year 2016, well in advance of the requested effective date of the Company's second-year rate increase. Net plant balances are included on an AMA basis for the rate effective period May 1, 2017 through April 30, 2018. Details of the project can be found on Page 2 of this adjustment. The Jim Bridger project is discussed in detail in the Direct Testimony of Mr. Chad A. Teply and Mr. Rick T. Link. The Company also commits to filing attestations to affirm that each project is used and useful, with costs known and measurable upon the completion of each project. This adjustment also incorporates the associated depreciation expense, accumulated reserve impacts, and corresponding tax effects.

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Jim Bridger Unit 4 Overhaul & SCR Installation

Project Description	Account	Factor	In-Service Date	Total Company 2016 Additions	Factor %	Washington Allocated	Ref.
Jim Bridger U4 Overhaul Project							
Jim Bridger U4 Replace Finishing Superheater 16	312	JBG	Nov-16		22.437%		
Jim Bridger U4 Replace Hot Reheat Pipe 16	312	JBG	Nov-16		22.437%		
Jim Bridger U4 Burners - Major 16	312	JBG	Nov-16	Confidential - See Exhibit No.__(SEM-5C)	22.437%	Confidential - See Exhibit No.__(SEM-5C)	
Jim Bridger U4 Steam-Cooled Floor Replacement 16	312	JBG	Nov-16		22.437%		
Jim Bridger U4 Absorber Reline 16	312	JBG	Nov-16		22.437%		
Jim Bridger U4 SCR System	312	JBG	Dec-16		22.437%		
Jim Bridger U4 Overhaul Project Total				143,656,688		32,232,257	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Jim Bridger Unit 4 Overhaul & SCR Installation

Depreciation Expense

Description	Plant Account	Depreciation Account	Factor	Depreciation Rate	Plant Additions Included in Adj	Increm. Expense on Plant Adds.	CY 2016 Additions		Ref.
							Factor %	Washington Allocated	
Plant: Steam Production	312	403SP	JBG	7.155%	143,656,688	10,277,979	22.437%	2,306,071	Pg. 1

Incremental Accumulated Reserve

Description	Plant Account	Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	Increm. Reserve on Plant Adds	CY 2016 Additions		Pg. 1
							Factor %	Washington Allocated	
Plant: Steam Production	312	108SP	JBG	7.155%	143,656,688	(9,529,638)	22.437%	(2,138,165)	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Jim Bridger Unit 4 Overhaul & SCR Installation
 Tax Summary

Function	Allocation Factor	Plant Additions	SCHMAT Book Depreciation	SCHMDT Tax Depreciation	41010 Def Inc Tax Exp	282 AMA ADIT
Steam Production	JBG	143,656,687	10,277,979	15,569,152	2,008,055	(1,329,605)
Total		143,656,687	10,277,979	15,569,152	2,008,055	(1,329,605)
			<i>Ref. Pg. 2</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 SCADA EMS Replacement & Upgrade

	<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 Rate Base:							
Intangible Plant	303	PRO	22,119,925	SO	6.655%	1,472,038	
General Plant	397	PRO	11,794,918	SO	6.655%	784,929	
			<u>33,914,843</u>			<u>2,256,967</u>	Pg. 2
Adjustment to Reserve:							
Accumulated Reserve	111IP	PRO	(1,312,401)	SO	6.655%	(87,338)	
Accumulated Reserve	108GP	PRO	(1,113,372)	SO	6.655%	(74,093)	
			<u>(2,425,773)</u>			<u>(161,430)</u>	Pg. 3
Adjustment to Expense:							
Depreciation Expense	404IP	PRO	807,632	SO	6.655%	53,746	
Depreciation Expense	403GP	PRO	685,152	SO	6.655%	45,596	
			<u>1,492,784</u>			<u>99,342</u>	Pg. 3
Adjustment to Tax:							
Intangible & General - Sch M Adjust	SCHMAT	PRO	1,492,784	SO	6.655%	99,342	Pg. 4
Intangible & General - Sch M Adjust	SCHMDT	PRO	10,643,700	SO	6.655%	708,317	Pg. 4
Intangible & General - DIT Expense	41010	PRO	3,472,866	SO	6.655%	231,112	Pg. 4
Intangible & General - AMA ADIT	282	PRO	(5,799,772)	SO	6.655%	(385,963)	Pg. 4

