

TABLE 5

Summary Comparison of Cost of Service Study Results

| <u>Schedule</u> | <u>PacifiCorp ECOS Study</u> | | <u>Exhibit No.__(RRS-5) Recommended ECOS Study</u> | | <u>Exhibit No.__(RRS-8) Modified Peak Credit ECOS Study</u> | |
|-----------------------|------------------------------|--------------|--|--------------|---|--------------|
| | <u>Rate of Return</u> | <u>Index</u> | <u>Rate of Return</u> | <u>Index</u> | <u>Rate of Return</u> | <u>Index</u> |
| Schedule 16 | 3.55% | 0.61 | 1.55% | 0.27 | 2.45% | 0.42 |
| Schedule 24 | 10.17% | 1.76 | 12.32% | 2.13 | 11.64% | 2.01 |
| Schedule 36 | 7.56% | 1.31 | 9.44% | 1.63 | 8.33% | 1.44 |
| Schedule 48T | 6.62% | 1.15 | 10.39% | 1.80 | 8.02% | 1.39 |
| Schedule 48T-D.F. | 4.16% | 0.72 | 8.78% | 1.52 | 5.83% | 1.01 |
| Schedule 40 | 9.32% | 1.61 | 10.29% | 1.78 | 9.58% | 1.66 |
| Schs. 15,52,54,57 | 9.85% | 1.70 | 16.07% | 2.78 | 12.29% | 2.13 |
| Total | 5.78% | 1.00 | 5.78% | 1.00 | 5.78% | 1.00 |
| Notes: | | | | | | |
| Production (fixed) | Top 100S/100W 43%D/57%E | | 4 CP 100% D / 0% E | | 4 CP 43% D / 57% E | |
| Production (variable) | Top 100S/100W 43%D/57%E | | 100% Energy | | 4 CP 43% D / 57% E | |
| Transmission | Top 100S/100W 43%D/57%E | | 12 CP 100% | | 12 CP 100% | |

1 As Table 5 shows, the cost returns vary significantly from PacifiCorp’s
2 calculation. For example, rather than a rate of return index of 0.72 for Schedule 48T-
3 Dedicated Facilities, under my adjusted measure of cost of service, the rate of return index
4 is 1.52, meaning that Schedule 48T-Dedicated Facilities customers actually are providing
5 revenues to produce a return higher than the system average, i.e., indicating that this class
6 is currently providing revenues above test year cost of service.

7 **III. ELECTRIC REVENUE ALLOCATION (“RATE SPREAD”)**

8 **Q. PLEASE DISTINGUISH THE REVENUE ALLOCATION STEP IN THE**
9 **PROCESS FROM THE COST OF SERVICE ANALYSIS.**

10 A. As previously mentioned, the cost of service analysis is an empirical analysis of the
11 costs caused by the various customer schedules. In itself, it does nothing to change
12 customers’ rates. Rather, determining how much of the revenue requirement should
13 be borne by each rate schedule is the step known as revenue allocation or rate spread.