

Docket No. UE 263
Exhibit PAC/1004
Witness: Gary W. Tawwater

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Exhibit Accompanying Direct Testimony of Gary W. Tawwater
Lake Side 2 Plant Investment**

March 2013

**PacifiCorp
Oregon General Rate Case - December 2014
Lake Side 2 Project**

	<u>ACCOUNT</u>	<u>Type</u>	<u>TOTAL COMPANY</u>	<u>FACTOR</u>	<u>FACTOR %</u>	<u>ALLOCATED</u>	<u>REF#</u>
<u>Investment In Service</u>							
Adjustment to Plant in Service:							
Generation Plant - Capital Addition	343	3	661,725,143	SG	26.0530%	172,399,262	Page 3
Adjustment to Depreciation Reserve:							
Generation Plant - Capital Addition	108SP	3	(11,577,433)	SG	26.0530%	(3,016,269)	Page 3
Adjustment to Depreciation Expense:							
Generation Plant - Capital Addition	403SP	3	21,373,722	SG	26.0530%	5,568,496	Page 3
Adjustment to O&M Expense:							
Lake Side 2	548	3	3,378,659	SG	26.0530%	880,242	Page 6
Adjustments to Tax:							
Schedule M Adjustment	SCHMAT	3	15,933,130	SG	26.0530%	4,151,059	Page 4
Schedule M Adjustment	SCHMDT	3	170,588,158	SG	26.0530%	44,443,336	Page 4
Deferred Income Tax Expense	41010	3	58,693,130	SG	26.0530%	15,291,322	Page 4
ADIT Balance	282	3	(95,593,598)	SG	26.0530%	(24,905,002)	Page 4

Description of Exhibit:

This exhibit adds the Lake Side 2 capital project to rate base, as discussed in detail in the direct testimony of Company witness Mr. Stefan Bird. The figures above represent the capital investment, depreciation expense, accumulated depreciation, O&M, and tax impacts associated with this generation plant investment that will be placed into service in the second quarter of 2014. The total Oregon-allocated annual revenue requirement associated with this generation plant investment is shown on page two.

PacifiCorp
Oregon General Rate Case
Revenue Requirement: Lake Side 2 Project

	Lake Side 2 Addition			Results with Price Change
	Total Company	Oregon Allocated	Price Change	
Operating Revenues:				
General Business Revenues	-	-	22,671,085	22,671,085
Interdepartmental	-	-	-	-
Special Sales	-	-	-	-
Other Operating Revenues	-	-	-	-
Total Operating Revenues	-	-	22,671,085	22,671,085
Operating Expenses:				
Steam Production	3,378,659	880,242	-	880,242
Nuclear Production	-	-	-	-
Hydro Production	-	-	-	-
Other Power Supply	-	-	-	-
Embedded Cost Differential	-	-	-	-
Transmission	-	-	-	-
Distribution	-	-	-	-
Customer Accounting	-	-	135,848	135,848
Customer Service & Info	-	-	-	-
Sales	-	-	-	-
Administrative & General	-	-	-	-
Total O&M Expenses	3,378,659	880,242	135,848	1,016,090
Depreciation	21,373,722	5,568,496	-	5,568,496
Amortization	-	-	-	-
Taxes Other Than Income	-	-	539,572	539,572
Income Taxes - Federal	(64,635,508)	(16,836,383)	7,348,972	(9,487,411)
Income Taxes - State	(8,782,892)	(2,287,785)	998,603	(1,289,182)
Income Taxes - Def Net	58,693,130	15,291,322	-	15,291,322
Investment Tax Credit Adj.	-	-	-	-
Misc Revenue & Expense	-	-	-	-
Total Operating Expenses:	10,027,111	2,615,893	9,022,995	11,638,887
Operating Rev For Return:	<u>(10,027,111)</u>	<u>(2,615,893)</u>	<u>13,648,090</u>	<u>11,032,197</u>
Rate Base:				
Electric Plant In Service	661,725,143	172,399,262	-	172,399,262
Plant Held for Future Use	-	-	-	-
Misc Deferred Debits	-	-	-	-
Elec Plant Acq Adj	-	-	-	-
Nuclear Fuel	-	-	-	-
Prepayments	-	-	-	-
Fuel Stock	-	-	-	-
Material & Supplies	-	-	-	-
Working Capital	-	(367,100)	-	(367,100)
Weatherization Loans	-	-	-	-
Misc Rate Base	-	-	-	-
Total Electric Plant:	661,725,143	172,032,162	-	172,032,162
Rate Base Deductions:				
Accum Prov For Deprec	(11,577,433)	(3,016,269)	-	(3,016,269)
Accum Prov For Amort	-	-	-	-
Accum Def Income Tax	(95,593,598)	(24,905,002)	-	(24,905,002)
Unamortized ITC	-	-	-	-
Customer Adv For Const	-	-	-	-
Customer Service Deposits	-	-	-	-
Misc Rate Base Deductions	-	-	-	-
Total Rate Base Deductions	(107,171,031)	(27,921,270)	-	(27,921,270)
Total Rate Base:	<u>554,554,112</u>	<u>144,110,891</u>	-	<u>144,110,891</u>
Return on Rate Base		-1.82%		7.66%
Return on Equity		-8.38%		9.80%
TAX CALCULATION:				
Operating Revenue	(24,752,381)	(6,448,738)	21,995,665	15,546,927
Other Deductions	-	-	-	-
Interest (AFUDC)	-	-	-	-
Interest	14,048,364	3,650,721	-	3,650,721
Schedule "M" Additions	15,933,130	4,151,059	-	4,151,059
Schedule "M" Deductions	170,588,158	44,443,336	-	44,443,336
Income Before Tax	<u>(193,455,773)</u>	<u>(50,391,736)</u>	<u>21,995,665</u>	<u>(28,396,071)</u>
State Income Taxes	(8,782,892)	(2,287,785)	998,603	(1,289,182)
Oregon/Utah State Tax Credits	-	-	-	-
Total State Income Taxes	<u>(8,782,892)</u>	<u>(2,287,785)</u>	<u>998,603</u>	<u>(1,289,182)</u>
Taxable Income	<u>(184,672,881)</u>	<u>(48,103,951)</u>	<u>20,997,062</u>	<u>(27,106,890)</u>
Federal Taxes Before Credits	(64,635,508)	(16,836,383)	7,348,972	(9,487,411)
Renewable Energy Tax Credit	-	-	-	-
Federal Income Taxes	<u>(64,635,508)</u>	<u>(16,836,383)</u>	<u>7,348,972</u>	<u>(9,487,411)</u>

