

Exhibit No. SEM-10
Docket UE-152253
Witness: Shelley E. McCoy

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT
COMPANY,

Respondent.

DOCKET UE-152253

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF SHELLEY E. MCCOY

Rebuttal Year-Two Incremental Revenue Requirement Adjustment Summary

April 2016

Year-Two Incremental Revenue Requirement Adjustment Summary - REBUTTAL

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	<i>Jim Bridger Unit 4 Overhaul & SCR Installation - REVISED</i>	(1,473,663)	23,574,332	5,151,420	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 1</i>
2	2	<i>SCADA EMS Replacement & Upgrade - REVISED</i>	(68,869)	1,446,101	281,283	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 2</i>
3	3	<i>Union Gap Transmission Project - REVISED</i>	(58,876)	3,634,878	522,823	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 3</i>
4	4	<i>Production Tax Credit - REVISED</i>	(3,007,518)	-	4,849,759	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 4</i>
5	5	<i>Remove Deferred State Tax Expense & Balance - REVISED</i>	(5,711)	586,766	78,281	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 5</i>
6	6	<i>Interest True Up - REVISED</i>	269,809	-	(435,079)	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 6</i>
7	7	<i>Remove Retired Asset Depreciation - NEW</i>	41,968	23,431	(64,917)	<i>Exhibit No.__(SEM-10), Tab 2, Adj. 7</i>
8		Subtotal Normalizing Adjustments	(4,302,861)	29,265,509	10,383,571	
9						
10		Total Incremental Revenue Requirement	(4,302,861)	29,265,509	10,383,571	
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-8) on pages 2.1 and 1.3 respectively.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation - REBUTTAL
Variables

1 **Capital Structure and Cost**

2 (Page 2.1 of Exhibit No.__(SEM-8))

	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%

7

8

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

10 (Page 1.3 of Exhibit No.__(SEM-8))

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-152253**

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-152253**

39 (Page 1.1 of Exhibit No.__(SEM-8))

40 Operating Revenue for Return	60,745,001
41 Rate Base	832,123,601
42 ROE	9.50%

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation - Summary of Rebuttal Adjustments

	Total Incremental Revenue Requirement (Year Two)	Adjustment No.			
		1	2	3	4
		Jim Bridger Unit 4 Overhaul & SCR Installation - REVISED	SCADA EMS Replacement & Upgrade - REVISED	Union Gap Transmission Project - REVISED	Production Tax Credit - REVISED
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	2,353,723	2,292,763	40,752	84,774	
19 Amortization	54,203		54,203		
20 Taxes Other Than Income	-				
21 Income Taxes - Federal	1,962,668	(605,198)	(118,018)	(74,424)	3,007,518
22 Income Taxes - State	-	-			-
23 Income Taxes - Def Net	(67,732)	(213,902)	91,933	48,527	
24 Investment Tax Credit Adj.	-				
25 Misc Revenue & Expense	-				
26 Total Operating Expenses:	4,302,861	1,473,663	68,869	58,876	3,007,518
27	-				
28 Operating Rev For Return:	(4,302,861)	(1,473,663)	(68,869)	(58,876)	(3,007,518)
29					
30 Rate Base:					
31 Electric Plant In Service	38,944,582	32,046,256	2,186,073	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:	38,944,582	32,046,256	2,186,073	4,712,254	-
43					
44 Rate Base Deductions:					
45 Accum Prov For Deprec	(2,622,686)	(2,412,562)	(73,013)	(137,111)	
46 Accum Prov For Amort	(97,113)		(97,113)		
47 Accum Def Income Tax	(6,959,274)	(6,059,361)	(569,845)	(940,265)	
48 Unamortized ITC	-				
49 Customer Adv For Const	-				
50 Customer Service Deposits	-				
51 Misc Rate Base Deductions	-				
52	-				
53 Total Rate Base Deductions	(9,679,074)	(8,471,923)	(739,971)	(1,077,376)	-
54					
55 Total Rate Base:	29,265,509	23,574,332	1,446,101	3,634,878	-
56					
57					
58 Estimated Return on Equity Impact	-1.522%	-0.760%	-0.043%	-0.079%	-0.736%
59 Estimated Price Change	10,383,571	5,151,420	281,283	522,823	4,849,759
60					
61 TAX CALCULATION:					
62 Operating Revenue	(2,407,925)	(2,292,763)	(94,954)	(84,774)	-
63 Other Deductions	-				
64 Interest (AFUDC)	-				
65 Interest	770,882				
66 Schedule "M" Additions	2,472,491	2,292,763	94,954	84,774	
67 Schedule "M" Deductions	2,278,972	1,729,136	337,195	212,641	
68 Income Before Tax	(2,985,288)	(1,729,136)	(337,195)	(212,641)	-
69					
70 State Income Taxes	-	-			-
71 Taxable Income	(2,985,288)	(1,729,136)	(337,195)	(212,641)	-
72					
73 Federal Income Taxes Before Credits	(1,044,851)	(605,198)	(118,018)	(74,424)	-
74 Energy Tax Credits	3,007,518				3,007,518
75 Federal Income Taxes	1,962,668	(605,198)	(118,018)	(74,424)	3,007,518

