

ORDER NO. 03-528

ENTERED AUG 26 2003

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 147

In the Matter of)
)
PACIFIC POWER & LIGHT (dba) ORDER
PACIFICORP)
)
Application for Approval of Revised)
Tariffs; Advice No. 03-003.)

DISPOSITION: STIPULATION ADOPTED; DOCKET CLOSED

On March 18, 2003, PacifiCorp filed a request for a general rate increase in the company's annual Oregon based revenues of \$57,909,063, or 7.4 percent overall. PacifiCorp based its filing on a normalized future test year ending March 2004.

In July 2003, pursuant to the schedule adopted in this docket, parties convened for settlement discussions. Settlement discussions were open to all parties. Parties reached a global settlement on all matters related to the docket. On August 18, 2003, parties submitted a joint stipulation detailing their settlement agreement. The stipulation was signed by PacifiCorp; Commission Staff; the Citizens' Utility Board; Industrial Customers of Northwest Utilities; and Fred Meyer Stores and Quality Food Centers, Divisions of The Kroger Co. (the stipulating parties). The net effect of the stipulation is an average overall revenue requirement increase of \$8.5 million or 1.1 percent. The stipulating parties submitted joint testimony and exhibits in support of the stipulation.

On August 21, 2003, parties convened for a hearing on the stipulation. The stipulation, testimony, and exhibits accompanying both were entered into evidence, as were the testimony and exhibits filed as PacifiCorp's direct case. Counsel for PacifiCorp represented that all parties to this docket had reviewed the stipulation and had either signed it or indicated they had no objection to its implementation.

We have reviewed the stipulation, the testimony, and the supporting exhibits. We find that the stipulation is a fair and reasonable resolution of all issues in this docket. The

stipulation, its Attachments A and B, and the stipulating parties' Exhibit 106, are attached to this order as Appendix A and incorporated herein. Exhibit 106 contains several schedules that summarize the stipulated revenue requirement adjustments from PacifiCorp's filed case in this docket. Page 1 replicates Attachment A to the stipulation and is not included. Pages 2 through 3 represent the stipulated adjustments and assumptions for the test period (the 12 months ending March 31, 2004). Page 4 contains the rate of return and revenue sensitive costs. Pages 5 through 8 show the revenue, expense, and rate base changes associated with each adjustment. Except as specifically set forth in the adjustments, PacifiCorp's initial revenue requirement and all its components are accepted as filed.

We conclude that the stipulation should be adopted with an effective date of September 1, 2003.

ORDER

IT IS ORDERED that:

1. The stipulation filed by PacifiCorp; Commission Staff; Citizens' Utility Board; Industrial Customers of Northwest Utilities; and Fred Meyer Stores and Quality Food Centers, Divisions of The Kroger Co., is adopted.
2. Advice No. 03-003, filed by PacifiCorp on March 18, 2003, is permanently suspended.
3. PacifiCorp shall file tariffs consistent with the findings and conclusions contained in this order to be effective no later than September 1, 2003.

AUG 26 2003

Made, entered, and effective _____

Roy Hemmingway

Roy Hemmingway
 Chairman

Lee Beyer

Lee Beyer
 Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

APPENDIX A

THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 147

In the Matter of

PACIFICORP's

Application for Approval of Revised Tariff
Schedules (UE 147)

STIPULATION

PARTIES

1. The Parties to this Stipulation are PacifiCorp (or the "Company"), the Staff of the Public Utility Commission of Oregon ("Staff"), the Industrial Customers of Northwest Utilities ("ICNU"), the Citizens' Utility Board ("CUB"), and Fred Meyer Stores and Quality Food Centers, Divisions of The Kroger Co. ("Kroger") (together the "Parties"). Natural Resources Defense Counsel ("NRDC"), Renewable Northwest Project ("RNP"), Northwest Energy Coalition ("NVEC"), and Portland General Electric ("PGE") are not parties to this Stipulation but do not oppose approval of the Stipulation to resolve all issues in this case.

BACKGROUND

2. On March 18, 2003, PacifiCorp filed revised tariff schedules to effect a \$57.9 million increase in its base prices to Oregon electric consumers, which was an overall 7.4 percent increase in its base prices. PacifiCorp based its filing on a normalized future test year ending March 2004.

3. On July 7, 2003, the Staff served on all Parties its report of issues and proposed adjustments to PacifiCorp's revenue requirement filing. The Staff's report was provided for settlement purposes only.

4. Pursuant to Administrative Law Judge Ruth Crowley's Prehearing Conference Memorandum, settlement discussions commenced on July 14, 2003, and continued on July 18, 21,

22, and 30, 2003. The settlement discussions were open to all parties. As a result of the settlement conferences, the Parties to this Stipulation have reached a global settlement on all matters related to this Docket. The net effect of the Stipulation is an average overall revenue requirement increase of \$8.5 million or 1.1 percent. The Parties submit this Stipulation to the Commission and respectfully request that the Commission approve the Stipulation as presented.