PacifiCorp
Oregon General Rate Case - December 2014
Lake Side 2 Project

Depreciation Rate (Other Generation SG)	3.230%
---	--------

Lake Side 2 Project

Month	Capital Addition Pieces		Depreciation Pieces (Capital)	
	Addition Per Month	Capital Addition Balance	Depreciation Expense	Depreciation Reserve
May-14	661,725,143	661,725,143	890,572	(890,572)
Jun-14	-	661,725,143	1,781,144	(2,671,715)
Jul-14	-	661,725,143	1,781,144	(4,452,859)
Aug-14	-	661,725,143	1,781,144	(6,234,002)
Sep-14	-	661,725,143	1,781,144	(8,015,146)
Oct-14	-	661,725,143	1,781,144	(9,796,289)
Nov-14	-	661,725,143	1,781,144	(11,577,433)
Dec-14	-	661,725,143	1,781,144	(13,358,576)
Jan-15	-	661,725,143	1,781,144	(15,139,720)
Feb-15	-	661,725,143	1,781,144	(16,920,863)
Mar-15	-	661,725,143	1,781,144	(18,702,007)
Apr-15	-	661,725,143	1,781,144	(20,483,150)
May-15	-	661,725,143	1,781,144	(22,264,294)
Total	661,725,143	661,725,143	21,373,722	(11,577,433)
		13 Month Average	Annual Level	13 Month Average
		Ref. Page 1	Ref. Page 1	Ref. Page 1

PacificCorp
Oregon General Rate Case - December 2014
Lake Side 2, Build - In Service Q2 2014
Assumption: 608,366,660 qualifies for 50% Tax Bonus Depreciation in 2014

Description	Basis Information		Tax Depreciation		Recovery Period
	Cost	Method	Convention	Non-Depreciable	
Land	0	Straight-Line	Mid-Month	84-Years	
Land Rights	0	Straight-Line	Mid-Month	84-Years	
Non-Land - Pollution Control	661,725,143	Straight-Line	No. after 1st-3rd Mo.	84-Months	
Non-Land	661,725,143	MACRS	Half-Year	20-Years	
Total					

Month	Straight-Line / 84-Months		MACRS / 20-Years		Total
	Bonus	Total	Bonus	Total	
12/31/2013	-	-	-	-	-
1/31/2014	-	-	-	-	-
2/28/2014	-	-	-	-	-
3/31/2014	-	-	75,420,833	3,375,392	78,796,225
4/30/2014	-	-	-	-	-
5/31/2014	-	-	-	-	-
6/30/2014	-	-	75,420,833	3,375,392	78,796,225
7/31/2014	-	-	-	-	-
8/31/2014	-	-	-	-	-
9/30/2014	-	-	75,420,832	3,375,392	78,796,224
10/31/2014	-	-	-	-	-
11/30/2014	-	-	75,420,832	3,375,392	78,796,224
12/31/2014	-	-	301,683,330	13,501,568	315,184,898
Total 2014					
1/31/2015	-	-	-	-	-
2/28/2015	-	-	-	-	-
3/31/2015	-	-	-	-	-
4/30/2015	-	-	-	-	-
5/31/2015	-	-	6,497,855	6,497,855	6,497,855
6/30/2015	-	-	-	-	-
7/31/2015	-	-	-	-	-
8/31/2015	-	-	-	-	-
9/30/2015	-	-	6,497,855	6,497,855	6,497,855
10/31/2015	-	-	-	-	-
11/30/2015	-	-	-	-	-
12/31/2015	-	-	6,497,854	6,497,854	6,497,854
Total 2015			25,991,419	25,991,419	25,991,419

