

HARDY MYERS  
Attorney General



PETER D. SHEPHERD  
Deputy Attorney General

**DEPARTMENT OF JUSTICE**  
GENERAL COUNSEL DIVISION

March 24, 2005

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street, NE  
Suite 215  
PO Box 2148  
Salem, Oregon 97308-2148

**Re: UE 167**

Dear Filing Center:

Enclosed for filing, please find a corrected page 3 of Staff Exhibit 100 (the testimony of Carla Owings) and a corrected Staff Exhibit 102 (Exhibits in Support of Direct Testimony). The correction to page 3 of Staff Exhibit 100 is found at lines 2 and 3. The corrections to Staff Exhibit 102 are throughout the exhibit. Staff asks that the Commission replace page 3 of Staff Exhibit 100 and Staff Exhibit 102 filed on March 15, 2005, with these corrected pages.

Thank you for your attention.

Very truly yours,

Stephanie S. Andrus  
Assistant Attorney General

Enc.

c. Service List

CASE: UE 167  
WITNESS: Carla Owings

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 100**

**Direct Testimony  
(Corrected)**

**March 15, 2005**

1 to the test year data contained in Idaho Power's application. Column (4) shows the  
2 changes for Idaho Power's revenue requirements of a negative \$69 million, or a .27  
3 percent (.27%) reduction in operating revenues from existing rates (*See Staff/102,*  
4 *Owings/6, line 1, column 4, Required Change for Reasonable Return*). Staff believes  
5 this reduction is required for the Company to achieve a reasonable rate of return.  
6 Page 7 contains the summary income tax calculations for the adjustments to the  
7 revenue requirements.

8 4. Page 8 shows the capital structure and revenue sensitive costs that  
9 have been used to calculate revenue requirement in this case.

10 5. Pages 9 and 10 show the adjustments. Page 9 shows each  
11 adjustment with the revenue requirement effect of each adjustment on line 41. Page  
12 10 shows the income tax calculation for each adjustment.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

CASE: UE 167  
WITNESS: Carla Owings

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 102**

**Exhibits in Support of  
Direct Testimony  
(Corrected)**

**March 15, 2005**

**IDAHO POWER  
UE 167  
STAFF ADJUSTED RESULTS  
YEAR ENDING DECEMBER 2003**

		SYSTEM PER APPLICATION	OREGON PER APPLICATION	PERCENT OREGON ALLOCATED	SYSTEM ADJUSTED RESULTS	OREGON ADJUSTED RESULTS	OREGON ADJ RESULTS 000
	<b>DESCRIPTION</b>						
1	<b>Rate of Return Under Present Rates</b>						
2	<b>Total Combined Rate Base</b>	1,693,060,930	81,791,447	4.831%	1,660,449,601	80,216,000	80,216
3							
4	<b>Revenues</b>						
5	Sales Revenues	576,039,178	28,336,125	4.919%	575,880,085	28,328,299	28,328
6	Other Operating Revenues	42,189,259	1,855,258	4.397%	113,567,333	4,994,084	4,994
7	<b>Total Operating Revenues</b>	618,228,437	30,191,383	4.884%	689,447,418	33,322,383	33,322
8							
9	<b>Operating Expenses</b>						
10	Operation & Maintenance Expenses	394,003,896	19,130,997	4.856%	385,086,300	18,698,000	18,698
11	Depreciation Expense	90,083,854	4,506,077	5.002%	89,863,946	4,495,077	4,495
12	Amortization Expense	9,886,473	488,509	4.941%	9,886,473	488,509	489
13	Taxes other than Income	21,746,762	1,494,994	6.875%	21,746,762	1,494,994	1,495
14	Provision for Deferred Income Taxes	2,799,569	104,840	3.745%	2,803,842	105,000	105
15	Investment Tax Credit Adjustment	(397,388)	(14,882)	3.745%	(400,539)	(15,000)	(15)
16	Federal Income Taxes	16,360,882	612,690	3.745%	48,086,986	1,800,784	1,801
17	State Income Taxes	2,260,272	84,644	3.745%	8,374,979	313,631	314
18	<b>Total Operating Expenses</b>	536,744,320	26,407,869	4.920%	565,448,748	27,380,995	27,381
19							
20	<b>Operating Income</b>						
21	Operating Income	81,484,118	3,783,514	4.643%	123,998,670	5,941,388	5,941
22	Add: IERCO Operating Income	6,921,602	341,811	4.938%	6,921,602	341,811	342
23	<b>Consolidated Operating Income</b>	88,405,720	4,125,325	4.666%	130,920,272	6,283,199	6,283
24	<b>Rate of Return at present rates</b>	5.22%	5.04%		7.88%	7.833%	7.83%
25							
26	<b>Development of Revenue Requirement</b>						
27	Rate of Return @ required 11.20 ROE	8.334%	8.334%		7.833%	7.833%	7.833%
28							
29	Return at claimed rate of return	141,099,698	6,816,499	4.831%	130,069,609	6,241,199	6,241
30	Earnings Deficiency	52,693,978	2,691,174	5.107%	(850,662)	(42,000)	(42)
31							
32	Net to Gross Multiplier	1.642	1.642		1.648	1.648	1.648
33	Revenue Deficiency	86,523,512	4,418,908	5.107%	(1,402,232)	(69,233)	(69)
34							
35	Firm Juristitutional Revenues	515,869,558	25,220,299	4.889%	515,869,558	25,220,299	25,220
36	Percent Increase Required	16.77%	17.52%		-0.27%	-0.27%	
37							
38	Sales and Wheeling Required	602,393,070	29,639,207	4.920%	514,467,326	25,151,066	25,151