AGREEMENT

5. Revenue Requirement: The Parties to this Stipulation agree that PacifiCorp will reduce its revenue requirement request to reflect the adjustments listed on Attachment A to this Stipulation. In summary, PacifiCorp's original filing supported a revenue requirement increase of \$57.9 million. The adjustments listed on Attachment A reduce this amount by approximately \$49.4 million. With respect to the Company's net power costs, the adjustments reduce the Company's filed net power costs by approximately \$13 million on a Total Company basis to \$598 million. With respect to the Company's pension costs, the adjustment reduces it to the Company's forecasted Oregon allocated FY 2004 FAS 87 pension expense, \$16,300,000, a reduction of \$5,605,000 from the Company's filing, which was based on an average of forecasted expense between FY 2004 and FY 2008.

The Parties agree that the stipulated revenue requirement can be derived from an overall rate of return based on the following capital structure and capital costs:

	Ratio	Cost	Weighted Cost
Long-Term Debt	47.61%	6.48%	3.085%
Preferred Stock	6.39%	5.75%	0.367%
Common Equity	46.00%	10.50%	4.830%
TOTAL			8.283%

6. Depreciation: The Parties agree that the Company's new depreciation rates adopted in UM 1064 should be implemented in this case, lowering the Company's filed revenue requirement by \$8,020,000.

7. Allocation Methodology: The Parties understand that PacifiCorp is working to develop a comprehensive resolution to its interjurisdictional allocation issues.

The Modified Accord method was not used in determining this Stipulation and there is no agreement that the Modified Accord is the appropriate allocation method for this case. In this Stipulation, the Parties agree that the costs associated with seasonal CTs such as West Valley and Gadsby should be allocated under a different methodology that better assigns the costs of meeting summer load to the states that contribute to that load. Thus, Oregon's allocated cost of those resources is reduced by \$2 million and that reduction is reflected in the \$8.5 million revenue requirement increase in this Stipulation.

The Company commits to making a filing with the Commission by December 31, 2003, that will address interjurisdictional allocation, as contemplated by PacifiCorp's Multi-State Process. In that proceeding, no Party shall be bound to any allocation methodology as a result of this Stipulation.

8. West Valley-UE 134 Reconsideration Proceedings/UI 196 Appeal: ICNU, Staff, CUB and the Company agree that Docket UE 134 should be closed without further Commission action. In addition, ICNU agrees to withdraw its appeal of the Commission order No. 02-361, now pending in Marion County Circuit Court, Case No. 02C16369. The Parties agree that, as a result of the withdrawal of these cases, no Party is collaterally estopped in the future from challenging the prudence of the West Valley plant, arguing that it should be included in the Company's revenue requirement at market prices rather than at cost or raising other issues related to the West Valley plant, other than those related to the affiliated interests issues resolved in UI 196.

9. Accounting Practices: PacifiCorp will work with the Parties to identify opportunities for improvement in the FERC accounting data provided by the Company in its general rate case filings.

At the conclusion of this Docket, the Parties will meet to review the Company's FERC accounts. PacifiCorp commits to direct its external, independent auditor to perform an audit

1 review and provide a copy of the audit report to the Parties to confirm compliance with FERC
2 accounting rules in the first quarter of FY 2005.

3 10. Future General Rate Case Filings: PacifiCorp agrees that it will not file a General
4 Rate Case ("GRC") sooner than August 31, 2004, and that PacifiCorp will base its next GRC filing
5 on test year data that incorporates the improvements and changes resulting from the process set
6 forth in the previous paragraph. The Parties agree that, if necessary to comply with this provision,
7 the Company may reclassify historical accounting data to be utilized in its next GRC.

8 11. Centralia Credit: The Parties agree that as of the effective date of this Stipulation,
9 the Centralia credit will be increased by \$7 million annually from approximately \$18 million to
10 approximately \$25 million so that the credit is amortized over approximately the five-year period
11 beginning January 1, 2001, and ending December 31, 2005.

12 12. Merger Credits: The Parties agree that the offsettable ScottishPower merger credit
13 will be eliminated as of the effective date of this Stipulation. The Parties agree that the non-
14 offsettable merger credit will be reduced to a \$4 million annual amount, and will be amortized to
15 return the full amount to customers by December 31, 2004.

16 13. Schedule 199: The Company agrees to implement a new schedule, Schedule 199,
17 as of the effective date of this Stipulation, to return the gain to consumers from the sale of the
18 Halsey service territory and Albina print shop. Schedule 199 will result in an approximate \$2.8
19 million credit amortized over approximately a one-year period.

20 14. Service Quality Measures: The Service Quality Measures as adopted in UE 94 per
21 Order No. 98-191, including all modifications adopted by the Commission and as modified in
22 Docket UM 918 per Order No. 99-616, shall be extended from its current expiration date of March
23 31, 2010, to March 31, 2014 (i.e., 10 full reporting years following the current reporting year).
24 This extension does not include Merger Performance Standards and Customer Guarantees. As
25 allowed in the SQM agreement, Merger Modifications dated June 16, 1999, under Section G.2,
26

1 Special Provisions, the Company or other parties may request the Commission make modifications
2 to the agreement during the term of the plan.

