ORDER NO. 96-175

ENTERED JUL 10 1996

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UE 94

In the Matter of the Revised Tariff Schedules in Oregon filed by PACIFICORP, dba Pacific Power and Light Company.	)))	ORDER

DISPOSITION: STIPULATION ADOPTED; RATES APPROVED

SUMMARY

In this order, we approve new rate schedules for PacifiCorp, dba Pacific Power and Light Company (Pacific). Under the new schedules, Pacific's base electricity revenues will increase by $26,800,000, or approximately 4.0 percent. The rate spread adopted for the new schedules will result in increases ranging from 1.8 percent for large industrial customers to 6 percent for residential customers. The rate increase is the first overall revenue requirement based increase approved by the Commission for Pacific since 1988.

INTRODUCTION

Procedural Background

On September 1, 1995, Pacific filed Advice No. 95-139, a general tariff revision designed to increase rates to its Oregon retail electric customers, effective October 15, 1995. It also requested the approval of an alternative form of regulation (AFOR) plan, as authorized under ORS 757.210(2). Pacific stated that the AFOR was designed to place more emphasis on performance than traditional regulation and to act as a transitional step to a more competitive electric power industry. The company proposed that the AFOR become effective with its new tariff schedules and continue for a term of five years.

In its tariff schedules, Pacific stated that the company could justify a $117.6 million, or approximately 17 percent, increase in revenues based on its results of operations testimony.[1] However, to facilitate the implementation of it AFOR plan, Pacific proposed to limit the overall increase in revenues to $26.8 million, or 4.0 percent.

[1] Pacific's filing included two test periods. The first test period covers the 12-month period ending June 30, 1997, and the second test period covers the 12-month period ending June 30, 1998.

In Order No. 95-969, we found good and sufficient cause to investigate the reasonableness of the rates and ordered the suspension of Advice No. 95-139 for a six-month period. *See* ORS 757.215. In Order No. 96-096, we subsequently ordered further suspension of the Advice until no later than July 15, 1996.

Prehearing Conference

On October 9, 1995, Michael Grant, an Administrative Law Judge (ALJ) for the Commission, held a Prehearing Conference in this matter to identify parties and interested persons, and to adopt a procedural schedule. A list of the parties to this proceeding is set forth in Appendix A.

Public Comment Hearings

In December 1995, we held public comment hearings in Bend and Medford to allow Pacific ratepayers to comment on the proposed rate increase. We had also scheduled a public comment hearing in Portland in January 1996; however, that hearing was canceled due to inclement weather.

Bifurcation

On March 20, 1996, Pacific, the Commission Staff (Staff), the Citizens' Utility Board (CUB), the Oregon Department of Energy (ODOE), and the Natural Resources Defense Council (NRDC), filed a joint motion to bifurcate the hearing in this matter. The moving parties requested the Commission to defer examination of issues related to Pacific's request for an AFOR plan and decoupling. They requested the bifurcation to allow additional time to review and discuss the various AFOR proposals submitted by the parties. On March 28, 1996, the ALJ granted the motion and bifurcated this proceeding into Phase I, Traditional Cost-of-Service Regulation, and Phase II, AFOR and related issues. Specifically, Phase I addresses revenue requirements under traditional regulation, including rate spread and rate design, and the presentation of testimony on any decoupling proposal applicable to traditional regulation. Phase II addresses AFOR issues, decoupling, service quality standards, system benefits charges and renewable resource incentives.

PHASE I

Issues

In its settlement document dated December 28, 1995, Staff identified 45 potential issues in what has been designated as Phase I of this proceeding. We will use Staff's numbering system in our discussion of those issues.

Applicable Law

As the petitioner in this rate case, Pacific bears the burden of proof on all issues. ORS 757.210 provides that, in a rate case, "the utility shall bear the burden of showing that the rate or schedule of rates proposed to be established or increased or changed is just and reasonable."

Stipulation

On March 11, 1996, Staff and Pacific submitted a stipulation intended to resolve a majority of the identified issues in the Phase I portion of the proceeding, subject to our approval. The stipulation is attached as Appendix B and incorporated by reference. The stipulation was supported by joint testimony of Ed Busch of Staff and Bruce Hellebuyck and Carole Rockney of Pacific. (Staff-Pacific Ex. 1.) The ALJ admitted the stipulation and supporting testimony into the record as evidence pursuant to OAR 860-14-085(1).

Evidentiary Hearing

On April 9, 1996, ALJ Grant held a Phase I evidentiary hearing in Salem, Oregon. James Fell and Katherine McDowell, attorneys, appeared on behalf of Pacific. Paul Graham, Assistant Attorney General, appeared on behalf of Staff. Grant Tanner, attorney, appeared on behalf of the Oregon Committee of Fair Utility Rates (OCFUR). Jason Eisdorfer, attorney, appeared on behalf of CUB. J. Tim Watson appeared on behalf of himself. Gary Grange, authorized representative, appeared on behalf of the Bonneville Power Administration (BPA).

Based on the record in these proceedings, we make the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Stipulated Issues

The stipulation covers all Phase I issues identified by Staff, except for certain capital structure and cost of capital issues identified in S-0 and S-42. In addition, Staff has withdrawn several proposed adjustments for issues previously identified in S-9, S-20, S-24 and S-25. OCFUR and CUB are not parties to the stipulation, however, and object to portions of the proposed resolution of Issue S-43: Rate Spread. Accordingly, we will treat Issue S-43 as a contested issue and will address it with other issues not covered in the proposed stipulation.

In the stipulation, Staff and Pacific agree that the company should be authorized to implement its $26.8 million rate increase over the first test period revenues, notwithstanding the unstipulated cost of capital and capital structure issues. The parties considered agreement on those issues to be unnecessary, as the stipulated revenue increase would produce acceptable results under either the Staff's or Pacific's proposed cost of common equity and capital structure. The stipulated revenue requirement and Staff's proposed capital structure produces an 8.46 percent overall rate of return. Staff considers that figure to be within the range of reasonable overall rates of return. Pacific is willing to accept the overall revenue requirement developed through the stipulation, because it supports the company's requested 4 percent increase.

Staff and Pacific recommend that we not make any findings in Phase I of the case regarding cost of common equity or capital structure. Both parties state that these issues will be addressed further in Phase II in connection with the authorized benchmark rate of return and earnings band under an AFOR. The parties also agree that, in future jurisdictional earnings reports, Pacific will incorporate adjustments based on those detailed in the stipulation and calculate earnings using a capital structure consistent with the principles underlying Staff's proposal. Pacific also agrees to use an 8.46 percent overall rate of return for purposes of affiliated interest reports and calculating interest on deferred accounts.

In the stipulation, Staff and the company also agree to the removal of all costs, both fixed and variable, related to the Columbia Hills and Foote Creek wind resource projects from the calculation of Pacific's revenue requirement. The parties further agreed that Pacific may file to incorporate these costs into rates at the time the wind projects are placed into service.

We have reviewed the stipulation with regard to the non-contested issues (Issues S-1 to S-41). For the reasons set forth in the joint supporting testimony, we find the stipulation on those issues reasonable and adopt it. Furthermore, as contemplated by the terms of the stipulation, we will not make any findings in this phase regarding cost of common equity or capital structure. Those issues will be addressed further in Phase II in connection with the authorized benchmark rate of return and earnings band under an AFOR.

Contested Issues

As noted above, we address Issue S-43, Rate Spread, as a contested issue. Furthermore, Watson and the Public Interest parties raised issues not identified by Staff. We will address these contested issues separately.

S-43 Rate Spread

As part of its filing, Pacific submitted a marginal cost study. The study is designed to demonstrate the marginal costs or savings from providing one unit more or less of electric service. The study is similar to those used by the Commission to determine cost causation and to help allocate those costs to customer classes.

The cost study demonstrates that commercial and industrial customers pay a higher rate relative to the cost of providing service than residential customers. For example, the study shows that current residential rates collect only 91.6 percent of average recovery of marginal cost, while large commercial and industrial rates collect over 110 percent of this average. To move customer classes closer to recovering an equal percentage of marginal costs, Staff and Pacific stipulated to a rate spread that assigns a higher percentage rate increase to residential customers than to large industrial and commercial customers. Specifically, the parties propose allocating the overall 4.0 percent base revenue increase by applying a 6.0 percent (1.5 times) increase to the residential customers, the overall increase of 4.0 percent (1 times) to small general service customers (0-100 kW) and agricultural customers, a 2.0 percent (0.5 times) increase to large general service customers under 1000 kW served under proposed optional Schedule 26/27, and 1.8 percent (0.45 times) to large general service customers over 1000 kW.

CUB and OCFUR are not parties to the stipulation and challenge different aspects of the stipulated rate spread proposal. CUB disputes the methodology used to determine distribution costs in the marginal cost study. OCFUR contends that the proposal should be modified to more quickly eliminate inter-class subsidies. We address each argument separately.