**IDAHO POWER  
UE 167  
STAFF ISSUE SUMMARY SHEET  
TEST PERIOD ENDING DECEMBER 2003  
(\$000)**

Item	Staff	Issue	Revenue Requirement Effect
		<b>Revenue Requirement on the Company's Filed Results</b>	<b>\$4,419</b>
		<b>Proposed Staff Adjustments</b>	
<b>S-0</b>	TM/BC	Rate of Return -ISSUE RESOLVED AS RESULT OF STIPULATION	<b>(670)</b>
<b>S-00</b>	CO	Net to Gross Factor - ISSUE RESOLVED AS A RESULT OF STIPULATION	<b>14</b>
<b>S-1</b>	CO	Known & Measurable Changes to Rate Base - ISSUE RESOLVED AS A RESULT OF STIPULATION	<b>(23)</b>
<b>S-2</b>	MG/BW	Net Power Supply  Idaho Power uses the AURORA model to estimate competitive market electricity prices. The estimated prices are significantly lower than actual market electricity prices known at the time of the UE 167 filing. Staff recommends adjustments to surplus sales and purchased power based on using market electricity prices more representative of the period rates will be in effect.	<b>(3,115)</b>
<b>S-3</b>	CO	Cloud Seeding Costs - ISSUE RESOLVED AS A RESULT OF STIPULATION	<b>(52)</b>
<b>S-4</b>	MD	Non-Labor A & G Expenses - ISSUE RESOLVED AS A RESULT OF STIPULATION	<b>(187)</b>

**IDAHO POWER**  
**UE 167**  
**STAFF ISSUE SUMMARY SHEET**  
**TEST PERIOD ENDING DECEMBER 2003**  
**(\$000)**

Item	Staff	Issue	Revenue Requirement Effect
S-5	LK	Employee Incentive Pay - ISSUE RESOLVED AS A RESULT OF STIPULATION	(288)
S-6	LK	Payroll Salary Structure - ISSUE RESOLVED AS A RESULT OF STIPULATION	0
S-7	LK	Wage & Salary Adjustment - ISSUE RESOLVED AS A RESULT OF STIPULATION	(32)
S-8	CO	Hells Canyon Complex Legal Costs - ISSUE RESOLVED AS A RESULT OF STIPULATION	(4)
S-9	CO	Rate Base Additions Annualized - ISSUE RESOLVED AS A RESULT OF STIPULATION	(34)
S-10	MD	Prepaid Pension Expense - ISSUE RESOLVED AS A RESULT OF STIPULATION	(93)
S*		Rounding	(4)
<b>TOTAL</b>			<b>(4,488)</b>
<b>INDICATED REVENUE REQUIREMENT:</b>			<b>(\$69)</b>