Description of Adjustment

This adjustment adds into rate base major plant additions associated with the SCADA EMS project upgrade, scheduled to be placed in-service by March of 2016. Net plant balances are included on an AMA basis for the rate effective period May 1, 2017 through April 30, 2018. Mr. Stuart J. Kelly discusses the details of the SCADA EMS project in his direct testimony. This adjustment also incorporates the associated depreciation expense, accumulated reserve impacts, and corresponding tax effects.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
SCADA EMS Replacement & Upgrade

Project Description	Account	Factor	In-Service Date	Total Company 2016 Additions	Factor %	Washington Allocated	Ref.
SCADA EMS Replacement Project							
SCADA EMS Replacement / Upgrade - software	303	SO	Mar-16	22,119,925	6.655%	1,472,038	
SCADA EMS Replacement / Upgrade - general	397	SO	Mar-16	5,133,112	6.655%	341,599	
SCADA EMS Replacement / Upgrade - hardware	397	SO	Mar-16	<u>6,661,806</u>	6.655%	<u>443,330</u>	
SCADA EMS Replacement Total				<u>33,914,843</u>		<u>2,256,967</u>	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 SCADA EMS Replacement & Upgrade

Depreciation Expense

Description	Plant		Depreciation Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions			
	Account	Account					Increment. Expense on Plant Adds.	Factor %	Washington Allocated	Ref.
Plant:										
Intangible	303	404IP	SO		3.651%	22,119,925	807,632	6.655%	53,746	
General	397	403GP	SO		5.809%	11,794,918	685,152	6.655%	45,596	
Total Plant						33,914,843	1,492,784		99,342	Pg. 1

Incremental Accumulated Reserve

Description	Plant		Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions			
	Account	Account					Increment. Reserve on Plant Adds	Factor %	Washington Allocated	
Plant:										
Intangible	303	111IP	SO		3.651%	22,119,925	(1,312,401)	6.655%	(87,338)	
General	397	108GP	SO		5.809%	11,794,918	(1,113,372)	6.655%	(74,093)	
Total Plant						33,914,843	(2,425,773)		(161,430)	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 SCADA EMS Replacement & Upgrade
 Tax Summary

Function	Allocation Factor	Plant Additions	SCHMAT Book Depreciation	SCHMDT Tax Depreciation	41010 Def Inc Tax Exp	282 AMA ADIT
Intangible Plant	SO	22,119,925	807,632	7,372,574	2,491,464	(4,165,207)
General & Hardware	SO	11,794,918	685,152	3,271,126	981,402	(1,634,565)
Total		33,914,843	1,492,784	10,643,700	3,472,866	(5,799,772)
		<i>Ref. Pg. 2</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Union Gap Transmission Project

	<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 Rate Base:							
Transmission Plant	355	PRO	20,882,973	CAGW	22.565%	4,712,254	Pg. 2
Adjustment to Reserve:							
Accumulated Reserve	108TP	PRO	(560,665)	CAGW	22.565%	(126,514)	Pg. 3
Adjustment to Expense:							
Depreciation Expense	403TP	PRO	375,686	CAGW	22.565%	84,774	Pg. 3
Adjustment to Tax:							
Transmission - Sch M Adjust	SCHMAT	PRO	375,686	CAGW	22.565%	84,774	Pg. 4
Transmission - Sch M Adjust	SCHMDT	PRO	1,917,750	CAGW	22.565%	432,741	Pg. 4
Transmission - DIT Expense	41010	PRO	585,226	CAGW	22.565%	132,057	Pg. 4
Transmission - AMA ADIT	282	PRO	(416,315)	CAGW	22.565%	(93,942)	Pg. 4

Description of Adjustment

This adjustment adds into rate base major plant additions associated with the Union Gap Transmission project, scheduled to be placed in-service by May of 2016. Net plant balances are included on an AMA basis for the rate effective period May 1, 2017 through April 30, 2018. Mr. Rick A. Vail discusses the details of the Union Gap Transmission project. in his direct testimony This adjustment also incorporates the associated depreciation expense, accumulated reserve impacts, and corresponding tax effects.