CUB argues that Pacific's use of a "minimum system" approach to allocate the distribution costs in the marginal cost study assigns too many of those costs to residential customers.[2] CUB contends that this approach tends to classify a large share of the cost of the distribution system as customer-related, instead of allocating those costs by the demand consumers place on the system. CUB recommends that a study of various methodologies for estimating joint and customer costs should be conducted and the Commission should consider which one is best to accurately reflect those costs in rate spread decisions.

We have reviewed Pacific's marginal cost study and find that its minimum system approach is acceptable for allocating distribution costs in this proceeding. Pacific and other electric utilities in this state have used that method in the development of marginal costs for many years. Moreover, as we recognized in Portland General Electric's last general rate case, Docket UE 88, Order No. 95-322, a recent study by the National Economic Research Associates found that the minimum system approach was the most frequently used method in the treatment of distribution costs.

OCFUR agrees with Staff and Pacific that interclass subsidies, where they exist, must be reduced. It does not agree, however, with the parties' proposed methodology or time frame for accomplishing that goal. OCFUR recommends that the Commission immediately begin a process to move all customers to cost-based rates. It proposes that large commercial and industrial customers that are paying rates above their cost of service have their rates reduced in five equal annual steps. During this period, OCFUR explains, those customer classes currently being subsidized would have their rates adjusted to absorb the reductions so that the revenue impact on Pacific would be neutral. In the alternative, OCFUR contends that the stipulation should be modified to allocate a greater share of the rate increase to residential customers to quicken the movement to cost-of-service rates.

This Commission has long recognized the need for cost-based ratemaking and has taken steps to reduce differences in class recovery of marginal cost. We have also recognized, however, the importance of protecting residential customers from rate shock as we move to a more balanced distribution of the costs of service. To minimize such price impacts and to respond to customers' perceptions of fairness, this Commission has adopted a policy that precludes any customer class from receiving a rate reduction in the face of an overall increase in revenue requirement. We are not convinced that that policy should be abandoned at this time. Indeed,

[2] The minimum system approach divides distribution costs between customer-related and demand-related by determining the cost of building a theoretical distribution system to serve customers at minimum demand levels. The poles, underground conduits, conductors, transformers, service drops and meters of the minimum system are defined as customer-related. Additional costs associated with expanding the minimum-sized system to meet a customer's demand are defined as demand-related.

small customers' perceptions of fairness are critical to our ability to move the electric industry toward a more competitive marketplace.

After review, we find the rate spread proposal set forth in the stipulation to be reasonable and, accordingly, adopt it. While it will not eliminate the current rate disparity, it will continue to help achieve a more balanced distribution of the costs of service without subjecting residential customers to rate shock.

Street Lighting

Watson objects to Pacific's proposed $68,000, or 1.9 percent, price increase for public street lighting service. He contends that Pacific has failed to meet its burden of proof to support the rate increase, because: (1) the rates are not supported by a cost of service analysis; (2) the average public street lighting period of dusk-to-dawn occurs during off-peak hours; and (3) on a time-of-use basis, street lighting rates are above marginal costs. For these reasons, Watson argues that we should not authorize any increase of rates for this class of service.

The stipulation between Staff and Pacific adopts the company's proposed price increase for public street lighting, which represents less that 1 percent of Pacific's Oregon revenues and kilowatt-hour usage. Although Pacific did not provide a cost of service study for street lighting customers, the parties believe that the proposed rate increase is independently supported by several factors. First, they contend a comparison to residential and commercial rates demonstrates that street lighting prices are just and reasonable. Energy prices for public street lighting customers are from 6 to 17 percent less than the present tail-block energy price for residential service, and from 9 to 28 percent less than the energy charge for small general service. Because the monthly usage of public street lighting customers is similar to that of residential and small commercial customers, Staff and Pacific contend that these price comparisons suggest that street lighting prices are consistent with prices for comparable service for which full cost of service studies have been performed.

Second, Staff and Pacific contend that street lighting customers find their rates to be reasonable. In Schedules 51 and 52, Pacific offers high pressure sodium street lighting service from a company-owned system where customers pay fixed charges for installation, maintenance, lamp and glassware renewal. In Schedule 53, Pacific offers high pressure sodium street lighting service to customers who choose to own and maintain their own systems. Because more than 75 percent of all high pressure sodium street lighting customers have selected Schedules 51 and 52 and agreed to pay fixed charges for a company-owned system, Staff and Pacific contend that the customers find the charges reasonable in comparison with the option of owning and maintaining their own system.

Finally, Staff and Pacific contend the price increase for public street lighting is reasonable when compared to other price increases proposed in the stipulation. They note that the proposed rate increase is 1.9 percent, compared to an overall average percentage increase of 4.0 percent. The parties contend that the price change is consistent with the equitable principle of allocating some rate increase to all customer classes in a general rate increase filing. Furthermore, even with the price increase, they add that public street lighting prices on average will be only 5 percent higher that they were in 1987, while inflation has increased over 37 percent since that time

We agree with Staff and Pacific and conclude that the proposed rate increase for public street lighting, as set forth in the stipulation, should be adopted. While Watson is correct that marginal cost of service studies are generally used to support the assignment of price increases, they are not a prerequisite to a finding of reasonableness. As Pacific notes, the Commission "is not obligated to employ any single formula or combination of formulas to determine what are in each case 'just and reasonable' rates." *Pacific N.W. Bell v. Sabin*, 21 Or App 200, 224 (1975). Rather, it is "the end result of an order of a regulatory authority which determines the question of its validity and not the process by which the authority reached the result." *Valley & Siletz R.R. v. Flagg* 195 Or 683, 699 (1952). For the reasons cited above, we are convinced that the record, as a whole, supports a finding that the proposed price increase to public street lighting customers is just and reasonable.

UKRB/USBR Allocation

In prefiled testimony, Watson challenged the jurisdictional allocation of contract rates being paid by certain irrigation customers in the Klamath Falls area. These customers, referred to as Upper Klamath River Basin (UKRB) and United States Bureau of Reclamation (USBR) customers, receive discount rates in exchange for water rights for hydroelectric projects on the Klamath River. Watson expressed concern that the entire discount associated with these contracts is being allocated to the Oregon jurisdiction, while only some 55 percent of the direct costs and benefits of the generating projects are allocated to this state.

Pacific responded that all costs, including the Klamath River generating resources, are allocated in accordance with the PacifiCorp Interjurisdictional Task-Force on Allocations (PITA) Accord Method. Because the PITA Accord Method was developed jointly by PacifiCorp's seven state commissions and represents a balancing of the interests of all jurisdictions, Pacific contended that it would be inappropriate to unilaterally change one item in isolation from all others.

At hearing, Watson, Pacific, and Staff agreed to further address the allocation issues related to the UKRB/USBR contract rates in Phase II portion of this proceeding, relative to the AFOR workshops. Accordingly, we will not further consider this issue at this time and, pursuant to the parties' agreement, defer resolution of the matter until Phase II.

Decoupling and System Benefits Charge

The CUB, NRDC, NCAC and ODOE (Public Interest Parties) request that we adopt a decoupling mechanism and establish a system benefits charge in this Phase I order. They contend that an immediate decision on these issues is necessary to help assure a successful transition from traditional cost-of-service regulation. They recommend that we make a statement that business as usual is not an option and that decoupling will be incorporated in any cost-of-service structure that is not supplanted by an AFOR.

Staff and Pacific disagree with the Public Interest Parties' recommendation and, instead, request that we defer making any decision on decoupling and a system benefits charge until Phase II. They contend that these issues should be considered in conjunction with other issues related to alternative regulatory schemes, as contemplated by the joint motion to bifurcate this proceeding into two phases. They note that CUB, NRDC, and ODOE joined in that motion, which stated, in part:

> A separate schedule would be established for AFOR issues. Among other things, [Phase II] would include consideration of proposals regarding *decoupling, system benefits charges*, renewable resource incentives and service quality standards. (Emphasis added.)

After review, we agree with Staff and Pacific and will not consider proposals regarding decoupling and system benefits charges at this time. With regard to decoupling, we conclude that it would be confusing and unnecessary to adopt a cost-of-service decoupling mechanism for the implementation of Phase I tariffs. As Staff and Pacific note, if an AFOR is subsequently adopted in Phase II, a decoupling mechanism proposed under an alternative regulatory scheme may be different than that proposed for traditional ratemaking. Such differences could lead to customer confusion and problems in moving from one mechanism to another. Similar problems might arise if we adopt a system benefits charge at this time.

Furthermore, both issues are closely tied to AFOR proposals submitted by the parties. For example, the Public Interest Parties propose an alternative "functional decoupling" mechanism that would separate revenues into generation, transmission, and distribution components. We do not believe that proposals for a decoupling mechanism and a system benefits charge should be addressed in isolation from other issues associated with alternative regulatory mechanisms.