Accumulated Deferred Income Tax Calculation					
Month	Total Tax Depreciation	Book Depreciation	Book-Tax Difference	Deferred Income Tax Expense	Debit/(Credit)
12/31/2013	-	-	-	-	-
1/31/2014	-	-	-	-	-
2/28/2014	-	-	-	-	-
3/31/2014	(78,796,225)	2,799,064	(75,997,161)	28,841,683	(28,841,683)
4/30/2014	-	-	-	-	(28,841,683)
5/31/2014	(78,796,225)	2,799,064	(75,997,161)	28,841,683	(57,683,366)
6/30/2014	-	-	-	-	(57,683,366)
7/31/2014	(78,796,224)	2,799,063	(75,997,161)	28,841,683	(86,525,049)
8/31/2014	-	-	-	-	(86,525,049)
9/30/2014	(78,796,224)	2,799,063	(75,997,161)	28,841,683	(86,525,049)
10/31/2014	-	-	-	-	(86,525,049)
11/30/2014	(78,796,224)	2,799,063	(75,997,161)	28,841,683	(115,366,732)
12/31/2014	(315,184,898)	11,196,254	(303,988,644)	115,366,732	(115,366,732)
1/31/2015	-	-	-	-	(115,366,732)
2/28/2015	-	-	-	-	(115,366,732)
3/31/2015	(6,497,855)	5,167,502	(1,330,353)	504,882	(115,871,614)
4/30/2015	-	-	-	-	(115,871,614)
5/31/2015	(6,497,855)	5,167,502	(1,330,353)	504,882	(116,376,496)
6/30/2015	-	-	-	-	(116,376,496)
7/31/2015	(6,497,855)	5,167,502	(1,330,353)	504,882	(116,881,378)
8/31/2015	-	-	-	-	(116,881,378)
9/30/2015	(6,497,855)	5,167,502	(1,330,353)	504,882	(117,386,260)
10/31/2015	-	-	-	-	(117,386,260)
11/30/2015	(6,497,854)	5,167,502	(1,330,352)	504,882	(95,593,598)
12/31/2015	(25,991,419)	20,670,008	(5,321,411)	2,019,528	(95,593,598)
Total 2015					

Recovery Year	84-Months
1	8.333%
2	14.286%
3	14.286%
4	14.286%
5	14.286%
6	14.286%
7	14.286%
8	5.952%
9	0.000%
10	0.000%
11	0.000%
12	0.000%
13	0.000%
14	0.000%
15	0.000%
16	0.000%
17	0.000%
18	0.000%
19	0.000%
20	0.000%
21	0.000%
Total	100.00%

Recovery Year	20-Year
1	3.750%
2	7.219%
3	6.677%
4	6.177%
5	5.713%
6	5.285%
7	4.888%
8	4.522%
9	4.462%
10	4.461%
11	4.462%
12	4.461%
13	4.462%
14	4.461%
15	4.462%
16	4.461%
17	4.462%
18	4.461%
19	4.462%
20	4.461%
21	2.231%
Total	100.00%

Summary of Current and Deferred Expense for 12 months ended June 2015	
Tax Depreciation	170,588,158
Book Depreciation	15,933,130
Deferred Tax Expense	58,693,130
Total	244,214,418

PacifiCorp
Oregon General Rate Case - December 2014
Lake Side 2 Project

SG Allocation Factor 26.0530%

Federal Tax Rate 35.0000%

State Tax Rate 4.54%

Capital Structure and Cost			
	%	Cost	Weighted Cost
Debt	47.600%	5.322%	2.533%
Preferred	0.300%	5.427%	0.016%
Common	52.100%	9.800%	5.106%
			<u>7.655%</u>

Revenue Sensitive Items	
Operating Revenue	100%
Operating Deductions	
Uncollectable Accounts	0.599%
Taxes Other - Franchise Tax	2.300%
Taxes Other - Revenue Tax	0.00%
Taxes Other - Resource Supplier	0.080%
Taxes Other - Gross Receipts	0.00%
Sub-Total	97.021%
State Income Tax @ 4.54%	<u>4.405%</u>
Sub-Total	92.616%
Federal Income Tax @ 35.00%	<u>32.416%</u>
Net Operating Income	<u><u>60.200%</u></u>

Lake Side 2 Plant
Oregon General Rate Case - December 2014
Operations and Maintenance Expense
In \$000

O&M	Jun 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	12 ME May-15
Labor	109	109	109	109	109	109	109	101	101	101	101	124	1,288
Employee Expense	10	3	4	2	3	4	0	4	0	1	0	4	35
Materials	65	52	59	71	48	55	75	82	78	117	74	62	837
Contracts	178	62	20	126	39	23	102	197	35	289	46	49	1,166
Other	3	2	2	10	2	3	3	4	8	6	4	4	53
Total Routine	365	227	194	317	200	194	289	388	222	514	226	244	3,379