3 15 GRID: The Company, Staff, and interested consumer groups will work together to
4 update the Generation and Regulation Initiatives Decision Tools ("GRID") hydro model. The
5 Company agrees to implement changes agreed to by all Parties in PacifiCorp's next GRC.

6 16. Rate Spread and Design: PacifiCorp agrees that it will not increase the Residential
7 Basic Charge. The Parties agree that the Rate Spread will result in an equal percent increase to
8 base rates for the major customer classes and that no customer class will receive more than 2 times
9 the average net increase, but that within a customer class, rate spread may be adjusted based on
10 cost of service. The Parties agree that revenue obligations of the various customer classes
11 resulting from this Stipulation shall be spread among the classes in the manner described in
12 Attachment B to this Stipulation. This change in the Rate Spread will result in a reduction in the
13 Rate Mitigation Adjustment in Schedule 299. The Parties agree to this Rate Spread in order to
14 move closer to the eventual elimination of Schedule 299.

15 17. New Commercial Schedule: PacifiCorp, Staff, Kroger, and any interested
16 consumer and consumer group will work to develop a new schedule to cover large nonresidential
17 consumers under 1 MW.

18 GENERAL PROVISIONS

19 18. The Parties agree that this Stipulation is in the public interest and results in an
20 overall fair, just and reasonable outcome.

21 19. The Parties agree that expedited consideration of this Stipulation is warranted. The
22 Stipulation will be offered into the record of the proceeding as evidence pursuant to
23 OAR 860-14-0085. The Parties agree to use best efforts to prepare and submit the Stipulation and
24 supporting materials to the Commission in time to permit the Commission to put rates into effect
25 by September 1, 2003. The Parties shall support adoption of the Stipulation throughout this
26 proceeding and any appeal, provide witnesses to sponsor the Stipulation at the hearing and

1 recommend that the Commission issue an order on an expedited basis adopting the settlements
2 contained herein.

3 20. The Parties agree that the Stipulation represents a compromise in the positions of
4 the Parties. As such, conduct, statements and documents disclosed in the negotiation of the
5 Stipulation shall not be admissible as evidence in this or any other proceeding.

6 21. If the Stipulation is challenged by any other party to this proceeding, the Parties to
7 the Stipulation reserve the right to cross-examine witnesses and put on such case as they deem
8 appropriate to respond fully to the issues presented, including the right to raise issues that are
9 incorporated in the settlements
10 rights, the Parties to the Stipulation agree that they will continue to support the Commission's
11 adoption of the terms of the Stipulation.

12 22. The Parties have negotiated the Stipulation as an integrated document. If the
13 Commission rejects all or any material portion of the Stipulation or imposes additional material
14 conditions in approving the Stipulation, any party disadvantaged by such action shall have the
15 rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the
16 Commission's Order.

17 23. By entering into this Stipulation, no party shall be deemed to have approved,
18 admitted or consented to the facts, principles, methods or theories employed by any other party in
19 arriving at the terms of this Stipulation except as specifically noted in this Stipulation. No party
20 shall be deemed to have agreed that any paragraph of this Stipulation is appropriate for resolving
21 issues in any other proceeding except for ongoing commitments specifically noted in paragraphs 7,
22 8, 9, 10, 14 and 15 of this Stipulation.

23 24 This Stipulation may be executed in counterparts and each signed counterpart shall
24 constitute an original document.

25 ///

26

ORDER NO.

03-528

This Stipulation is entered into by each party on the date entered below such party's

signature.

DATED: August ____, 2003

PACIFICORP

STAFF OF THE OREGON
PUBLIC UTILITY COMMISSION

By: 

By: _____

Date: August 18, 2003

Date: _____

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

FRED MEYER STORES AND
QUALITY FOOD CENTERS,
DIVISIONS OF THE KROGER COMPANY

By: _____

Date: _____

ORDER NO.

03-528

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signature.

DATED: August __, 2003

PACIFICORP

STAFF OF THE OREGON
PUBLIC UTILITY COMMISSION

By: _____

By: _____

Date: _____

Date: _____

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: _____

By: *Robert Adams*

Date: _____

Date: *8-15-03*

FRED MEYER STORES AND
QUALITY FOOD CENTERS,
DIVISIONS OF THE KROGER COMPANY

By: _____

Date: _____

ORDER NO.

03-528

This Stipulation is entered into by each party on the date entered below such party's

RECEIVED

AUG 19 2003

Public Utility Commission of Oregon
Administrative Hearings Division

signature.

DATED: August 18, 2003

PACIFICORP

STAFF OF THE OREGON
PUBLIC UTILITY COMMISSION

By: _____

By: [Signature]

Date: _____

Date: 8/18/03

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

CITIZENS' UTILITY BOAR

By: _____

By: _____

Date: _____

Date: _____

FRED MEYER STORES AND
QUALITY FOOD CENTERS,
DIVISIONS OF THE KROGER COMPANY

By: _____

Date: _____

Page

8 - STIPULATION

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APPENDIX
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This Stipulation is entered into by each party on the date entered below such party's

signature.