Finally, we note that there is no prejudice caused by the deferring of such discussions until Phase II. Pacific has agreed that, if we do not approve or the company does not accept an AFOR, any final order on decoupling under traditional regulation will be applicable as of the effective date of Pacific's Phase I tariff schedules. Moreover, until Phase II is concluded, Pacific's demand-side management (DSM) cost recovery mechanism will function as a limited system benefits charge for specific DSM costs and incentives.

Functionalized Billing

The Public Interest Parties further request that we adopt a functionalized billing requirement for Pacific in this Phase I order. The Public Interest Parties contend that customers are entitled to full disclosure in their electric bills and recommend that Pacific specify major cost elements of electric service, including what percentages of rates are dedicated to sustainable sources of generation. Pacific opposes this request and recommends that we defer making any decision on this issue until Phase II.

After review, we conclude that the functionalized billing proposal should be addressed in Phase II. As Pacific notes, the Public Interest Parties' billing recommendation is but one part of their system benefits charge proposal. We have already decided to defer resolution of that issue until Phase II. We find no compelling reason to address the billing component of that proposal separately from the other recommendations.

Service Quality Standards

In Order No. 96-074, we approved a stipulation between Staff and Pacific resolving safety compliance issues that had arisen in the company's Corvallis service area. Among other things, the stipulation imposed additional safety standards to ensure future compliance with National Electric Safety Code standards. In that stipulation, the parties agreed that the additional safety standards would remain in effect until this Commission issues a final order in this rate proceeding.

Staff and Pacific have proposed more permanent safety standards as part of their respective AFOR proposals. Each party has, in addition, proposed the adoption of certain service quality and reliability standards if an AFOR is implemented. Both parties request, however, that we defer making any decision on these issues until Phase II. As part of that request, Pacific has agreed to extend the effective date of the Corvallis stipulation on major safety violations through the Phase II proceedings, but not later than December 31, 1996.

After review, we agree to defer consideration of service quality standards until the order in Phase II of this proceeding.

CONCLUSIONS

1. PacifiCorp, dba Pacific Power and Light Company, is a public utility subject to the Commission's jurisdiction.

2. The Commission should adopt the stipulation attached as Appendix B.

3. Based on the record in this case, Pacific's rates that result from the stipulation and the Commission's conclusions in the body of the Order are just and reasonable.

ORDER NO. **96-175**

ORDER

IT IS ORDERED that:

1. The tariffs filed on September 1, 1995, under Advice 95-139 are permanently suspended.

2. The stipulation attached as Appendix B is adopted in its entirety.

3. PacifiCorp, dba Pacific Power and Light Company, may file revised tariffs consistent with the stipulation and the findings of facts and conclusions in this Order to be effective July 15, 1996.

Made, entered, and effective **JUL 10 1996**.

COMMISSIONER HAMILTON WAS UNAVAILABLE FOR SIGNATURE

Roger Hamilton
Chairman

Ron Eachus
Commissioner

Joan H. Smith
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 of 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. A party may appeal this order to a court pursuant to ORS 756.580.

LIST OF PARTIES
UE 94

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96-175

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UE 94

In the Matter of Revised Tariff Schedules Applicable to Electric Service and the Application for Approval of Alternative Form of Regulation Plan Filed by PacifiCorp, dba Pacific Power & Light Company.)	STIPULATION REGARDING REVENUE REQUIREMENT, RATE SPREAD AND RATE DESIGN

This Stipulation is entered into for the purpose of resolving revenue requirement, rate spread and rate design issues in this Docket. This Stipulation represents a partial settlement because it does not pertain to alternative form of regulation matters.

PARTIES

1. The initial parties to this Stipulation are PacifiCorp and the Staff of the Public Utility Commission of Oregon (Staff). This Stipulation will be made available to the other parties to this Docket, who may participate by signing and filing a copy of this Stipulation.

BACKGROUND

2. On September 1, 1995, PacifiCorp filed revised tariff schedules to effect an overall four percent increase in its base prices to Oregon electric customers and proposed an alternative form of regulation plan pursuant to ORS 757.210(2). The filing was based on a two-year test period covering the twelve-month periods ending June 30, 1997 and June 30, 1998. The filing was suspended by the Commission at its September 26, 1995 public meeting.

3. Pursuant to Administrative Law Judge Michael Grant's Prehearing Conference Memorandum of October 18, 1995 and Ruling of January 9, 1996, settlement conferences on revenue requirement issues commenced on January 11, 1996. The settlement conferences were open to all parties.

4. As a result of the settlement conferences, the parties to this Stipulation have agreed on PacifiCorp's revenue requirement and the appropriate rate spread and rate design for PacifiCorp's tariff schedules under traditional, cost-based regulation. The parties submit this Stipulation to the Commission and request that the Commission approve the settlement as presented.

5. Settlement proposals and conferences on PacifiCorp's proposed alternative form of regulation (AFOR) were scheduled separately from revenue requirement issues. Any settlement of AFOR issues will be presented in a separate stipulation.

AGREEMENT

6. The parties to this Stipulation agree that, if the Commission does not approve and PacifiCorp does not accept an AFOR plan in this Docket, PacifiCorp should be authorized under traditional regulation to increase its base revenues $26.8 million, or 4.0 percent, over Test Year 1 base revenues, as presented in PacifiCorp's prefiled direct testimony and exhibits in this Docket. This amount is equal to the revenue requirement increase requested in PacifiCorp's filing.

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7. The parties have agreed on the costs for long-term debt and preferred stock but have not agreed on an appropriate cost for common equity or on a capital structure. For purposes of this Stipulation, the parties consider agreement on these matters to be unnecessary, since the stipulated revenue increase would produce acceptable test year results under either Staff's or PacifiCorp's proposed capital structure. As shown in Attachment A, using all the stipulated revenue requirement adjustments and Staff's proposed capital structure produces an 8.46 percent overall rate of return. Staff considers this overall rate of return to be within the range of reasonable overall rates of return. PacifiCorp is willing to accept the overall revenue requirement developed through this Stipulation as it supports PacifiCorp's requested 4 percent increase.

PacifiCorp further agrees that if the Commission adopts this Stipulation, and if the Commission does not make a finding in this Docket with respect to cost of common equity or capital structure, that:

A. In future jurisdictional earnings reports, PacifiCorp will:

1) Incorporate appropriate adjustments, based on those shown in Attachment A;

2) Calculate earnings for the Oregon jurisdiction using a capital structure consistent with the principles underlying Staff's UE 94 proposal and, at PacifiCorp's option, an

alternative capital structure consistent with the principles underlying PacifiCorp's UE 94 proposal; and

B. PacifiCorp will use an 8.46 percent overall rate of return for purposes of making affiliated interest reports to the Commission and for calculating interest on deferred accounts.

8. The parties agree to removal of all costs, both fixed and variable, related to the Columbia Hills and Foote Creek Wind Resource Projects (Wind Projects) from calculation of revenue requirements for this Docket. The parties further agree that, at least 90 days prior to the expected in-service date for each Project, PacifiCorp may file to track the projected fixed and variable costs, net of any cost savings, into rates. PacifiCorp agrees to provide attestation by a corporate officer that Columbia Hills or Foote Creek have met the following minimum requirements prior to the effective date of any tracker increase:

A. Receipt of completion certificates from the developer and the independent engineer as required by the development agreement; and

B. Release of the plant operation to the system dispatcher for full commercial operation.

The parties intend that this section of the Stipulation relating to the Wind Projects will remain in effect whether or not the Commission approves and PacifiCorp accepts an AFOR plan in this docket.

9. The parties agree that the allocation of revenues to customer classes and rate designs to recover PacifiCorp's increased revenue requirement should be in accordance with the schedule attached to this Stipulation as Attachment B.

10. By entering into this Stipulation, no party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other party in arriving at the revenue requirement, rate spread or rate designs recommended in this Stipulation. PacifiCorp agrees to adhere to the provisions of section 7(A) for filing future earning reports under traditional, cost-based regulation. Except as specifically provided in section 8 above, no party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, or for resolving AFOR issues in this proceeding.

11. This Stipulation will be entered into the record of this proceeding as evidence pursuant to OAR 860-14-085(1). The parties agree to support this Stipulation throughout this proceeding and any appeal and recommend that the Commission issue an order adopting the settlements contained herein. If this Stipulation is not adopted by the Commission in its entirety, any party may withdraw from this Stipulation and it shall be of no force or effect as to such party.