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Union Gap Transmission Project

Project Description	Account	Factor	In-Service Date	Total Company 2016 Additions	Factor %	Washington Allocated	Ref.
Union Gap - Transmission							
Union Gap - Add 230 - 115kV Capacity - Trans	355	CAGW	May-16	20,882,973	22.565%	4,712,254	
Union Gap - Transmission Total				<u>20,882,973</u>		<u>4,712,254</u>	Pg. 1
Total Capital Additions				<u>20,882,973</u>		<u>4,712,254</u>	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Union Gap Transmission Project

Depreciation Expense									
Description	Plant Account	Depreciation Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions			
						Increment. Expense on Plant Adds.	Factor % Washington Allocated	Ref.	
Plant: Transmission	355	403TP	CAGW	1.799%	20,882,973	375,686	22.565%	84,774	Pg. 1
Incremental Accumulated Reserve							CY 2016 Additions		
Description	Plant Account	Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	Increment. Reserve on Plant Adds	Factor % Washington Allocated		
Plant: Transmission	355	108TP	CAGW	1.799%	20,882,973	(560,665)	22.565%	(126,514)	Pg. 1

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Year-Two Revenue Requirement Calculation
 Union Gap Transmission Project
 Tax Summary

Function	Allocation Factor	Plant Additions	SCHMAT Book Depreciation	SCHMDT Tax Depreciation	41010 Def Inc Tax Exp	282 AMA ADIT
Transmission	CAGW	20,882,973	375,686	1,917,750	585,226	(416,315)
Total		20,882,973	375,686	1,917,750	585,226	(416,315)
		<i>Ref. Pg. 2</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Production Tax Credit

	<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 Expense:							
Reduction to PTC	40910	PRO	(11,637,246)	CAGW	22.5651%	(2,625,951)	Pg.2

Description of Adjustment:

The Company is entitled to recognize a federal income tax credit as a result of placing renewable generating plants in-service. The tax credit is based on the kilowatt-hours generated by a qualified facility during the facility's first ten years of service. This pro forma adjustment reflects the impact of the impending expiration of Production Tax Credits (PTC) for the Company's renewable resources beginning in May 2016. The expiration of PTCs represent an unavoidable cost driver for the coming year. For a detailed discussion on PTCs and their impact on the Company's costs, please see direct testimony of Ms. Shelley E. McCoy.

PacifiCorp
 Washington Expedited Rate Filing - June 2015
 Production Tax Credit Calculation
 West Control Area

May 2016
 to April 2017

Step-One Rate Effective Period - 12 ME April 2017

Description	FED kWh Amount	Expiration Date	Available kWh	Factor (inflated tax per unit)	Total Company Credit	Washington Alloc. Credit
Hydro						
JC Boyle	8,462,825	11/7/2015	-	0.012	-	-
Wind/Geothermal						
Goodnoe KWh	267,537,499	12/17/2017	267,537,499	0.023	6,153,362	1,388,509
Leaning Juniper 1 KWh	302,125,891	9/13/2016	111,618,732	0.023	2,567,231	579,297
Leaning Juniper Indemnity	3,971,000	9/13/2016	1,467,064	0.023	33,742	7,614
Marengo I KWh	394,338,348	8/2/2017	394,338,348	0.023	9,069,782	2,046,601
Marengo II KWh	187,890,083	6/25/2018	187,890,083	0.023	4,321,472	975,142
Total KWh Production	1,155,862,821					
Total					22,145,589	4,997,163.76

May 2017
 to April 2018

Step-Two Rate Effective Period - 12 ME April 2018

Description	FED Amount	Expiration Date	Available kWh	Factor (inflated tax per unit)	Total Company Credit	Washington Alloc. Credit
Hydro						
JC Boyle	8,462,825	11/7/2015	-	0.012	-	-
Wind/Geothermal						
Goodnoe KWh	267,537,499	12/17/2017	168,289,717	0.023	3,870,663	873,417
Leaning Juniper 1 KWh	302,125,891	9/13/2016	-	0.023	-	-
Leaning Juniper Indemnity	3,971,000	9/13/2016	-	0.023	-	-
Marengo I KWh	394,338,348	8/2/2017	100,704,686	0.023	2,316,208	522,654
Marengo II KWh	187,890,083	6/25/2018	187,890,083	0.023	4,321,472	975,142
Total KWh Production	1,155,862,821					
Total Credit					10,508,343	2,371,213