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation - Summary of Rebuttal Adjustments

	Adjustment No.		
	5	6	7
	Remove Deferred State Tax Expense & Balance - REVISED	Interest True Up - REVISED	Remove Retired Asset Depreciation - NEW
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			(64,566)
Amortization			
Taxes Other Than Income			
Income Taxes - Federal	-	(269,809)	22,598
Income Taxes - State	-	-	-
Income Taxes - Def Net	5,711		
Investment Tax Credit Adj.			
Misc Revenue & Expense			
Total Operating Expenses:	5,711	(269,809)	(41,968)
Operating Rev For Return:	(5,711)	269,809	41,968
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	586,766		23,431
Unamortized ITC			
Customer Adv For Const			
Customer Service Deposits			
Misc Rate Base Deductions			
Total Rate Base Deductions	586,766	-	23,431
Total Rate Base:	586,766	-	23,431
Estimated Return on Equity Impact	-0.012%	0.066%	0.010%
Estimated Price Change	78,281	(435,079)	(64,917)
TAX CALCULATION:			
Operating Revenue	-	-	64,566
Other Deductions			
Interest (AFUDC)			
Interest		770,882	
Schedule "M" Additions			
Schedule "M" Deductions			
Income Before Tax	-	(770,882)	64,566
State Income Taxes	-	-	-
Taxable Income	-	(770,882)	64,566
Federal Income Taxes Before Credits	-	(269,809)	22,598
Energy Tax Credits			
Federal Income Taxes	-	(269,809)	22,598

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

Adjustment No. 1
Page 1

	<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:							
<i>Steam Production</i>	312	PRO	142,827,695	JBG	22.437%	32,046,256	Pg. 2
Adjustment to Reserve:							
<i>Accumulated Reserve</i>	108SP	PRO	(10,752,604)	JBG	22.437%	(2,412,562)	Pg. 3
Adjustment to Expense:							
<i>Depreciation Expense</i>	403SP	PRO	10,218,669	JBG	22.437%	2,292,763	Pg. 3
Adjustment to Tax:							
<i>Steam Production - Sch M Adjust</i>	SCHMAT	PRO	10,218,669	JBG	22.437%	2,292,763	Pg. 4
<i>Steam Production - Sch M Adjust</i>	SCHMDT	PRO	7,706,628	JBG	22.437%	1,729,136	Pg. 4
<i>Steam Production - DIT Expense</i>	41010	PRO	(953,345)	JBG	22.437%	(213,902)	Pg. 4
<i>Steam Production - AMA ADIT</i>	282	PRO	(27,006,107)	JBG	22.437%	(6,059,361)	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.

The Company has updated the adjustment based on updated information since the Company's initial filing as provided in the Company's response to Public Counsel data request 20 (Referenced in Public Counsel's Exhibit No. DMR-16). This adjustment has also been revised to reflect bonus depreciation impacts, and the impacts of changing anticipated rate effective date to July 1, 2017.