12. This Stipulation may be executed in counterparts.

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

PUBLIC UTILITY COMMISSION OF OREGON

By Paul A. Graham
Dated: 3-6-96

PACIFICORP

By Anne E. Eakin
Dated: 3-4-96

BONNEVILLE POWER ADMINISTRATION

By__________
Dated:__________

NATURAL RESOURCES DEFENSE COUNCIL

By__________
Dated:__________

JAMES T. WATSON

By__________
Dated:__________

NORTHWEST NATURAL GAS COMPANY

By__________
Dated:__________

PORTLAND GENERAL ELECTRIC

By__________
Dated:__________

CITIZENS' UTILITY BOARD

By__________
Dated:__________

DEPARTMENT OF ENERGY

By__________
Dated:__________

UTILITY REFORM PROJECT

By__________
Dated:__________

OCFUR

By__________
Dated:__________

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

By__________
Dated:__________

CHARLES L. BEST

By__________
Dated:__________

NORTHWEST CONSERVATION ACT COALITION

By__________
Dated:__________

9

PACIFICORP
Adjustment Summary - Oregon Results of Operations
UE 94 - June 1997 and June 1998 Test Years
($000)

Item	Issue	Revenue Requirement Effect ($000) 1996/97	1997/98
	Company-calculated added revenues required (PPL/27, p. 1)	$110,236	$124,912
	STIPULATED ADJUSTMENTS		
S-0,S-42	Rate of Return: Cost of Long-Term Debt and Preferred Stock only	(2,743)	(4,387)
S-1	Special Contract Sales	(186)	(186)
S-2	Account Service Charges	1,099	1,099
S-3	Sales for Resale (SMUD)	(2,616)	(2,937)
S-4	Pooled Wholesale Revenues	(580)	(592)
S-5	Steam Revenues	(89)	(96)
S-6	Emission Allowance Sales	(159)	(183)
S-7	Variable Power Costs	(2,523)	(1,174)
S-8	SoCal Edison Purchase	(539)	(539)
S-10	Workforce Level	(7,314)	(7,463)
S-11	Nonregulated Activities: Various Officers	(236)	(250)
S-12	Nonregulated Activities: Others	(304)	(325)
S-13	Wage & Salary Level Adjustment	(4,096)	(4,449)
S-14	Incentive Pay Adjustment	(2,024)	(2,140)
S-15	Memberships, Dues & Donations	(280)	(290)
S-16	Non-labor Distribution O&M Expense	(758)	(735)
S-17	Category "C" Advertising Expense	(232)	(242)
S-18	Incidental DSM Expense	(866)	(877)
S-19	Miscellaneous DSM Adjustments	(18)	(16)
S-21	DSM Amortization	(2,151)	(2,452)
S-22	Medical Benefits	(1,707)	(2,566)
S-23	Customer Office Reorganization	1,479	1,288
S-26	State Tax Refund	(96)	(93)
S-27	Deferred Taxes	(846)	(665)
S-28	Superfund Taxes	(43)	(43)
S-29	Washington Revenue Taxes	(100)	(106)
S-30	Payroll Taxes	(281)	(297)
S-31	Property Taxes	(1,088)	(1,126)
S-32	Trojan Plant	(110)	(104)
S-33	Wind Projects	(2,234)	(2,039)
S-34	Fuel Stock Reduction	(168)	(188)
S-35	Business Process Improvements	(147)	(148)
S-36	Customer Service System	(1,555)	(1,424)
S-37	Non-Fuel Materials & Supplies	(45)	(147)
S-38	Miscellaneous Deferred Debits	(430)	(536)
S-39	Cholla Plant Transaction Costs	(202)	(198)
S-40	Allocation Factor Adjustment to Filed Case	3,713	NA
S-41	Allocation Factor Adjustment to Staff's Adjustments	(114)	NA
S-43, S-44	Rate Spread and Rate Design: No revenue requirement effect	-	-
-	Revenue sensitive effects	(110)	(179)
	Total Stipulated Adjustments	($30,699)	($36,805)
	OTHER ADJUSTMENTS		
S-0, S-42	Rate of Return: capital structure and return on equity	($52,723) *	($54,885)
	Total Adjustments	($83,422)	($91,690)
	Stipulated Revenue Requirements Change	$26,814	$33,222

* Note: Stipulated Results of Operations result in an overall increase of 4.0%, although staff and Pacific did not reach agreement regarding capital structure. The amount shown above is calculated using staff's proposed capital structure, and a 10.0% rate of return on common equity.

Adjustments withdrawn by staff: S-9, S-20, S-24 and S-25.

Results of Operations - Stipulated Revenue Change
(Stipulated adjustments and Staff's proposed capital structure)

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		1996/97 Per Company Filing (1)	Adjustments (2)	1996/97 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	Operating Revenues				4.00%	
2	Retail Sales	$690,034	$185	690,219	$26,814	$717,033
3	Wholesale Sales	167,123	(8,046)	159,077	0	159,077
4	Other Revenues	15,139	(834)	14,305	0	14,305
5	Total Operating Revenues	$872,296	($8,695)	$863,601	$26,814	$890,415
6	Operating Expenses					
7	Production	$353,001	($17,486)	$335,515	$0	$335,515
8	Transmission	24,007	(131)	23,876	0	23,876
9	Distribution	31,904	(1,783)	30,121	0	30,121
10	Customer Accounts & Services	33,779	(7,086)	26,693	87	26,780
11	Administrative and General	56,794	(4,913)	51,881	0	51,881
12	Total Operation & Maintenance	$499,485	($31,398)	$468,087	$87	$468,174
13	Depreciation	94,184	(426)	93,758	0	93,758
14	Amortization	9,124	(842)	8,282	0	8,282
15	Taxes Other than Income	42,828	(1,272)	41,556	609	42,165
16	Income Taxes	58,661	8,522	67,183	9,905	77,088
17	(Gain)/Loss on Property Sales	(902)	(5)	(907)	0	(907)
18	Total Operating Expenses	$703,380	($25,421)	$677,959	$10,601	$688,560
19	Net Operating Revenues	$168,916	$16,726	$185,642	$16,213	$201,855
20	Average Rate Base					
21	Electric Plant in Service	$3,527,692	($4,675)	$3,523,017	$0	$3,523,017
22	Accumulated Depreciation & Amortization	(1,115,196)	(6,357)	(1,121,553)	0	(1,121,553)
23	Accumulated Deferred Income Taxes	(205,714)	1,304	(204,410)	0	(204,410)
24	Accumulated Deferred Inv. Tax Credit	(19,110)	0	(19,110)	0	(19,110)
25	Net Utility Plant	$2,187,672	($9,728)	$2,177,944	$0	$2,177,944
26	Nuclear Plant	11,793	(528)	11,265	0	11,265
27	Acquisition Adjustments	43,485	237	43,722	0	43,722
28	Working Capital	20,348	(844)	19,504	306	19,810
29	Fuel Stock	16,047	(1,365)	14,682	0	14,682
30	Materials & Supplies	37,604	(1,438)	36,166	0	36,166
31	Conservation	60,964	4,371	65,335	0	65,335
32	Weatherization	6,502	0	6,502	0	6,502
33	Prepayments	10,718	43	10,761	0	10,761
34	Misc. Deferred Debits	17,155	(2,649)	14,506	0	14,506
35	Misc. Rate Base Deductions	(14,602)	(100)	(14,702)	0	(14,702)
36	Total Average Rate Base	$2,397,686	($12,002)	$2,385,684	$306	$2,385,991
37	Rate of Return	7.04%		7.78%		8.46%
38	Implied Return on Equity	6.28%		8.30%		10.00%

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	Income Tax Calculations	1996/97 Per Company Filing (1)	Adjustments (2)	1996/97 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	Book Revenues	$872,296	($10,276)	$862,020	$26,814	$888,834
2	Book Expenses Other than Depreciation	550,744	(33,517)	517,227	696	517,923
3	State Tax Depreciation	94,184	(854)	93,330		93,330
4	Interest	90,841	1,949	92,790	11	92,801
5	Book-Tax (Schedule M) Differences	34,953	3,297	38,250		38,250
6	State Taxable Income	$101,574	$18,849	$120,423	$26,107	$146,530
7	State Income Tax @ 4.362%	$4,520	$733	$5,253	$1,139	$6,392
8	Net State Income Tax	$4,520	$733	$5,253	$1,139	$6,392
9	Additional Tax Depreciation	0	0	0	0	0
10	Other Schedule M Differences	4,170	0	4,170	0	4,170
11	Federal Taxable Income	$92,884	$18,116	$111,000	$24,968	$135,968
12	Federal Tax @ 35%	$32,509	$6,352	$38,861	$8,736	$47,597
13	Wind Power Tax Credits	892	(892)	0	0	0
14	Current Federal Tax	$31,617	$7,244	$38,861	$8,736	$47,597
15	Superfund Tax	$209	($1)	$208	$30	$238
16	ITC Adjustment					
17	Deferral	$0	$0	$0	$0	$0
18	Restoration	0	0	0		0
19	Total ITC Adjustment	$0	$0	$0	$0	$0
20	Provision for Deferred Taxes	$22,315	$546	$22,861	$0	$22,861
21	Total Income Tax	$58,661	$8,522	$67,183	$9,905	$77,088

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Oregon Allocated Results of Operations
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INPUT ASSUMPTIONS

COST OF CAPITAL - 1996/97	% of CAPITAL	COST	WEIGHTED COST
Long Term Debt	49.10%	7.64%	3.75%
Preferred Stock	11.10%	6.61%	0.73%
Common Equity	39.80%	10.00%	3.98%
Total	100.00%		8.46%