**IDAHO POWER  
UE 167  
STAFF ISSUE SUMMARY SHEET  
TEST PERIOD ENDING DECEMBER 2003  
(\$000)**

Item	Staff	Issue	Revenue Requirement Effect
S-11	JF/JB	<p style="text-align: center;"><b><u>Other Issues</u></b></p> <p>Marginal Cost Adjustment - ISSUE RESOLVED AS A RESULT OF STIPULATION</p> <p>Adjust marginal costs as used in Idaho Power's marginal cost study. Reallocate uncollectible expenses proportionate to a four-year average between the customer classes. Proposal to add a \$20 Service Establishment Charge as described at Idaho Power/Exhibit 34T, Bowman/Pages 6-8 to be waived.</p>	
	S-12	<p>MD</p> <p>Audit Recommendations - ISSUES RESOLVED AS A RESULT OF STIPULATION</p> <ol style="list-style-type: none"> <li>1. Pursuant to ORS 757.495 and OAR 860-027-0040, IPC should file an application for approval of the service agreement for those administrative services furnished to IPC by affiliates, and for services provided by IPC to affiliates. IPC was requested to file within sixty days of the receipt of the Idaho Power Audit Report dated December 8, 2004. (Audit Recommendation)</li> <li>2. Pursuant to OAR 860-027-0041, IPC should file an informational filing concerning the construction services provided to IDACOMM. (Audit Recommendation)</li> <li>3. Pursuant to ORS 757.495 and OAR 860-027-0040, IPC should file an application for approval of the short-term borrowing from its affiliate, Idaho Energy Resources Co. (IERCO). (Audit Recommendation)</li> <li>4. IPC shall file pursuant to ORS 757.480 and OAR 860-027-0025, an application for Commission approval of two property sales (Boise Bench Transmission Station Land Sale (2001), State Street Office Sale (2001)) and any other property sale that was of a value in excess of \$100,000. (Audit Recommendation).</li> <li>5. IPC should improve its accounting processes to properly classify lobbying expenses to non-utility accounts when the expenses are initially recorded on its books. (Audit Recommendation)</li> </ol>	



**IDAHO POWER  
UE 167  
STAFF ISSUE SUMMARY SHEET  
TEST PERIOD ENDING DECEMBER 2003  
(\$000)**

Item	Staff Issue	Revenue Requirement Effect
	<b>Staff Witnesses:</b>  JB Jack Breen BC Bryan Conway MD Michael Dougherty JF Janet Fairchild MG Maury Galbraith LK Lynn Kittilson TM Thomas Morgan CO Carla Owings BW Bill Wordley	<b>Phone Numbers</b>  378-5942 378-6200 378-3623  378-6667 378-6116 378-4629 378-6629 378-5264