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

Adjustment No. 1
Page 2

<u>Project Description</u>	<u>Account</u>	<u>Factor</u>	<u>In-Service Date</u>	<u>Total Company 2016 Additions</u>	<u>Factor %</u>	<u>Washington Allocated</u>	<u>Ref.</u>
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		22.437%		
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				<u>142,827,695</u>		<u>32,046,256</u>	Pg. 1

Confidential - See
Exhibit No.__(SEM-9C)

Confidential - See
Exhibit No.__(SEM-9C)

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

Depreciation Expense

Description	Plant Account	Depreciation Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions		
						Increm. Expense on Plant Adds.	Factor %	Washington Allocated
Plant: Steam Production	312	403SP	JBG	7.155%	142,827,695	10,218,669	22.437%	2,292,763

Pg. 1

Incremental Accumulated Reserve

Description	Plant Account	Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions		
						Increm. Reserve on Plant Adds	Factor %	Washington Allocated
Plant: Steam Production	312	108SP	JBG	7.155%	142,827,695	(10,752,604)	22.437%	(2,412,562)

Pg. 1

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

Adjustment No. 1
Page 4

Function	Allocation Factor	Plant Additions	SCHMAT Book Depreciation	SCHMDT Tax Depreciation	41010 Def Inc Tax Exp	282 AMA ADIT
Steam Production	JBG	142,827,695	10,218,669	7,706,628	(953,345)	(27,006,107)
Total		142,827,695	10,218,669	7,706,628	(953,345)	(27,006,107)
		<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
SCADA EMS Replacement & Upgrade - REVISED

Adjustment No. 2
Page 1

	<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:							
<i>Intangible Plant</i>	303	PRO	22,307,681	SO	6.655%	1,484,533	
<i>General Plant</i>	397	PRO	10,541,859	SO	6.655%	701,540	
			<u>32,849,540</u>			<u>2,186,073</u>	Pg. 2
Adjustment to Reserve:							
<i>Accumulated Reserve</i>	111IP	PRO	(1,459,289)	SO	6.655%	(97,113)	
<i>Accumulated Reserve</i>	108GP	PRO	(1,097,151)	SO	6.655%	(73,013)	
			<u>(2,556,440)</u>			<u>(170,126)</u>	Pg. 3
Adjustment to Expense:							
<i>Depreciation Expense</i>	404IP	PRO	814,487	SO	6.655%	54,203	
<i>Depreciation Expense</i>	403GP	PRO	612,363	SO	6.655%	40,752	
			<u>1,426,850</u>			<u>94,954</u>	Pg. 3
Adjustment to Tax:							
<i>Intangible & General - Sch M</i>	SCHMAT	PRO	1,426,850	SO	6.655%	94,954	Pg. 4
<i>Intangible & General - Sch M</i>	SCHMDT	PRO	5,066,934	SO	6.655%	337,195	Pg. 4
<i>Intangible & General - DIT Expense</i>	41010	PRO	1,381,448	SO	6.655%	91,933	Pg. 4
<i>Intangible & General - AMA ADIT</i>	282	PRO	(8,562,917)	SO	6.655%	(569,845)	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.

The Company has updated the adjustment based on updated information since the Company's initial filing as provided in the Company's response to Staff data request WUTC 156. Please see Page 5-6 of Adjustment No.2 , in this exhibit (No. SEM-10) for a copy of referenced data response. This adjustment has also been revised to reflect bonus depreciation impacts, and the impacts of changing anticipated rate effective date to July 1, 2017.