REVENUE SENSITIVE COSTS	
Revenues	1.00000
Operating Revenue Deductions	
Uncollectible Accounts	0.00324
Taxes Other - Franchise	0.02020
- OPUC fee	0.00200
- Resource supplier	0.00053
State Taxable Income	0.97403
State Income Tax @ 4.362%	0.04249
Federal Taxable Income	0.93154
Federal Income Tax @ 35%	0.32604
ITC	0.00000
Current FIT	0.32604
Superfund Tax	0.00120
Total Excise Taxes	0.36973
Total Revenue Sensitive Costs	0.39570
Utility Operating Income	0.60430
Net-to-Gross Factor	1.65480

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PACIFICORP
Stipulated Adjustments to Oregon Allocated Results
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		Contract Sales Adjustment (S-1)	Account Services Charges (S-2)	Sales for Resale (SMUD) (S-3)	Pooled Wholesale Revenues (S-4)	Steam Revenues Adjustment (S-5)	Emission Allowances Sales (S-6)	Variable Power Costs (S-7)	So. Cal. Edison Purchase (S-8)
1	Operating Revenues								
2	Retail Sales	$185	$0	$0	$0	$0	$0	$0	$0
3	Wholesale Sales			1,581	566			(11,090)	
4	Other Revenues		(1,071)			87	154		
5	Total Operating Revenues	$185	($1,071)	$1,581	$566	$87	$154	($11,090)	$0
6	Operating Expenses								
7	Production	0	$0	$0	$0	$0	$0	($13,495)	($524)
8	Transmission							(11)	
9	Distribution								
10	Customer Accounts & Services	1							
11	Administrative and General								
12	Total Operation & Maintenance	$1	$0	$0	$0	$0	$0	($13,506)	($524)
13	Depreciation								
14	Amortization								
15	Taxes Other than Income	4	0	0	0	0	0	0	0
16	Income Taxes	68	(406)	0	215	33	58	922	199
17	(Gain)/Loss on Property Sales								
18	Total Operating Expenses	$73	($406)	$0	$215	$33	$58	($12,584)	($325)
19	Net Operating Revenues	$112	($665)	$1,581	$351	$54	$96	$1,494	$325
20	Average Rate Base								
21	Electric Plant in Service	$0	$0	$0	$0	$0	$0	$0	$0
22	Accumulated Depreciation & Amortization								
23	Accumulated Deferred Income Taxes								
24	Accumulated Deferred Inv. Tax Credit								
25	Net Utility Plant	$0	$0	$0	$0	$0	$0	$0	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	2	(12)	0	6	1	2	(364)	(9)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	Total Average Rate Base	$2	($12)	$0	$6	$1	$2	($364)	($9)
37	Revenue Requirement Effect	($186)	$1,099	($2,616)	($580)	($89)	($159)	($2,523)	($539)

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		Workforce Level Adjustment (S-10)	Nonregulated Activities: Various Officers (S-11)	Nonregulated Activities: Others (S-12)	Wage & Salary Level Adjustment (S-13)	Incentive Pay Adjustment (S-14)	Memberships, Dues and Donations (S-15)	Non-Labor Distribution Expense (S-16)	"Category C" Advertising Expense (S-17)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	($2,541)	$0	$0	($1,035)	($725)	$0	$0	$0
8	Transmission	(54)			($114)	($80)			
9	Distribution	(223)			($470)	($329)		(761)	
10	Customer Accounts & Services	(4,149)			($401)	($281)			(117)
11	Administrative and General	(302)	(229)	(295)	($1,834)	($444)	(272)		(109)
12	Total Operation & Maintenance	($7,270)	($229)	($295)	($3,853)	($1,858)	($272)	($761)	($226)
13	Depreciation							6	
14	Amortization								
15	Taxes Other than Income	0	0	0	0	0	0	0	0
16	Income Taxes	2,741	87	112	1,480	719	103	287	86
17	(Gain)/Loss on Property Sales								
18	Total Operating Expenses	($4,529)	($142)	($183)	($2,373)	($1,139)	($169)	($468)	($140)
19	Net Operating Revenues	$4,529	$142	$183	$2,373	$1,139	$169	$468	$140
20	Average Rate Base								
21	Electric Plant in Service	$1,419	$0	$0	($1,138)	($960)	$0	$137	$0
22	Accumulated Depreciation & Amortization							(3)	
23	Accumulated Deferred Income Taxes								
24	Accumulated Deferred Inv. Tax Credit								
25	Net Utility Plant	$1,419	$0	$0	($1,138)	($960)	$0	$134	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	(131)	(4)	(5)	(69)	(33)	(5)	(14)	(4)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	Total Average Rate Base	$1,288	($4)	($5)	($1,207)	($993)	($5)	$120	($4)
37	Revenue Requirement Effect	($7,314)	($236)	($304)	($4,096)	($2,024)	($280)	($758)	($232)

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		Incidental DSM Expense (S-18)	Miscellaneous DSM Adjustments (S-19)	DSM Amortization Adjustment (S-21)	Medical Benefits Adjustment (S-22)	Customer Office Reorganization (S-23)	State Tax Refund Adjustment (S-26)	Deferred Tax Correction (S-27)	Superfund Tax Correction (S-28)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	$0	$0	$0	$0	$0	$0	$0	$0
8	Transmission								
9	Distribution								
10	Customer Accounts & Services	(842)	(10)	(2,397)		1,110			
11	Administrative and General				(1,658)	0			
12	**Total Operation & Maintenance**	($842)	($10)	($2,397)	($1,658)	$1,110	$0	$0	$0
13	Depreciation								
14	Amortization					218			
15	Taxes Other than Income	0	0	0	0	0	0	0	0
16	Income Taxes	320	5	873	629	(519)	(58)	(740)	(26)
17	(Gain)/Loss on Property Sales								
18	**Total Operating Expenses**	($522)	($5)	($1,524)	($1,029)	$809	($58)	($740)	($26)
19	**Net Operating Revenues**	$522	$5	$1,524	$1,029	($809)	$58	$740	$26
20	Average Rate Base								
21	Electric Plant in Service	$0	$0	$0	$0	$1,089	$0	$0	$0
22	Accumulated Depreciation & Amortization					(109)			
23	Accumulated Deferred Income Taxes			(1,638)				2,722	
24	Accumulated Deferred Inv. Tax Credit								
25	**Net Utility Plant**	$0	$0	($1,638)	$0	$980	$0	$2,722	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	(15)	0	(44)	(30)	23	(2)	(21)	(1)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation		(66)	4,330					
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	**Total Average Rate Base**	($15)	($66)	$2,648	($30)	$1,003	($2)	$2,701	($1)
37	**Revenue Requirement Effect**	($866)	($18)	($2,151)	($1,707)	$1,479	($96)	($846)	($43)

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		Washington Revenue Taxes (S-29)	Payroll Tax Adjustment (S-30)	Property Tax Adjustment (S-31)	Trojan Plant Adjustment (S-32)	Wind Projects Adjustment (S-33)	Fuel Stock Reduction (S-34)	Business Process Improvements (S-35)	Customer Service System (S-36)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	$0	$0	$0	$0	($1,011)	$0	$0	$0
8	Transmission								
9	Distribution								
10	Customer Accounts & Services								
11	Administrative and General								
12	**Total Operation & Maintenance**	$0	$0	$0	$0	($1,011)	$0	$0	$0
13	Depreciation					(854)			
14	Amortization				(46)				(749)
15	Taxes Other than Income	(97)	(252)	(1,057)	0	0	0	0	0
16	Income Taxes	37	98	401	23	1,821	20	18	380
17	(Gain)/Loss on Property Sales								
18	**Total Operating Expenses**	($60)	($154)	($656)	($23)	($44)	$20	$18	($369)
19	**Net Operating Revenues**	$60	$154	$656	$23	$44	($20)	($18)	$369
20	Average Rate Base								
21	Electric Plant in Service	$0	($184)	$0	$0	($16,368)	$0	$0	($7,113)
22	Accumulated Depreciation & Amortization					649			375
23	Accumulated Deferred Income Taxes				16	281			
24	Accumulated Deferred Inv. Tax Credit								
25	**Net Utility Plant**	$0	($184)	$0	$16	($15,438)	$0	$0	($6,738)
26	Nuclear Plant				(528)				
27	Acquisition Adjustments								
28	Working Capital	(2)	(4)	(19)	(1)	(1)	1	1	(11)
29	Fuel Stock						(1,439)		
30	Materials & Supplies							(1,261)	
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	**Total Average Rate Base**	($2)	($188)	($19)	($513)	($15,439)	($1,438)	($1,260)	($6,749)
37	**Revenue Requirement Effect**	($100)	($281)	($1,088)	($110)	($2,234)	($168)	($147)	($1,555)