DATED: August 18, 2003

PACIFICORP

STAFF OF THE OREGON
PUBLIC UTILITY COMMISSION

By: _____

By: _____

Date: _____

Date: _____

INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: Michael J. Dan

By: _____

Date: August 18, 2003

Date: _____

FRED MEYER STORES AND
QUALITY FOOD CENTERS,
DIVISIONS OF THE KROGER COMPANY

By: _____

Date: _____

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Attachment A

PACIFICORP - OREGON
Issues
UE 147 - March 2004 Test Year
(\$000)

Item	Issue	Revenue Requirement Effect 2004
Revenue Requirement on the Company's Filed Results		\$57,909
Adjustments (Base Rates)		
S-0	Rate of Return	(14,756)
S-1	(Included in S-31/I-5)	-
S-2	(Included in S-31/I-5)	-
S-3	Steam Revenue from IMC/Kaiium	(617)
S-4	Forfeited Discounts and Interest	0
S-5	Rent from Electric Property (Account 454)	(1,799)
S-6	Other Electric Revenues (Account 456.12)	73
S-7	Wheeling Revenues	0
S-8	MCI Fog Wire Revenues	(990)
S-9	(Included in S-31/I-5)	-
S-10	Kennecott Generation Incentive	0
S-11	Steam Generation Maintenance Expense	1,645
S-12	Postage	(78)
S-13	Incentive Programs	(2,695)
S-14	FAS 87 Pension Expense	(5,605)
S-15	Property Insurance, Injuries & Damages	(791)
S-16	Audit of FERC Accounting Anomalies	0
S-17	Outside Services	(2,897)
S-18	Economic Development Labor	0
S-19	EEl Memberships	(141)
S-20	Remove A&G Costs Paid to ScottishPower	(1,645)
S-21	Remove A&G Affiliated Interest Costs	(129)
S-22	Remove A&G Costs Associated with UK Personnel	(726)
S-23	Depreciation	(8,020)
S-24	Amortization	(655)
S-25	FIT and SIT Adjustment	(2,406)
S-26	Remove Mill Fork Coal Lease	0
S-27	Information Technology additions	0
S*	Revenue Sensitive Costs	(723)
P-1	Trail Mountain Double Count	(1,099)
S-31, I-5	Miscellaneous Power Cost Issues	(2,955)
I-7, C-1	Reallocate West Valley and Gadsby CTs	(2,000)
I-8	Hunter Insurance Payment	(400)
Total Adjustments (Base Rates)		(49,409)
Total Revenue Requirements Change (Base Rates)		\$8,500

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Attachment B

PACIFIC POWER & LIGHT COMPANY
 ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
 ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
 DISTRIBUTED BY RATE SCHEDULES IN OREGON
 FORECAST 12 MONTHS ENDED MARCH 31, 2004

TABLE A

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change			
					Base Rates	Adders ¹	Net Rates	Base Rates	Adders ¹	Net Rates	Base Rates		Net Rates	
					(5)	(6)	(7)	(8)	(9)	(10)	(\$000)	%	(\$000)	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
							(5) + (6)			(8) + (9)	(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)
Residential														
1	Residential	4	438,767	5,207,242	\$392,821	\$3,422	\$396,243	\$397,114	\$5,332	\$402,446	\$4,293	1.1%	\$6,203	1.6%
Commercial & Industrial														
2	Outdoor Area Lighting Service	15	8,245	13,269	\$1,295	\$77	\$1,372	\$1,309	\$63	\$1,372	\$14	1.1%	\$0	0.0%
3	Recreational Field Lighting	54	101	843	\$72	\$4	\$76	\$72	\$4	\$76	*	0.0%	\$0	0.0%
4	Gen. Svc. < 31 kW	23	67,531	1,015,878	\$67,955	\$5,835	\$73,790	\$69,070	\$4,720	\$73,790	\$1,115	1.6%	\$0	0.0%
5	Gen. Svc. 31 - 200 kW	28	9,131	1,999,399	\$112,011	\$11,139	\$123,150	\$113,305	\$9,844	\$123,149	\$1,294	1.2%	(\$1)	0.0%
6	Gen. Svc. 201 - 999 kW	30	795	1,248,708	\$61,365	\$6,665	\$68,030	\$61,608	\$6,431	\$68,039	\$243	0.4%	\$9	0.0%
	Overall Sch 23/28/30		77,457	4,263,985	\$241,331	\$23,639	\$264,970	\$243,983	\$20,995	\$264,978	\$2,652	1.1%	\$8	0.0%
7	Large General Service >= 1,000 kW	48	226	3,512,549	\$128,080	\$16,953	\$145,033	\$129,468	\$15,550	\$145,018	\$1,388	1.1%	(\$15)	0.0%
8	Partial Req. Svc. < 1,000 kW	36	2	90	\$37	\$0	\$37	\$37	\$0	\$37	*	0.0%	\$0	0.0%
9	Partial Req. Svc. >= 1,000 kW	47	6	108,130	\$4,106	\$344	\$4,450	\$4,150	\$300	\$4,450	\$44	1.1%	\$0	0.0%
10	Agricultural Pumping Service	41	6,360	107,619	\$9,409	(\$1,783)	\$7,626	\$9,512	(\$1,762)	\$7,750	\$103	1.1%	\$124	1.6%
11	Agricultural Pumping - Other	--	2,073	107,761	\$744	\$0	\$744	\$744	\$0	\$744	\$0	0.0%	\$0	0.0%
12	Total Commercial & Industrial		94,470	8,114,246	\$385,074	\$39,234	\$424,308	\$389,275	\$35,150	\$424,425	\$4,201	1.1%	\$117	0.0%
Public Street Lighting														
13	Street Lighting Service	50	327	11,772	\$947	\$65	\$1,012	\$958	\$54	\$1,012	\$11	1.2%	\$0	0.0%
14	Street Lighting Service HPS	51	662	20,306	\$2,700	\$127	\$2,827	\$2,730	\$97	\$2,827	\$30	1.1%	\$0	0.0%
15	Street Lighting Service	52	110	1,980	\$201	\$11	\$212	\$203	\$9	\$212	\$2	1.0%	\$0	0.0%
	Street Lighting Service	53	216	7,776	\$352	\$38	\$390	\$356	\$34	\$390	\$4	1.1%	\$0	0.0%
	Total Public Street Lighting		1,315	41,834	\$4,200	\$241	\$4,441	\$4,247	\$194	\$4,441	\$47	1.1%	\$0	0.0%
	Total Sales to Ultimate Consumers		534,552	13,363,322	\$782,095	\$42,897	\$824,992	\$790,636	\$40,676	\$831,312	\$8,541	1.1%	\$6,320	0.8%
	Employee Discount				(\$402)	(\$4)	(\$406)	(\$407)	(\$5)	(\$412)	(\$5)		(\$6)	
	Total Sales with Employee Discount				\$781,693	\$42,893	\$824,586	\$790,229	\$40,671	\$830,900	\$8,536	1.1%	\$6,314	0.8%