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

Adjustment No. 2
Page 2

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	22,307,681	6.655%	1,484,533	
SCADA EMS Replacement / Upgrade - general	397	SO	Mar-16	5,253,497	6.655%	349,610	
SCADA EMS Replacement / Upgrade - hardware	397	SO	Mar-16	5,288,362	6.655%	351,930	
SCADA EMS Replacement Total				<u>32,849,540</u>		<u>2,186,073</u>	Pg. 1

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

Adjustment No. 2
Page 3

Depreciation Expense

Description	Plant Account	Depreciation Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions			Ref.
						Increment. Expense on Plant Adds.	Factor %	Washington Allocated	
Plant:									
<i>Intangible</i>	303	404IP	SO	3.651%	22,307,681	814,487	6.655%	54,203	
<i>General</i>	397	403GP	SO	5.809%	10,541,859	612,363	6.655%	40,752	
Total Plant					32,849,540	1,426,850		94,954	Pg. 1

Incremental Accumulated Reserve

Description	Plant Account	Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions			Ref.
						Increment. Reserve on Plant Adds	Factor %	Washington Allocated	
Plant:									
<i>Intangible</i>	303	111IP	SO	3.651%	22,307,681	(1,459,289)	6.655%	(97,113)	
<i>General</i>	397	108GP	SO	5.809%	10,541,859	(1,097,151)	6.655%	(73,013)	
Total Plant					32,849,540	(2,556,440)		(170,126)	Pg. 1

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

Adjustment No. 2
Page 4

Function	Allocation Factor	Plant Additions	SCHMAT Book Depreciation	SCHMDT Tax Depreciation	41010 Def Inc Tax Exp	282 AMA ADIT
<i>Intangible Plant</i>	SO	22,307,681	814,487	3,717,575	1,101,751	(6,033,781)
<i>General & Hardware</i>	SO	10,541,859	612,363	1,349,359	279,697	(2,529,136)
Total		32,849,540	1,426,850	5,066,934	1,381,448	(8,562,917)
		<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
SCADA EMS Replacement & Upgrade - REVISED
Company's Response to WUTC Data Request 156**

UE-152253 / Pacific Power & Light Company
March 8, 2016
WUTC Data Request 156

WUTC Data Request 156

REQUESTED BY: Elizabeth O'Connell

RE: The following data requests are related to the SCADA EMS Replacement discussed in the direct testimony of Company witness Stuart J. Kelly.

Please provide a reconciliation of the Contract Price of \$7,398,403.00 presented in clause 6.1 in the Open Systems International (OSI) Master Contract included in Pacific Power's response to UTC Staff Data Request No. 49 with the SCADA EMS Replacement Total of \$33,914,843 included in the work papers associated with Exhibit No. SEM-4, Adjustment No. 2, page 2, of Company witness Shelley McCoy. In your explanation please include the following information:

- a. Please break down the Contract Price based on services for hardware, software, or general.
- b. Please provide all available supporting documentation for amounts making up the difference between the \$7.4 million and the \$33.9 million.

Response to WUTC Data Request 156

The SCADA EMS Replacement Total of \$33,914,843 has been reduced to \$32,849,540. This amount includes the capital portion of the Open Systems International (OSI) Master Contract and Change Orders as well as PacifiCorp costs for hardware, software and general.

In addition to the OSI Master Contract for \$7,398,403, Contract Change Orders were executed for an additional \$2,856,593, bringing the total Contract Price to \$10,254,996. The capital portion of the contract is \$9,372,555. The Contract Change Orders are highly confidential. The Company requests special handling. Please contact Ariel Son at 503-813-5410 to make arrangements for review.

OSI Contract and Change Orders:

Hardware: \$1,253,513

Software: \$8,040,956

General: \$78,086

The following is the current best estimate for PacifiCorp costs in each FERC category:

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
SCADA EMS Replacement & Upgrade - REVISED
Company's Response to WUTC Data Request 156

Hardware: \$4,034,849 (includes IT labor, Materials – Enterprise Systems, property tax, capital surcharge, AFUDC)
Software: \$14,266,725 (includes Applications labor, Business labor, travel, CIM editor, property tax, capital surcharge, AFUDC)
General: \$5,175,411 (includes Infrastructure Services labor, Materials - Telecom, Facilities, property tax, capital surcharge, AFUDC)

The following are actual costs through February 29, 2016:

Material Components	3,128,718	
Internal Labor	5,834,292	
External Contract Services	14,240,345	
Other Employee Related	221,844	
AFUDC	2,307,928	February 2016 AFUDC not yet posted
Capital Surcharge/Other	1,956,568	February 2016 Capital Surcharge not yet posted
Utilities/Other Services	336,014	
Misc. Cost Elements	1,916,947	Includes accruals for External Contract Services
Customer Advances	-210	
	29,942,444	