**IDAHO POWER**  
**UE 167**  
**REVENUE REQUIREMENT MODEL**  
**TEST PERIOD ENDING DECEMBER 2003**  
**(\$000)**

	2003 Results Per Company Filing (1)	Adjustments (2)	2003 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)	
<b>SUMMARY SHEET</b>						
1	<b>Operating Revenues</b>					
2	Retail Sales	\$25,220	\$3,177	\$28,397	(\$69)	\$28,328
3	Wholesale Sales	3,116	0	3,116	0	3,116
4	Other Revenues	1,855	23	1,878	0	1,878
5	<b>Total Operating Revenues</b>	<b>\$30,191</b>	<b>\$3,200</b>	<b>\$33,391</b>	<b>(\$69)</b>	<b>\$33,322</b>
6	<b>Operating Expenses</b>					
6	Operating Expenses	\$6,434	\$0	\$6,434	\$0	\$6,434
7	Steam Production	1,190	(49)	1,141	0	1,141
8	Hydro Production	3,599	68	3,667	0	3,667
9	Other Power Supply	883	0	883	0	883
10	Transmission	2,646	0	2,646	0	2,646
11	Distribution	838	0	838	0	838
12	Customer Accounting	233	0	233	0	233
13	Customer Service & Info	0	0	0	0	0
14	Sales	3,308	(452)	2,856	0	2,856
15	Administrative and General	\$19,131	(\$433)	\$18,698	\$0	\$18,698
16	<b>Total Operation &amp; Maintenance</b>	<b>\$4,506</b>	<b>(\$11)</b>	<b>\$4,495</b>	<b>\$0</b>	<b>\$4,495</b>
17	Depreciation	489	0	489	0	489
18	Amortization	1,495	0	1,495	0	1,495
19	Taxes Other than Income	788	1,444	2,232	(27)	2,205
20	Income Taxes	(342)	0	(342)	0	(342)
21	Miscellaneous Revenue and Expense	\$26,066	\$1,000	\$27,066	(\$27)	\$27,039
22	<b>Total Operating Expenses</b>	<b>\$4,125</b>	<b>\$2,200</b>	<b>\$6,325</b>	<b>(\$42)</b>	<b>\$6,283</b>
23	<b>Net Operating Revenues</b>					
24	<b>Average Rate Base</b>					
25	Electric Plant in Service	\$157,928	(\$798)	\$157,130	\$0	\$157,130
26	Accumulated Depreciation & Amortization	(68,493)	44	(68,449)	0	(68,449)
27	Accumulated Deferred Income Taxes	(11,456)	0	(11,456)	0	(11,456)
28	Accumulated Deferred Inv. Tax Credit		0	0	0	0
29	<b>Net Utility Plant</b>	<b>\$77,979</b>	<b>(\$754)</b>	<b>\$77,225</b>	<b>\$0</b>	<b>\$77,225</b>
30	Plant Held for Future Use	0	0	0	0	0
31	Acquisition Adjustments	0			0	0
32	Working Capital	765	38	803	(1)	803
33	Fuel Stock	324	0	324	0	324
34	Materials & Supplies	1,020	0	1,020	0	1,020
35	Customer Advances for Construction	(53)	0	(53)	0	(53)
36	Weatherization Loans	0	0	0	0	0
37	Prepayments	860	(860)	0	0	0
38	Misc. Deferred Debits	186	0	186	0	186
39	Misc. Rate Base Additions/(Deductions)	711	0	711	0	711
40	<b>Total Average Rate Base</b>	<b>\$81,792</b>	<b>(\$1,576)</b>	<b>\$80,216</b>	<b>\$0</b>	<b>\$80,216</b>
41	<b>Rate of Return</b>	5.04%		7.88%		7.83%
42	<b>Implied Return on Equity</b>	3.93%		10.11%		10.00%

**IDAHO POWER**  
**UE 167**  
**OREGON ALLOCATED RESULTS OF OPERATION**  
**TEST PERIOD ENDING DECEMBER 2003**  
**(\$000)**