¹ Excludes effects of the BPA Energy Discount (Schedule 98), Low Income Bill Payment Assistance Charge (Schedule 91) and Public Purpose Charge (Schedule 290).

* Less than \$500.

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APPENDIX
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UE 147 Final Settlement Case

PACIFICORP - UE 147
Oregon Allocated Results of Operations
Twelve Months Ended March 31, 2004
(\$000)

08-Aug-03

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	2004 Results Per Company Filing (1)	Adjustments (2)	2004 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	Operating Revenues				
2	Retail Sales	\$0	787,627	\$8,500	\$796,127
3	Wholesale Sales	522	201,051	0	201,051
4	Other Revenues	3,252	24,906	0	24,906
5	Total Operating Revenues	\$3,774	\$1,013,584	\$8,500	\$1,022,084
6	Operating Expenses				
7	Steam Production	(\$3,249)	\$185,375	\$0	\$185,375
8	Hydro Production	0	12,669	0	12,669
9	Other Power supply	(522)	224,932	0	224,932
10	Transmission	0	30,473	0	30,473
11	Distribution	0	45,829	0	45,829
12	Customer Accounting	0	27,806	31	27,837
13	Customer Service & Info	0	1,257	0	1,257
14	Sales	0	0	0	0
15	Administrative and General	(14,295)	68,807	0	68,807
16	Total Operation & Maintenance	(\$18,066)	\$597,148	\$31	\$597,179
17	Depreciation	(8,790)	107,805	0	107,805
18	Amortization	(676)	18,562	0	18,562
19	Taxes Other than Income	0	48,762	186	48,948
20	Income Taxes	11,256	71,884	3,148	75,032
21	Miscellaneous Revenue and Expense	0	(157)	0	(157)
22	Total Operating Expenses	(\$16,276)	\$844,003	\$3,365	\$847,368
23	Net Operating Revenues	\$20,050	\$169,581	\$5,135	\$174,716
24	Average Rate Base				
25	Electric Plant In Service	(\$706)	\$3,870,992	\$0	\$3,870,992
26	Accumulated Depreciation & Amortization	(555)	(1,654,332)	0	(1,654,332)
27	Accumulated Deferred Income Taxes	(974)	(229,724)	0	(229,724)
28	Accumulated Deferred Inv. Tax Credit	0	(11,519)	0	(11,519)
29	Net Utility Plant	(\$2,235)	\$1,975,417	\$0	\$1,975,417
30	Plant Held for Future Use	0	0	0	0
31	Acquisition Adjustments	0	29,122	0	29,122
32	Working Capital	(338)	17,519	41	17,560
33	Fuel Stock	0	15,122	0	15,122
34	Materials & Supplies	0	24,037	0	24,037
35	Customer Adv for Const	0	0	0	0
36	Weatherization Loans	0	0	0	0
37	Prepayments	0	6,302	0	6,302
38	Misc. Deferred Debits	0	67,219	0	67,219
39	Misc. Rate Base Additions/(Deductions)	(2,839)	(25,191)	0	(25,191)
40	Total Average Rate Base	(\$5,412)	\$2,109,547	\$41	\$2,109,588
41	Rate of Return	7.07%	8.04%		8.28%
42	Implied Return on Equity	7.90%	9.97%		10.50%