Incremental Difference

Description	FED kWh Amount	Expiration Date	Available kWh	Factor (inflated tax per unit)	Total Company Credit	Washington Alloc. Credit
Hydro						
JC Boyle	-	11/7/2015	-	0.012	-	-
Wind/Geothermal						
Goodnoe KWh	-	12/17/2017	(99,247,782)	0.023	(2,282,699)	(515,092)
Leaning Juniper 1 KWh	-	9/13/2016	(111,618,732)	0.023	(2,567,231)	(579,297)
Leaning Juniper Indemnity	-	9/13/2016	(1,467,064)	0.023	(33,742)	(7,614)
Marengo I KWh	-	8/2/2017	(293,633,662)	0.023	(6,753,574)	(1,523,948)
Marengo II KWh	-	6/25/2018	-	0.023	-	-
Total KWh Production	-					
Total					(11,637,246)	(2,625,951)
					Ref. Pg. 1	Ref. Pg. 1

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Remove Deferred State Tax Expense & Balance

	<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 Tax:							
Def Inc Tax Expense	41110	RES	(63,273)	WA	Situs	(63,273)	Pg. 2
ADIT Balance	283	RES	31,637	WA	Situs	31,637	Pg. 2

Description of Adjustment:

This adjustment removes the deferred state income tax expense and associated balances since state income tax expense is excluded under the WCA allocation methodology.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Remove Deferred State Tax Expense & Balance

Description	Tax Rates	Def Inc Tax Expense	ADIT State Balance
Total Deferred Income Tax Expense Allocated to Washington before removal of State tax portion		813,716	
Less: Pension Curtailment which is not in Rate Base			813,716
Def State Tax Rate in the Combined Deferred Tax Rate	2.951%		
Combined Deferred Tax Rate	37.951%		
Ratio of Deferred State Tax Rate to Combined Deferred Tax rate		7.775816%	7.775816%
Portion of Total Deferred Income Tax Expense related to State		63,273	63,273
Adjustment to remove the State portion of Def Inc Tax Exp & ADIT		(63,273)	31,637
		<i>Ref. Pg. 1</i>	<i>Ref. Pg. 1</i>

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Interest True Up

	<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 Expense:							
Other Interest Expense - Pro forma	427	PRO	949,033	WA	Situs	949,033	Below

Adjustment Detail:

Pro forma:							
Jurisdiction Specific Adjusted Rate Base						874,152,939	Pg 2
Weighted Cost of Debt:						2.634%	Pg 2
Trued-up Interest Expense						<u>23,026,045</u>	Pg 2
Restated Interest Expense						<u>22,077,012</u>	Pg 2
Total Pro forma Interest True-up Adjustment						<u><u>949,033</u></u>	Pg 2

Description of Adjustment

This pro forma adjustment details the adjustment to interest expense required to synchronize the test period expense with rate base. This is done by multiplying normalized Washington net rate base by the Company's weighted cost of debt in this case.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Interest True-up Calculation

Unadjusted Results

Unadjusted Interest Expense

Reference

22,077,012 *Exh No. SEM-3, Page 1.1, Line 66, Column (3)*

Pro Forma Results

Unadjusted Washington Allocated Rate Base
Incremental Washington Allocated Rate Base
Pro Forma Washington Allocated Rate Base

838,124,164 *Exhibit No. SEM-4, Tab 1, Page 2, Line 41*
36,028,776 *Exhibit No. SEM-4, Tab 2, Page 1, Line 55*
874,152,939

Weighted Cost of Debt
Pro Forma Interest Expense

2.63% *Exhibit No. SEM-4, Tab 1, Page 2, Line 4*
23,026,045

Unadjusted Interest Expense

22,077,012 *Above*

Pro Forma Adjustment

949,033 **Page 1**