Income Tax Calculations		2003 Per Company Filing (1)	Adjustments (2)	2003 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	Book Revenues + IERCO Income	\$30,514	\$3,200	\$33,714	(\$69)	\$33,645
2	Book Expenses Other than Depreciation	20,626	(433)	20,193	0	20,193
3	State Tax Depreciation	5,008	(11)	4,997	0	4,997
4	Interest	2,960	(51)	2,909	0	2,909
5	Less: Schedule M Differences	(46)	0	(46)	0	(46)
6	State Taxable Income	<u>\$1,966</u>	<u>\$3,695</u>	<u>\$5,661</u>	<u>(\$69)</u>	<u>\$5,592</u>
7	State Income Tax	\$85	\$233	\$318	(\$4)	\$314
8	State Tax Credits	0	0	0	0	0
9	Net State Income Tax	<u>\$85</u>	<u>\$233</u>	<u>\$318</u>	<u>(\$4)</u>	<u>\$314</u>
10	IERCO INCOME Adjustment	\$323	\$0	\$323	\$0	\$323
11	Plus: Other Schedule M Differences	64	0	64	0	64
12	Federal Taxable Income	<u>\$1,579</u>	<u>\$3,462</u>	<u>\$5,041</u>	<u>(\$65)</u>	<u>\$4,976</u>
13	Federal Tax @ 35%	\$553	\$1,211	\$1,764	(\$23)	\$1,741
14	Federal Tax Credits	0	0	0	0	0
15	Current Federal Tax	<u>\$553</u>	<u>\$1,211</u>	<u>\$1,764</u>	<u>(\$23)</u>	<u>\$1,741</u>
16	ITC Adjustment	\$0	\$0	\$0	\$0	\$0
17	Prior Year Deficiency	60	0	60	0	60
18	Restoration	15	0	15	0	15
19	Total ITC Adjustment	<u>\$45</u>	<u>\$0</u>	<u>\$45</u>	<u>\$0</u>	<u>\$45</u>
20	Provision for Deferred Taxes	<u>\$105</u>	<u>\$0</u>	<u>\$105</u>	<u>\$0</u>	<u>\$105</u>
21	Total Income Tax	<u>\$787</u>	<u>\$1,444</u>	<u>\$2,231</u>	<u>(\$27)</u>	<u>\$2,204</u>

**IDAHO POWER**  
**UE 167**  
**OREGON ALLOCATED RESULTS OF OPERATIONS**  
**TEST PERIOD ENDING DECEMBER 2003**  
**(\$000)**

<b>REVENUE SENSITIVE COSTS</b>	
Revenues	1.00000
Operating Revenue Deductions	
Uncollectible Accounts	0.00000
Taxes Other - Franchise	0.00394
- Other	0.00000
- Resource supplier	0.00000
State Taxable Income	<u>0.99606</u>
State Income Tax	<u>0.06275</u>
Federal Taxable Income	<u>0.93331</u>
Federal Income Tax @ 35%	<u>0.32666</u>
ITC	0.00000
Current FIT	<u>0.32666</u>
Other	0.00000
Total Excise Taxes	<u>0.38941</u>
Total Revenue Sensitive Costs	<u>0.39335</u>
Utility Operating Income	<u>0.60665</u>
Net-to-Gross Factor	<u><b>1.648</b></u>

<b>COST OF CAPITAL - STAFF</b>		% of CAPITAL	COST	WEIGHTED COST
Long Term Debt	54.03%	5.99%	3.24%	
Preferred Stock	0.00%	0.00%	0.00%	
Common Equity	45.97%	10.00%	4.60%	
Total	<u>100.00%</u>		<u><b>7.83%</b></u>	

**IDAHO POWER**  
**UE 167**  
**STAFF ADJUSTMENTS TO OREGON ALLOCATED RESULTS**  
**TEST PERIOD ENDING DECEMBER 2003**  
**(\$000)**