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PACIFICORP - OREGON
Oregon Allocated Results of Operations
Twelve Months Ended March 31, 2004
(\$000)

Johnson - Wrigley - Isaacs - Bohmstedt - Peterson
03/31/04
07:58 AM

	2004 Per Company Filing (1)	Adjustments (2)	2004 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
Income Tax Calculations					
1 Book Revenues	\$1,009,810	\$3,774	\$1,013,584	\$8,500	\$1,022,084
2 Book Expenses Other than Depreciation	683,056	(18,742)	664,315	217	664,532
3 State Tax Depreciation	116,595	(8,790)	107,805		107,805
4 Interest	66,688	(167)	66,521	1	66,522
5 Schedule M Differences	(11,064)	8,014	(3,050)		(3,050)
6 State Taxable Income	<u>\$154,535</u>	<u>\$23,458</u>	<u>\$177,993</u>	<u>\$8,282</u>	<u>\$186,275</u>
7 Add OR Depletion Adjustment - Net	<u>\$680</u>				
8 Total State Taxable Income	\$155,215				
9 State Income Tax @ 4.619% Staff (6.6% Company)	\$10,244	(\$1,923)	\$8,321	\$383	\$8,704
10 Net State Income Tax	<u>\$10,244</u>	<u>(\$1,923)</u>	<u>\$8,321</u>	<u>\$383</u>	<u>\$8,704</u>
11 Additional Tax Depreciation	0	0	0	0	0
12 Other Schedule M Differences	680	0	680	0	680
13 Federal Taxable Income	<u>\$144,291</u>	<u>\$25,381</u>	<u>\$169,672</u>	<u>\$7,899</u>	<u>\$177,571</u>
14 Federal Tax @ 35%	\$50,502	\$9,389	\$59,891	\$2,765	\$62,656
15 Wind Power Tax Credits	0	0	0	0	0
16 Current Federal Tax	<u>\$50,502</u>	<u>\$9,389</u>	<u>\$59,891</u>	<u>\$2,765</u>	<u>\$62,656</u>
17 PMI	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
18 ITC Adjustment					
Deferral	\$0	\$0	\$0	\$-0	\$0
Restoration	0	0	0		0
21 Total ITC Adjustment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Provision for Deferred Taxes	<u>(\$118)</u>	<u>\$3,790</u>	<u>\$3,672</u>	<u>\$0</u>	<u>\$3,672</u>
23 Total Income Tax	<u>\$60,628</u>	<u>\$11,256</u>	<u>\$71,884</u>	<u>\$3,148</u>	<u>\$75,032</u>

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ORDER NO.

03 - 528

PACIFICORP - OREGON
Oregon Allocated Results of Operations
Twelve Months Ended March 31, 2004

08-Aug-03
 08:10 AM

INPUT ASSUMPTIONS

COST OF CAPITAL - 2004		% of CAPITAL	COST	WEIGHTED COST
Long Term Debt		47.61%	6.480%	3.085%
Preferred Stock		6.39%	5.750%	0.367%
Common Equity		46.00%	10.500%	4.830%
Total		100.00%		8.282%

REVENUE SENSITIVE COSTS	
Revenues	1.00000
Operating Revenue Deductions	
Uncollectible Accounts	0.00367
Taxes Other - Franchise	0.02138
- Other	0.00000
- Resource supplier	0.00056
State Taxable Income	0.97439
State Income Tax @ 4.619%	0.04501
Federal Taxable Income	0.92938
Federal Income Tax @ 35%	0.32528
ITC	0.00000
Current FIT	0.32528
Other	0.00000
Total Excise Taxes	0.37029
Total Revenue Sensitive Costs	0.39590
Utility Operating Income	0.60410
Net-to-Gross Factor	1.65536

PACIFICORP - OREGON
Adjustments to Oregon Allocated Results
UE 147 Test Year Ending March 2004
(\$000)