PREPARER: Cord Schreiner

SPONSOR: Stuart Kelly

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

Adjustment No. 3
Page 1

	<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	(607,625)	CAGW	22.565%	(137,111)	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	942,345	CAGW	22.565%	212,641	Pg. 4
Transmission - DIT Expense	41010	PRO	215,053	CAGW	22.565%	48,527	Pg. 4
Transmission - AMA ADIT	282	PRO	(4,166,906)	CAGW	22.565%	(940,265)	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.

This adjustment has been modified to reflect impacts of bonus depreciation, and now assumes anticipated rate effective date of July 1, 2017.

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

Adjustment No. 3
Page 2

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	
<i>Union Gap - Transmission Total</i>				<u>20,882,973</u>		<u>4,712,254</u>	<i>Pg. 1</i>
Total Capital Additions				<u>20,882,973</u>		<u>4,712,254</u>	<i>Pg. 1</i>

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

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

Description	Plant Account	Reserve Account	Factor	Depreciation Rate	Plant Additions Included in Adj	CY 2016 Additions		
						Increment. Reserve on Plant Adds	Factor %	Washington Allocated Ref.
Plant: Transmission	355	108TP	CAGW	1.799%	20,882,973	(607,625)	22.565%	(137,111) Pg. 1

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

Adjustment No. 3
Page 4

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	942,345	215,053	(4,166,906)
Total		20,882,973	375,686	942,345	215,053	(4,166,906)
		<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 - REVISED**

Adjustment No. 4
Page 1

	<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 Expense:							
<i>Reduction to PTC</i>	<i>40910</i>	<i>PRO</i>	<i>(13,328,214)</i>	<i>CAGW</i>	<i>22.565%</i>	<i>(3,007,518)</i>	<i>Pg.2</i>

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.

This adjustment has been modified to reflect changes in production tax credits due to the change in anticipated rate effective date of this filing to July 1, 2017.

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

Adjustment No. 4
Page 2

Step-One Rate Effective Period - 12 ME June 2017					July 2016 to June 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	82,005,732	0.023	1,886,132	425,607
Leaning Juniper Indemnity	3,971,000	9/13/2016	1,077,844	0.023	24,790	5,594
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					21,455,538	4,841,453.39

Step-Two Rate Effective Period - 12 ME June 2018					July 2017 to June 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	132,993,520	0.023	3,058,851	690,231
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	34,536,683	0.023	794,344	179,244
Marengo II KWh	187,890,083	6/25/2018	185,831,715	0.023	4,274,129	964,459
Total KWh Production	1,155,862,821					
Total Credit					8,127,324	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	(134,543,979)	0.023	(3,094,511)	(698,278)
Leaning Juniper 1 KWh	-	9/13/2016	(82,005,732)	0.023	(1,886,132)	(425,607)
Leaning Juniper Indemnity	-	9/13/2016	(1,077,844)	0.023	(24,790)	(5,594)
Marengo I KWh	-	8/2/2017	(359,801,665)	0.023	(8,275,438)	(1,867,357)
Marengo II KWh	-	6/25/2018	(2,058,368)	0.023	(47,343)	(10,683)
Total KWh Production	-					
Total					(13,328,214)	(3,007,518)
					Ref. Pg. 1	Ref. Pg. 1

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

Adjustment No. 5
Page 1

	<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 Tax:							
<i>Def Inc Tax Expense</i>	<i>41110</i>	<i>RES</i>	<i>5,711</i>	<i>WA</i>	<i>Situs</i>	<i>5,711</i>	<i>Pg. 2</i>
<i>ADIT Balance</i>	<i>283</i>	<i>RES</i>	<i>586,766</i>	<i>WA</i>	<i>Situs</i>	<i>586,766</i>	<i>Pg. 2</i>

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.

This revised adjustment reflects the accumulated deferred income tax and deferred income tax expense impacts of changes made in the process of developing the Company's rebuttal filing.