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		Non-Fuel Materials & Supplies (S-37)	Miscellaneous Deferred Debits (S-38)	Cholla Plant Transaction Costs (S-39)	Allocations Adjustment to Filed Case (S-40)	Allocations Adjustment to Staff's Adjs. (S-41)	Tax Effect of ROR Change (S-42)	Total Adjustments
1	Operating Revenues							
2	Retail Sales	$0	$0	$0		$0	$0	$185
3	Wholesale Sales				$943	($46)		(8,046)
4	Other Revenues					($4)	0	(834)
5	**Total Operating Revenues**	$0	$0	$0	$943	($51)	$0	($8,695)
6	Operating Expenses							
7	Production	$0	$0	$0	$1,951	($107)	$0	($17,486)
8	Transmission				130	(1)		(131)
9	Distribution							(1,783)
10	Customer Accounts & Services							(7,086)
11	Administrative and General				253	(23)	0	(4,913)
12	**Total Operation & Maintenance**	$0	$0	$0	$2,334	($131)	$0	($31,398)
13	Depreciation				426	(4)		(426)
14	Amortization		(247)	(59)	46	(4)		(842)
15	Taxes Other than Income	0	0	0	134	(4)	0	(1,272)
16	Income Taxes	6	115	40	(750)	36	(911)	8,522
17	(Gain)/Loss on Property Sales				(5)	0		(5)
18	**Total Operating Expenses**	$6	($132)	($19)	$2,185	($108)	($911)	($25,421)
19	**Net Operating Revenues**	($6)	$132	$19	($1,242)	$57	$911	$16,726
20	**Average Rate Base**							
21	Electric Plant in Service	$0	$0	$0	$18,565	($122)	$0	($4,675)
22	Accumulated Depreciation & Amortization				(7,275)	6		(6,357)
23	Accumulated Deferred Income Taxes				(78)	1		1,304
24	Accumulated Deferred Inv. Tax Credit							0
25	**Net Utility Plant**	$0	$0	$0	$11,212	($115)	$0	($9,728)
26	Nuclear Plant							(528)
27	Acquisition Adjustments				237	0		237
28	Working Capital	0	(4)	(1)	(50)	2	(26)	(844)
29	Fuel Stock				81	(7)		(1,365)
30	Materials & Supplies	(393)			226	(10)		(1,438)
31	Conservation				102	5		4,371
32	Weatherization							0
33	Prepayments				43	0		43
34	Misc. Deferred Debits		(1,509)	(1,216)	90	(14)	0	(2,649)
35	Misc. Rate Base Deductions				(100)	0	0	(100)
36	**Total Average Rate Base**	($393)	($1,513)	($1,217)	$11,841	($139)	($26)	($12,002)
37	**Revenue Requirement Effect**	($45)	($430)	($202)	$3,713	($114)	($1,511)	($29,357)

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	Income Tax Calculations	Contract Sales Adjustment (S-1)	Account Services Charges (S-2)	Sales for Resale (SMUD) (S-3)	Pooled Wholesale Revenues (S-4)	Steam Revenues Adjustment (S-5)	Emission Allowances Sales (S-6)	Variable Power Costs (S-7)	So. Cal. Edison Purchase (S-8)
38	Book Revenues	$185	($1,071)	$0	$566	$87	$154	($11,090)	$0
39	Book Expenses Other than Depreciation	5	0	0	0	0	0	(13,506)	(524)
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	0	(0)	0	0	0	0	(14)	(0)
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	0	0
43	State Taxable Income	$180	($1,071)	$0	$566	$87	$154	$2,430	$524
44	State Income Tax @ 4.362%	$8	($47)	$0	$25	$4	$7	$106	$23
45	Net State Income Tax	$8	($47)	$0	$25	$4	$7	$106	$23
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$172	($1,024)	$0	$541	$83	$147	$2,324	$501
49	Federal Tax @ 35%	$60	($358)	$0	$189	$29	$51	$813	$175
50	Wind Power Tax Credits								
51	Current Federal Tax	$60	($358)	$0	$189	$29	$51	$813	$175
52	Superfund Tax	$0	($1)	$0	$1	$0	$0	$3	$1
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$0	$0	$0	$0	$0
58	Total Income Tax	$68	($406)	$0	$215	$33	$58	$922	$199

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PACIFICORP
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	Income Tax Calculations	Workforce Level Adjustment (S-10)	Nonregulated Activities: Various Officers (S-11)	Nonregulated Activities: Others (S-12)	Wage & Salary Level Adjustment (S-13)	Incentive Pay Adjustment (S-14)	Memberships, Dues and Donations (S-15)	Non-Labor Distribution Expense (S-16)	"Category C" Advertising Expense (S-17)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(7,270)	(229)	(295)	(3,853)	(1,858)	(272)	(761)	(226)
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	48	(0)	(0)	(45)	(37)	(0)	5	(0)
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	0	0
43	State Taxable Income	$7,221	$229	$295	$3,899	$1,895	$272	$757	$226
44	State Income Tax @ 4.362%	$315	$10	$13	$170	$83	$12	$33	$10
45	Net State Income Tax	$315	$10	$13	$170	$83	$12	$33	$10
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$6,906	$219	$282	$3,729	$1,812	$260	$724	$216
49	Federal Tax @ 35%	$2,417	$77	$99	$1,305	$634	$91	$253	$76
50	Wind Power Tax Credits								
51	Current Federal Tax	$2,417	$77	$99	$1,305	$634	$91	$253	$76
52	Superfund Tax	$9	$0	$0	$5	$2	$0	$1	$0
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$0	$0	$0	$0	$0
58	Total Income Tax	$2,741	$87	$112	$1,480	$719	$103	$287	$86

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	Income Tax Calculations	Incidental DSM Expense (S-18)	Miscellaneous DSM Adjustments (S-19)	DSM Amortization Adjustment (S-21)	Medical Benefits Adjustment (S-22)	Customer Office Reorganization (S-23)	State Tax Refund Adjustment (S-26)	Deferred Tax Correction (S-27)	Superfund Tax Correction (S-28)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(842)	(10)	(2,397)	(1,658)	1,328	0	0	0
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	(1)	(2)	99	(1)	38	(0)	101	(0)
42	Book-Tax (Schedule M) Differences	0	0	2,397	0	0	0	0	0
43	State Taxable Income	$843	$12	($99)	$1,659	($1,365)	$0	($101)	$0
44	State Income Tax @ 4.362%	$37	$1	($4)	$72	($60)	($90)	($4)	$0
45	Net State Income Tax	$37	$1	($4)	$72	($60)	($90)	($4)	$0
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$806	$11	($95)	$1,587	($1,305)	$90	($97)	$0
49	Federal Tax @ 35%	$282	$4	($33)	$555	($457)	$32	($34)	$0
50	Wind Power Tax Credits								
51	Current Federal Tax	$282	$4	($33)	$555	($457)	$32	($34)	$0
52	Superfund Tax	$1	$0	$3	$2	($2)	$0	$0	($26)
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$907	$0	$0	$0	($702)	$0
58	Total Income Tax	$320	$5	$873	$629	($519)	($58)	($740)	($26)

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	Income Tax Calculations	Washington Revenue Taxes (S-29)	Payroll Tax Adjustment (S-30)	Property Tax Adjustment (S-31)	Trojan Plant Adjustment (S-32)	Wind Projects Adjustment (S-33)	Fuel Stock Reduction (S-34)	Business Process Improvements (S-35)	Customer Service System (S-36)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(97)	(252)	(1,057)	(46)	(1,011)	0	0	(749)
40	State Tax Depreciation	0	0	0	0	(854)	0	0	0
41	Interest	(0)	(7)	(1)	(19)	(579)	(54)	(47)	(253)
42	Book-Tax (Schedule M) Differences	0	0	0	46	854	0	0	0
43	State Taxable Income	$97	$259	$1,058	$19	$1,590	$54	$47	$1,002
44	State Income Tax @ 4.362%	$4	$11	$46	$1	$69	$2	$2	$44
45	Net State Income Tax	$4	$11	$46	$1	$69	$2	$2	$44
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$93	$248	$1,012	$18	$1,521	$52	$45	$958
49	Federal Tax @ 35%	$33	$87	$354	$6	$532	$18	$16	$335
50	Wind Power Tax Credits					(892)			
51	Current Federal Tax	$33	$87	$354	$6	$1,424	$18	$16	$335
52	Superfund Tax	$0	$0	$1	$0	$3	$0	$0	$1
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$16	$325	$0	$0	$0
58	Total Income Tax	$37	$98	$401	$23	$1,821	$20	$18	$380