Johnson Wingley Jenks Schoenbeck Higgins

	08-Aug-03 08:10 AM	Extrinsic Value of Resources [Incl. in S-31/I-5] (S-1)	Margin Adjustment [Incl. in S-31/I-5] (S-2)	Steam Revenue from IMC/Kallum (S-3)	Forfeited Discounts & Interest (S-4)	Rent from Electric Property (S-5)	Other Elec Revenues Acct 458.12 (S-8)	Wheeling Revenues Adjustment (S-7)	MCI Fog Wire Revenue Adjustment (S-8)	Aquila Hydro Hedge [Incl. in S-31/I-5] (S-9)
1	Operating Revenues									
2	Retail Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Wholesale Sales	0	0							
4	Other Revenues			602	0	1,755	(71)	0	966	
5	Total Operating Revenues	\$0	\$0	\$602	\$0	\$1,755	(\$71)	\$0	\$966	\$0
6	Operating Expenses									
7	Steam Production	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Hydro Production									
9	Other Power Supply		\$0							
10	Transmission									\$0
11	Distribution									
12	Customer Accounting									
13	Customer Service & Info									
14	Sales									
15	Administrative and General									
16	Total Operation & Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Depreciation									
18	Amortization									
19	Taxes Other than Income	0	0	0	0	0	0	0	0	0
20	Income Taxes	0	0	229	0	667	(27)	0	367	0
21	Miscellaneous Revenue and Expense								0	
22	Total Operating Expenses	\$0	\$0	\$229	\$0	\$667	(\$27)	\$0	\$367	\$0
23	Net Operating Revenues	\$0	\$0	\$373	\$0	\$1,088	(\$44)	\$0	\$599	\$0
24	Average Rate Base									
25	Electric Plant In Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Accumulated Depreciation & Amortization									
27	Accumulated Deferred Income Taxes									
28	Accumulated Deferred Inv. Tax Credit									
29	Net Utility Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	Plant Held for Future Use									
31	Acquisition Adjustments									
32	Working Capital	0	0	5	0	14	(1)	0	8	0
33	Fuel Stock									
34	Materials & Supplies									
35	Customer Adv for Const									
36	Weatherization Loans									
37	Prepayments									
38	Misc. Deferred Debits									
39	Misc. Rate Base Additions/(Deductions)									
40	Total Average Rate Base	\$0	\$0	\$5	\$0	\$14	(\$1)	\$0	\$8	\$0
41	Revenue Requirement Effect	\$0	\$0	(\$617)	\$0	(\$1,799)	\$73	\$0	(\$990)	\$0

APPENDIX
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ORDER NO. 03-528

PACIFICORP - OREGON
 Adjustments to Oregon Allocated Results
 UE 147 Test Year Ending March 2004
 (\$000)

Johnson - Wrigley - Jenks - Schenck - Higgins

06-Aug-03
 08:10 AM

	Kennecott Generallon Incentive (S-10)	Steam Maintenance Expense (S-11)	Postage Adjustment (S-12)	Incentive Programs Adjustment (S-13)	FAS 87 Pension Expense (S-14)	Property Insur Injury & Damages Adjustment (S-15)	Accounting Anomolies Adjustment (S-16)	Outside Services Adjustment (S-17)	Economic Development Labor (S-18)
1 Operating Revenues									
2 Retail Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Wholesale Sales									
4 Other Revenues									
5 Total Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Operating Expenses									
7 Steam Production	\$0	\$1,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 Hydro Production									
9 Other Power Supply	\$0								
10 Transmission									
11 Distribution									
12 Customer Accounting									
13 Customer Service & Info									
14 Sales									
15 Administrative and General			(77)	(2,541)	(5,453)	(835)	0	(2,819)	\$0
16 Total Operation & Maintenance	\$0	\$1,600	(\$77)	(\$2,541)	(\$5,453)	(\$835)	\$0	(\$2,819)	\$0
17 Depreciation									
18 Amortization									
19 Taxes Other than Income	0	0	0	0	0	0	0	0	0
20 Income Taxes	0	(608)	30	974	2,073	311	0	1,072	0
21 Miscellaneous Revenue and Expense									
22 Total Operating Expenses	\$0	\$992	(\$47)	(\$1,567)	(\$3,380)	(\$524)	\$0	(\$1,747)	\$0
23 Net Operating Revenues	\$0	(\$992)	\$47	\$1,567	\$3,380	\$524	\$0	\$1,747	\$0
24 Average Rate Base									
25 Electric Plant in Service	\$0	\$0	\$0	(\$706)	\$0	\$0	\$0	\$0	\$0
26 Accumulated Depreciation & Amortization									
27 Accumulated Deferred Income Taxes			0	0					
28 Accumulated Deferred Inv. Tax Credit									
29 Net Utility Plant	\$0	\$0	\$0	(\$706)	\$0	\$0	\$0	\$0	\$0
30 Plant Held for Future Use									
31 Acquisition Adjustments									
32 Working Capital	0	21	(1)	(33)	(70)	(11)	0	(36)	0
33 Fuel Stock									
34 Materials & Supplies									
35 Customer Adv for Const									
36 Weatherization Loans									
37 Prepayments									
38 Misc. Deferred Debits									
39 Misc. Rate Base Additlons/(Deductions)						564			
40 Total Average Rate Base	\$0	\$21	(\$1)	(\$739)	(\$70)	\$553	\$0	(\$36)	\$0
41 Revenue Requirement Effect	\$0	\$1,645	(\$78)	(\$2,695)	(\$5,605)	(\$791)	\$0	(\$2,897)	\$0

APPENDIX
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ORDER NO. 03-528

PACIFICORP. - OREGON
 Adjustments to Oregon Allocated Results
 UE 147 Test Year Ending March 2004
 (\$000)

Johnson - Wrigley - Jenks - Schenck - ...