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

Adjustment No. 5
Page 2

Description	Tax Rates	Def Inc Tax Expense	ADIT State Balance
Total Deferred Income Tax Expense Allocated to Washington <i>before removal of State tax portion</i>		(73,443)	
Less: Pension Curtailment which is not in Rate Base Def State Tax Rate in the Combined Deferred Tax Rate	2.951%		(7,546,040)
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		(5,711)	(586,766)
Adjustment to remove the State portion of Def Inc Tax Exp & ADIT		5,711	586,766
		<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 - REVISED

Adjustment No. 6
Page 1

	<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:							
<i>Other Interest Expense - Pro forma</i>	427	PRO	770,882	WA	Situs	770,882	Below

Adjustment Detail:

Pro forma:							
Jurisdiction Specific Adjusted Rate Base						861,389,109	Pg 2
Weighted Cost of Debt:						2.634%	Pg 2
Trued-up Interest Expense						<u>22,689,833</u>	Pg 2
Restated Interest Expense						<u>21,918,951</u>	Pg 2
Total Pro forma Interest True-up Adjustment						<u><u>770,882</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.

This revised adjustment reflects the interest impacts of changes made in the process of developing the Company's rebuttal filing.

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

Adjustment No. 6
Page 2

Unadjusted Results

Unadjusted Interest Expense

Reference

21,918,951 *Exh No. SEM-8, Page 1.1, Line 66, Column (3)*

Pro Forma Results

Unadjusted Washington Allocated Rate Base

832,123,601 *Exhibit No. SEM-8, Page 1.0, Line 57, Column (7)*

Incremental Washington Allocated Rate Base

29,265,509 *Exhibit No. SEM-10, Tab 2, Page 1, Line 55*

Pro Forma Washington Allocated Rate Base

861,389,109

Weighted Cost of Debt

2.63% *Exhibit No. SEM-10, Tab 1, Page 2, Line 4*

Pro Forma Interest Expense

22,689,833

Unadjusted Interest Expense

21,918,951 *Above*

Pro Forma Adjustment

770,882 *Page 1*

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Retired Assets Depreciation Expense Removal - NEW

Adjustment No. 7
Page 1

	<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 Expense:							
Depreciation Expense	403SP	RES	(287,764)	JBG	22.437%	(64,566)	Pg. 2
Adjustment to Taxes:							
ADIT - Steam	282	RES	104,430	JBG	22.437%	23,431	

Description of Adjustment:

The Company agrees that Public Counsel's recommendation to remove depreciation expense for retired assets associated with pro forma major plant additions is appropriate. Accordingly, the Company prepared this adjustment to reflect removal of depreciation expense associated with the Jim Bridger Unit 4 overhaul retirements as per Public Counsel's proposed methodology, using depreciation rates consistent with the Company's proposal for accelerated depreciation as calculated in Adjustment 6.4.

PacifiCorp
Washington Expedited Rate Filing - June 2015
Year-Two Revenue Requirement Calculation
Retired Assets Depreciation Expense Removal - NEW

Adjustment No. 7
Page 2

Jim Bridger Unit 3 Overhaul Retirements:	Retirement Amount	Depreciation Rate ¹	Annual Depreciation Expense	Factor	Factor %	Washington Allocated	FERC Account - Depr.
Account 312	4,648,682	7.03%	326,901	JBG	22.437%	73,347	403SP
Account 314	5,252,603	7.37%	386,918	JBG	22.437%	86,813	403SP
			713,819			160,160	

Jim Bridger Unit 4 SCR project:	Retirement Amount	Depreciation Rate ¹	Annual Depreciation Expense	Factor	Factor %	Washington Allocated	FERC Account - Depr.	Ref
Account 312	4,092,126	7.03%	287,764	JBG	22.437%	64,566	403SP	Page 1

*Note 1 - Depreciation rate used to calculate expense for removal assumes approval of the Company's Accelerated Depreciation proposal in the current filing.
Accelerated Depreciation rate references Page 6.4.4 for FERC accounts 312 & 314 respectively.*