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	Income Tax Calculations	Non-Fuel Materials & Supplies (S-37)	Miscellaneous Deferred Debits (S-38)	Cholla Plant Transaction Costs (S-39)	Allocations Adjustment to Filed Case (S-40)	Allocations Adjustment to Staff's Adjs. (S-41)	Tax Effect of ROR Change (S-42)	Total Adjustments
38	Book Revenues	$0	$0	$0	$943	($51)	$0	($10,276)
39	Book Expenses Other than Depreciation	0	(247)	(59)	2,509	(140)	0	(33,517)
40	State Tax Depreciation	0	0	0	0	0	0	(854)
41	Interest	(15)	(57)	(46)	444	(5)	2,398	1,949
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	3,297
43	State Taxable Income	$15	$304	$105	($2,010)	$95	($2,398)	$18,849
44	State Income Tax @ 4.362%	$1	$13	$5	($88)	$4	($105)	$733
45	Net State Income Tax	$1	$13	$5	($88)	$4	($105)	$733
46	Additional Tax Depreciation	0	0	0	0	0	0	0
47	Other Schedule M Differences						0	0
48	Federal Taxable Income	$14	$291	$100	($1,922)	$91	($2,293)	$18,116
49	Federal Tax @ 35%	$5	$102	$35	-660	$32	($803)	$6,352
50	Wind Power Tax Credits						0	(892)
51	Current Federal Tax	$5	$102	$35	($660)	$32	($803)	$7,244
52	Superfund Tax	$0	$0	$0	($2)	$0	($3)	($1)
53	ITC Adjustment							
54	Deferral	$0	$0	$0	$0	$0	$0	$0
55	Restoration						0	0
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$0	$0	$0	$546
58	Total Income Tax	$6	$115	$40	($750)	$36	($911)	$8,522

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(Stipulated adjustments and Staff's proposed capital structure)

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		1997/98 Per Company Filing (1)	Adjustments (2)	1997/98 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	**Operating Revenues**				4.7%	
2	Retail Sales	$705,164	$185	705,349	$33,222	$738,571
3	Wholesale Sales	179,002	(11,305)	167,698	0	167,698
4	Other Revenues	14,968	(799)	14,169	0	14,169
5	**Total Operating Revenues**	$899,134	($11,919)	$887,215	$33,222	$920,437
6	**Operating Expenses**					
7	Production	$367,626	($20,939)	$346,687	$0	$346,687
8	Transmission	25,768	(282)	25,486	0	25,486
9	Distribution	33,877	(1,894)	31,983	0	31,983
10	Customer Accounts & Services	34,527	(7,886)	26,641	108	26,749
11	Administrative and General	59,660	(6,166)	53,494	0	53,494
12	**Total Operation & Maintenance**	$521,458	($37,167)	$484,291	$108	$484,399
13	Depreciation	100,239	(853)	99,386	0	99,386
14	Amortization	9,486	(995)	8,491	0	8,491
15	Taxes Other than Income	44,317	(1,459)	42,858	755	43,613
16	Income Taxes	56,654	10,363	67,017	12,283	79,300
17	(Gain)/Loss on Property Sales	(923)	0	(923)	0	(923)
18	**Total Operating Expenses**	$731,231	($30,111)	$701,120	$13,146	$714,266
19	**Net Operating Revenues**	$167,903	$18,192	$186,095	$20,076	$206,171
20	**Average Rate Base**					
21	Electric Plant in Service	$3,753,653	($22,144)	$3,731,509	$0	$3,731,509
22	Accumulated Depreciation & Amortization	(1,220,199)	2,614	(1,217,585)	0	(1,217,585)
23	Accumulated Deferred Income Taxes	(225,983)	2,118	(223,865)	0	(223,865)
24	Accumulated Deferred Inv. Tax Credit	(17,343)	0	(17,343)	0	(17,343)
25	**Net Utility Plant**	$2,290,128	($17,412)	$2,272,716	$0	$2,272,716
26	Nuclear Plant	11,260	(499)	10,761	0	10,761
27	Acquisition Adjustments	42,517	0	42,517	0	42,517
28	Working Capital	20,336	(839)	19,497	365	19,862
29	Fuel Stock	16,868	(1,639)	15,229	0	15,229
30	Materials & Supplies	39,501	(2,569)	36,932	0	36,932
31	Conservation	52,703	6,664	59,367	0	59,367
32	Weatherization	5,714	0	5,714	0	5,714
33	Prepayments	9,957	0	9,957	0	9,957
34	Misc. Deferred Debits	17,345	(2,601)	14,745	0	14,745
35	Misc. Rate Base Deductions	(15,721)	0	(15,721)	0	(15,721)
36	**Total Average Rate Base**	$2,490,608	($18,894)	$2,471,714	$365	$2,472,079
37	**Rate of Return**	6.74%		7.53%		8.34%
38	**Implied Return on Equity**	5.98%		7.96%		10.00%

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	Income Tax Calculations	1997/98 Per Company Filing (1)	Adjustments (2)	1997/98 Adjusted (3)	Required Change for Reasonable Return (4)	Results at Reasonable Return (5)
1	Book Revenues	$899,134	($13,694)	$885,440	$33,222	$918,662
2	Book Expenses Other than Depreciation	574,547	(39,621)	534,926	863	535,789
3	State Tax Depreciation	100,239	(871)	99,368		99,368
4	Interest	93,037	61	93,098	13	93,112
5	Book-Tax (Schedule M) Differences	33,422	3,768	37,190		37,190
6	State Taxable Income	$97,889	$22,969	$120,858	$32,346	$153,203
7	State Income Tax @ 4.362%	$4,356	$918	$5,274	$1,411	$6,685
8	Net State Income Tax	$4,356	$918	$5,274	$1,411	$6,685
9	Additional Tax Depreciation	0	0	0	0	0
10	Other Schedule M Differences	4,266	0	4,266	0	4,266
11	Federal Taxable Income	$89,267	$22,051	$111,318	$30,935	$142,252
12	Federal Tax @ 35%	$31,243	$7,718	$38,961	$10,835	$49,796
13	Wind Power Tax Credits	940	(940)	0	0	0
14	Current Federal Tax	$30,303	$8,658	$38,961	$10,835	$49,796
15	Superfund Tax	$209	$3	$212	$37	$249
16	ITC Adjustment					
17	Deferral	$0	$0	$0	$0	$0
18	Restoration	0	0	0		0
19	Total ITC Adjustment	$0	$0	$0	$0	$0
20	Provision for Deferred Taxes	$21,786	$784	$22,570	$0	$22,570
21	Total Income Tax	$56,654	$10,363	$67,017	$12,283	$79,300

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INPUT ASSUMPTIONS

COST OF CAPITAL - 1997/98	% of CAPITAL	COST	WEIGHTED COST
Long Term Debt	49.10%	7.40%	3.63%
Preferred Stock	11.10%	6.61%	0.73%
Common Equity	39.80%	10.00%	3.98%
Total	100.00%		8.34%

REVENUE SENSITIVE COSTS	
Revenues	1.00000
Operating Revenue Deductions	
Uncollectible Accounts	0.00324
Taxes Other - Franchise	0.02020
- OPUC fee	0.00200
- Resource supplier	0.00053
State Taxable Income	0.97403
State Income Tax @ 4.362%	0.04249
Federal Taxable Income	0.93154
Federal Income Tax @ 35%	0.32604
ITC	0.00000
Current FIT	0.32604
Superfund Tax	0.00120
Total Excise Taxes	0.36973
Total Revenue Sensitive Costs	0.39570
Utility Operating Income	0.60430
Net-to-Gross Factor	1.65480

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		Contract Sales Adjustment (S-1)	Account Services Charges (S-2)	Sales for Resale (SMUD) (S-3)	Pooled Wholesale Revenues (S-4)	Steam Revenues Adjustment (S-5)	Emission Allowances Sales (S-6)	Variable Power Costs (S-7)	So. Cal. Edison Purchase (S-8)
1	Operating Revenues								
2	Retail Sales	$185	$0	$0	$0	$0	$0	$0	$0
3	Wholesale Sales			1,775	577			(13,657)	
4	Other Revenues		(1,071)			93	179		
5	Total Operating Revenues	$185	($1,071)	$1,775	$577	$93	$179	($13,657)	$0
6	Operating Expenses								
7	Production	0	$0	$0	$0	$0	$0	($14,742)	($524)
8	Transmission							(13)	
9	Distribution								
10	Customer Accounts & Services	1							
11	Administrative and General								
12	Total Operation & Maintenance	$1	$0	$0	$0	$0	$0	($14,755)	($524)
13	Depreciation								
14	Amortization								
15	Taxes Other than Income	4	0	0	0	0	0	0	0
16	Income Taxes	68	(406)	0	219	35	68	422	199
17	(Gain)/Loss on Property Sales								
18	Total Operating Expenses	$73	($406)	$0	$219	$35	$68	($14,333)	($325)
19	Net Operating Revenues	$112	($665)	$1,775	$358	$58	$111	$676	$325
20	Average Rate Base								
21	Electric Plant in Service	$0	$0	$0	$0	$0	$0	$0	$0
22	Accumulated Depreciation & Amortization								
23	Accumulated Deferred Income Taxes								
24	Accumulated Deferred Inv. Tax Credit								
25	Net Utility Plant	$0	$0	$0	$0	$0	$0	$0	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	2	(11)	0	6	1	2	(398)	(9)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	Total Average Rate Base	$2	($11)	$0	$6	$1	$2	($398)	($9)
37	Revenue Requirement Effect	($186)	$1,099	($2,937)	($592)	($96)	($183)	($1,174)	($539)