	Staff Adjustments	Rate Base Adjust to K & M changes (S-1)	Net Power Supply adj. (S-2)	Cloud Seeding Costs (S-3)	Non-labor A & G Expenses (S-4)	Employee Incentive Pay K & M (S-5)	3% Payroll Salary increase K & M (S-6)	Wage & Salary Adjustment (S-7)	Hells Canyon Legal Costs (S-8)	Annualized Rate Base Additions (S-9)	Prepaid Pension Expense (S-10)	Total Adjustments (Base Rates)
1	<b>Operating Revenues</b>											
2	Retail Sales	0	3,177	0	0	0	0	0	0	0	0	3,177
3	Wholesale Sales	0	0	0	0	0	0	0	0	0	0	0
4	Other Revenues	23	0	0	0	0	0	0	0	0	0	23
5	<b>Total Operating Revenues</b>	<b>\$23</b>	<b>\$3,177</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,200</b>
6	<b>Operating Expenses</b>											
7	Steam Production	0	0	0	0	0	0	0	0	0	0	0
8	Hydro Production	0	0	(49)	0	0	0	0	0	0	0	(49)
9	Other Power Supply	0	68	0	0	0	0	0	0	0	0	68
10	Transmission	0	0	0	0	0	0	0	0	0	0	0
11	Distribution	0	0	0	0	0	0	0	0	0	0	0
12	Customer Accounting	0	0	0	0	0	0	0	0	0	0	0
13	Customer Service & Info	0	0	0	0	0	0	0	0	0	0	0
14	Sales	0	0	0	0	0	0	0	0	0	0	0
15	Administrative and General	0	0	0	(186)	(234)	0	(32)	0	0	0	(452)
16	<b>Total Operation &amp; Maintenance</b>	<b>\$0</b>	<b>\$68</b>	<b>(\$49)</b>	<b>(\$186)</b>	<b>(\$234)</b>	<b>\$0</b>	<b>(\$32)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$433)</b>
17	Depreciation	0	0	0	0	(11)	0	0	0	0	0	(11)
18	Amortization	0	0	0	0	0	0	0	0	0	0	0
19	Taxes Other than Income	0	0	0	0	0	0	0	0	0	0	0
20	Income Taxes	9	1,215	19	73	100	0	13	0	4	11	1,443
21	Miscellaneous Revenue and Expense	0	0	0	0	0	0	0	0	0	0	0
22	<b>Total Operating Expenses</b>	<b>9</b>	<b>1,283</b>	<b>(30)</b>	<b>(113)</b>	<b>(145)</b>	<b>0</b>	<b>(19)</b>	<b>0</b>	<b>4</b>	<b>11</b>	<b>999</b>
23	<b>Net Operating Revenues</b>	<b>\$14</b>	<b>\$1,894</b>	<b>\$30</b>	<b>\$113</b>	<b>\$145</b>	<b>\$0</b>	<b>\$19</b>	<b>\$0</b>	<b>(\$4)</b>	<b>(\$11)</b>	<b>\$2,200</b>
24	<b>Average Rate Base</b>											
25	Electric Plant in Service	0	0	(25)	0	(374)		(5)	(29)	(365)	0	(798)
26	Accumulated Depreciation & Amortization	0	0	0	0	0	0	0	0	44	0	44
27	Accumulated Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0	0
28	Accumulated Deferred Inv. Tax Credit	0	0	0	0	0	0	0	0	0	0	0
29	<b>Net Utility Plant</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25)</b>	<b>\$0</b>	<b>(\$374)</b>	<b>\$0</b>	<b>(\$5)</b>	<b>(\$29)</b>	<b>(\$321)</b>	<b>\$0</b>	<b>(\$754)</b>
30	Plant Held for Future Use	0	0	0	0	0	0	0	0	0	0	0
31	Acquisition Adjustments	0	0	0	0	0	0	0	0	0	0	0
32	Working Capital	0	51	(1)	(5)	(6)	0	(1)	0	0	0	38
33	Fuel Stock	0	0	0	0	0	0	0	0	0	0	0
34	Materials & Supplies	0	0	0	0	0	0	0	0	0	0	0
35	Customer Advances for Construction	0	0	0	0	0	0	0	0	0	0	0
36	Weatherization Loans	0	0	0	0	0	0	0	0	0	0	0
37	Prepayments	0	0	0	0	0	0	0	0	0	(860)	(860)
38	Misc. Deferred Debits	0	0	0	0	0	0	0	0	0	0	0
39	Misc. Rate Base Additions/(Deductions)	0	0	0	0	0	0	0	0	0	0	0
40	<b>Total Average Rate Base</b>	<b>\$0</b>	<b>\$51</b>	<b>(\$26)</b>	<b>(\$5)</b>	<b>(\$380)</b>	<b>\$0</b>	<b>(\$6)</b>	<b>(\$29)</b>	<b>(\$321)</b>	<b>(\$860)</b>	<b>(\$1,576)</b>
41	<b>Revenue Requirement Effect</b>	<b>(\$23)</b>	<b>(\$3,115)</b>	<b>(\$52)</b>	<b>(\$187)</b>	<b>(\$288)</b>	<b>\$0</b>	<b>(\$32)</b>	<b>(\$4)</b>	<b>(\$34)</b>	<b>(\$93)</b>	<b>(\$3,828)</b>