08-Aug-03
 08:10 AM

	Memberships Adjustment (S-19)	Remove ScottishPower A&G Costs (S-20)	A&G Affiliated Interest Adjustment (S-21)	Remove UK Personnel Costs (S-22)	Depreciation Adjustment (S-23)	Amortization Adjustment (S-24)	FIT & SIT Adjustment (S-25)	Remove Mill Fork Coal Lease (S-26)	Info technology Plant Additions (S-27)
1 Operating Revenues									
2 Retail Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Wholesale Sales									
4 Other Revenues									
5 Total Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Operating Expenses									
7 Steam Production	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 Hydro Production									
9 Other Power Supply									
10 Transmission									
11 Distribution									
12 Customer Accounting									
13 Customer Service & Info									
14 Sales									
15 Administrative and General	(137)	(1,600)	(126)	(707)	0	0	0	0	0
16 Total Operation & Maintenance	(\$137)	(\$1,600)	(\$126)	(\$707)	\$0	\$0	\$0	\$0	\$0
17 Depreciation					(8,790)				
18 Amortization						(676)			0
19 Taxes Other than Income	0	0	0	0	0	0	0	0	0
20 Income Taxes	52	608	48	269	4,108	253	(1,451)	0	0
21 Miscellaneous Revenue and Expense	0								
22 Total Operating Expenses	(\$85)	(\$992)	(\$78)	(\$438)	(\$4,682)	(\$423)	(\$1,451)	\$0	\$0
23 Net Operating Revenues	\$85	\$992	\$78	\$438	\$4,682	\$423	\$1,451	\$0	\$0
24 Average Rate Base									
25 Electric Plant In Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Accumulated Depreciation & Amortization					(893)	338			0
27 Accumulated Deferred Income Taxes					(974)				
28 Accumulated Deferred Inv. Tax Credit									
29 Net Utility Plant	\$0	\$0	\$0	\$0	(\$1,867)	\$338	\$0	\$0	\$0
30 Plant Held for Future Use									
31 Acquisition Adjustments									
32 Working Capital	(2)	(21)	(2)	(9)	(97)	(9)	(30)	0	0
33 Fuel Stock									
34 Materials & Supplies									
35 Customer Adv for Const									
36 Weatherization Loans									
37 Prepayments									
38 Misc. Deferred Debits								0	
39 Misc. Rate Base Additions/(Deductions)								0	
40 Total Average Rate Base	(\$2)	(\$21)	(\$2)	(\$9)	(\$1,964)	\$329	(\$30)	\$0	\$0
41 Revenue Requirement Effect	(\$141)	(\$1,645)	(\$129)	(\$726)	(\$8,020)	(\$655)	(\$2,406)	\$0	\$0

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ORDER NO. 03-528

PACIFICORP - OREGON
 Adjustments to Oregon Allocated Results
 UE 147 Test Year Ending March 2004
 (\$000)

08-Aug-03
 08:10 AM

	Trail Mountain Double Count (P-1)	Miscellaneous Power Cost Issues (S-31, I-5)	Reallocate West Valley & Gadsby CTs (I-7, C-1)	Hunter Insurance Payment (I-8)	Total Adjustments (Base Rates)
1 Operating Revenues					
2 Retail Sales	\$0	\$0	\$0	\$0	\$0
3 Wholesale Sales		522			522
4 Other Revenues					3,252
5 Total Operating Revenues	\$0	\$522	\$0	\$0	\$3,774
6 Operating Expenses					
7 Steam Production	(\$1,070)	(\$1,833)	(\$1,946)	\$0	(\$3,249)
8 Hydro Production					0
9 Other Power Supply		(\$522)			(522)
10 Transmission					0
11 Distribution					0
12 Customer Accounting					0
13 Customer Service & Info					0
14 Sales					0
15 Administrative and General	0	0	0	0	(14,295)
16 Total Operation & Maintenance	(\$1,070)	(\$2,355)	(\$1,946)	\$0	(\$18,066)
17 Depreciation					(\$8,790)
18 Amortization	0	0	0	0	(676)
19 Taxes Other than Income	0	0	0	0	0
20 Income Taxes	407	1,094	740	40	11,256
21 Miscellaneous Revenue and Expense					0
22 Total Operating Expenses	(\$663)	(\$1,261)	(\$1,206)	\$40	(\$16,276)
23 Net Operating Revenues	\$663	\$1,783	\$1,206	(\$40)	\$20,050
24 Average Rate Base					
25 Electric Plant In Service	\$0	\$0	\$0	\$0	(\$706)
26 Accumulated Depreciation & Amortization	0	0	0	0	(555)
27 Accumulated Deferred Income Taxes					(974)
28 Accumulated Deferred Inv. Tax Credit					0
29 Net Utility Plant	\$0	\$0	\$0	\$0	(\$2,235)
30 Plant Held for Future Use					0
31 Acquisition Adjustments					0
32 Working Capital	(14)	(26)	(25)	1	(338)
33 Fuel Stock					0
34 Materials & Supplies					0
35 Customer Adv for Const					0
36 Weatherization Loans					0
37 Prepayments					0
38 Misc. Deferred Deblts					0
39 Misc. Rate Base Additions/(Deductions)				(3,403)	(2,839)
40 Total Average Rate Base	(\$14)	(\$26)	(\$25)	(\$3,402)	(\$5,412)
41 Revenue Requirement Effect	(\$1,099)	(\$2,955)	(\$2,000)	(\$400)	(\$33,930)