**STAFF ADJUSTMENTS TO OREGON ALLOCATED RESULTS  
TEST PERIOD ENDING DECEMBER 2003  
(\$000s)**

	Rate Base Adjust to K & M changes (S-1)	0 Net Power Supply adj. (S-2)	Cloud Seeding Costs (S-3)	Non-labor A & G Expenses (S-4)	Employee Incentive Pay K & M (S-5)	3% Payroll Salary increase K & M (S-6)	Wage & Salary Adjustment (S-7)	Hells Canyon Legal Costs (S-8)	Annualized Rate Base Additions (S-9)	Prepaid Pension Expense (S-10)	<b>Total Adjustments (Base Rates)</b> 0	
<b>Income Tax Calculations</b>												
1	Book Revenues	\$23	\$3,177	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,200	
2	Book Expenses Other than Depreciation	0	68	(49)	(186)	(234)	0	(32)	0	0	(\$433)	
3	State Tax Depreciation	0	0	0	0	(11)	0	0	0	0	(\$11)	
4	Interest	0	1	(1)	(0)	(11)	0	(0)	(1)	(9)	(25)	(\$51)
5	Schedule M Differences		0	0	0	0	0	0	0	0	\$0	
6	State Taxable Income	\$23	\$3,108	\$50	\$186	\$256	\$0	\$32	\$1	\$9	\$28	\$3,695
7	<b>State Income Tax</b>	<b>\$1</b>	<b>\$196</b>	<b>\$3</b>	<b>\$12</b>	<b>\$16</b>	<b>\$0</b>	<b>\$2</b>	<b>\$0</b>	<b>\$1</b>	<b>\$2</b>	<b>\$233</b>
8	State Tax Credits	0	0	0	0	0	0	0	0	0	0	\$0
9	Net State Income Tax	\$1	\$196	\$3	\$12	\$16	\$0	\$2	\$0	\$1	\$2	\$233
10	Additional Tax Depreciation	0	0	0	0	0	0	0	0	0	0	\$0
11	Other Schedule M Differences	0	0	0	0	0	0	0	0	0	0	\$0
12	<b>Federal Taxable Income</b>	<b>\$22</b>	<b>\$2,912</b>	<b>\$47</b>	<b>\$174</b>	<b>\$240</b>	<b>\$0</b>	<b>\$30</b>	<b>\$1</b>	<b>\$8</b>	<b>\$26</b>	<b>\$3,462</b>
13	Federal Tax @ 35%	8	1,019	16	61	84	0	11	0	3	9	\$1,211
14	Federal Tax Credits	0	0	0	0	0	0	0	0	0	0	\$0
15	<b>Current Federal Tax</b>	<b>\$8</b>	<b>\$1,019</b>	<b>\$16</b>	<b>\$61</b>	<b>\$84</b>	<b>\$0</b>	<b>\$11</b>	<b>\$0</b>	<b>\$3</b>	<b>\$9</b>	<b>\$1,211</b>
16	<b>ITC Adjustment</b>											\$0
17	Deferral	0	0	0	0	0	0	0	0	0	0	\$0
18	Restoration	0	0	0	0	0	0	0	0	0	0	\$0
19	<b>Total ITC Adjustment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
20	<b>Provision for Deferred Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
21	<b>Total Income Tax</b>	<b>\$9</b>	<b>\$1,215</b>	<b>\$19</b>	<b>\$73</b>	<b>\$100</b>	<b>\$0</b>	<b>\$13</b>	<b>\$0</b>	<b>\$4</b>	<b>\$11</b>	<b>\$1,444</b>

**UE 167**  
**Service List (Parties)**

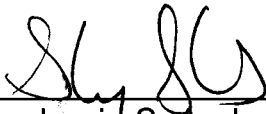
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## CERTIFICATE OF SERVICE

**UE 167**

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 29th day of March, 2005.



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Stephanie S. Andrus  
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