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		Workforce Level Adjustment (S-10)	Nonregulated Activities: Various Officers (S-11)	Nonregulated Activities: Others (S-12)	Wage & Salary Level Adjustment (S-13)	Incentive Pay Adjustment (S-14)	Memberships, Dues and Donations (S-15)	Non-Labor Distribution Expense (S-16)	"Category C" Advertising Expense (S-17)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	($2,689)	$0	$0	($1,154)	($767)	$0	$0	$0
8	Transmission	(57)			($127)	($85)			
9	Distribution	(234)			($524)	($348)		(788)	
10	Customer Accounts & Services	(4,126)			($447)	($297)			(121)
11	Administrative and General	(317)	(243)	(315)	($1,932)	($470)	(282)		(113)
12	**Total Operation & Maintenance**	($7,423)	($243)	($315)	($4,183)	($1,966)	($282)	($788)	($234)
13	Depreciation							18	
14	Amortization								
15	Taxes Other than Income	0	0	0	0	0	0	0	0
16	Income Taxes	2,799	92	119	1,606	760	107	294	88
17	(Gain)/Loss on Property Sales								
18	**Total Operating Expenses**	($4,624)	($151)	($196)	($2,577)	($1,206)	($175)	($476)	($146)
19	**Net Operating Revenues**	$4,624	$151	$196	$2,577	$1,206	$175	$476	$146
20	**Average Rate Base**								
21	Electric Plant in Service	$1,499	$0	$0	($1,268)	($1,015)	$0	$414	$0
22	Accumulated Depreciation & Amortization							(21)	
23	Accumulated Deferred Income Taxes								
24	Accumulated Deferred Inv. Tax Credit								
25	**Net Utility Plant**	$1,499	$0	$0	($1,268)	($1,015)	$0	$393	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	(129)	(4)	(5)	(72)	(34)	(5)	(13)	(4)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	**Total Average Rate Base**	$1,370	($4)	($5)	($1,340)	($1,049)	($5)	$380	($4)
37	Revenue Requirement Effect	($7,463)	($250)	($325)	($4,449)	($2,140)	($290)	($735)	($242)

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		Incidental DSM Expense (S-18)	Miscellaneous DSM Adjustments (S-19)	DSM Amortization Adjustment (S-21)	Medical Benefits Adjustment (S-22)	Customer Office Reorganization (S-23)	State Tax Refund Adjustment (S-26)	Deferred Tax Correction (S-27)	Superfund Tax Correction (S-28)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	$0	$0	$0	$0	$0	$0	$0	$0
8	Transmission								
9	Distribution								
10	Customer Accounts & Services	(853)	(10)	(2,851)		818			
11	Administrative and General				(2,495)				
12	**Total Operation & Maintenance**	($853)	($10)	($2,851)	($2,495)	$818	$0	$0	$0
13	Depreciation								
14	Amortization					222			
15	Taxes Other than Income	0	0	0	0	0	0	0	0
16	Income Taxes	324	5	1,025	948	(421)	(56)	(689)	(26)
17	(Gain)/Loss on Property Sales								
18	**Total Operating Expenses**	($529)	($5)	($1,826)	($1,547)	$619	($56)	($689)	($26)
19	**Net Operating Revenues**	$529	$5	$1,826	$1,547	($619)	$56	$689	$26
20	Average Rate Base								
21	Electric Plant in Service	$0	$0	$0	$0	$2,224	$0	$0	$0
22	Accumulated Depreciation & Amortization					(334)			
23	Accumulated Deferred Income Taxes			(2,543)				3,465	
24	Accumulated Deferred Inv. Tax Credit								
25	**Net Utility Plant**	$0	$0	($2,543)	$0	$1,890	$0	$3,465	$0
26	Nuclear Plant								
27	Acquisition Adjustments								
28	Working Capital	(15)	0	(51)	(43)	17	(2)	(19)	(1)
29	Fuel Stock								
30	Materials & Supplies								
31	Conservation		(56)	6,720					
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	**Total Average Rate Base**	($15)	($56)	$4,126	($43)	$1,907	($2)	$3,446	($1)
37	**Revenue Requirement Effect**	($877)	($16)	($2,452)	($2,566)	$1,288	($93)	($665)	($43)

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PACIFICORP
Stipulated Adjustments to Oregon Allocated Results
UE 94 Test Year Ending June 1996
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		Washington Revenue Taxes (S-29)	Payroll Tax Adjustment (S-30)	Property Tax Adjustment (S-31)	Trojan Plant Adjustment (S-32)	Wind Projects Adjustment (S-33)	Fuel Stock Reduction (S-34)	Business Process Improvements (S-35)	Customer Service System (S-36)
1	Operating Revenues								
2	Retail Sales	$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
6	Operating Expenses								
7	Production	$0	$0	$0	$0	($1,064)	$0	$0	$0
8	Transmission								
9	Distribution								
10	Customer Accounts & Services								
11	Administrative and General								
12	**Total Operation & Maintenance**	$0	$0	$0	$0	($1,064)	$0	$0	$0
13	Depreciation					(871)			
14	Amortization				(46)				(749)
15	Taxes Other than Income	(103)	(266)	(1,094)	0	0	0	0	0
16	Income Taxes	39	103	415	23	1,869	23	18	363
17	(Gain)/Loss on Property Sales								
18	**Total Operating Expenses**	($64)	($163)	($679)	($23)	($66)	$23	$18	($386)
19	**Net Operating Revenues**	$64	$163	$679	$23	$66	($23)	($18)	$386
20	**Average Rate Base**								
21	Electric Plant in Service	$0	($195)	$0	$0	($16,690)	$0	$0	($7,113)
22	Accumulated Depreciation & Amortization					1,533			1,436
23	Accumulated Deferred Income Taxes				21	1,175			
24	Accumulated Deferred Inv. Tax Credit								
25	**Net Utility Plant**	$0	($195)	$0	$21	($13,982)	$0	$0	($5,677)
26	Nuclear Plant				(499)				
27	Acquisition Adjustments								
28	Working Capital	(2)	(5)	(19)	(1)	(2)	1	1	(11)
29	Fuel Stock						(1,639)		
30	Materials & Supplies							(1,289)	
31	Conservation								
32	Weatherization								
33	Prepayments								
34	Misc. Deferred Debits								
35	Misc. Rate Base Deductions								
36	**Total Average Rate Base**	($2)	($200)	($19)	($479)	($13,984)	($1,638)	($1,288)	($5,688)
37	**Revenue Requirement Effect**	($106)	($297)	($1,126)	($104)	($2,039)	($188)	($148)	($1,424)

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		Non-Fuel Materials & Supplies (S-37)	Miscellaneous Deferred Debits (S-38)	Cholla Plant Transaction Costs (S-39)	Allocations Adjustment to Filed Case (S-40)	Allocations Adjustment to Staff's Adjs. (S-41)	Tax Effect of ROR Change (S-42)	Total Stipulated Adjustments
1	Operating Revenues							
2	Retail Sales	$0	$0	$0	$0	$0	$0	$185
3	Wholesale Sales							(11,305)
4	Other Revenues						0	(799)
5	Total Operating Revenues	$0	$0	$0	$0	$0	$0	($11,919)
6	Operating Expenses							
7	Production	$0	$0	$0	$0	$0	$0	($20,939)
8	Transmission							(282)
9	Distribution							(1,894)
10	Customer Accounts & Services							(7,886)
11	Administrative and General						0	(6,166)
12	Total Operation & Maintenance	$0	$0	$0	$0	$0	$0	($37,167)
13	Depreciation							(853)
14	Amortization		(362)	(60)				(995)
15	Taxes Other than Income	0	0	0			0	(1,459)
16	Income Taxes	18	157	39	0	0	(284)	10,363
17	(Gain)/Loss on Property Sales							0
18	Total Operating Expenses	$18	($205)	($21)	$0	$0	($284)	($30,111)
19	Net Operating Revenues	($18)	$205	$21	$0	$0	$284	$18,192
20	Average Rate Base							
21	Electric Plant in Service	$0	$0	$0	$0	$0	$0	($22,144)
22	Accumulated Depreciation & Amortization							2,614
23	Accumulated Deferred Income Taxes							2,118
24	Accumulated Deferred Inv. Tax Credit							0
25	Net Utility Plant	$0	$0	$0	$0	$0	$0	($17,412)
26	Nuclear Plant							(499)
27	Acquisition Adjustments							0
28	Working Capital	1	(6)	(1)	0	0	(8)	(839)
29	Fuel Stock							(1,639)
30	Materials & Supplies	(1,280)						(2,569)
31	Conservation							6,664
32	Weatherization							0
33	Prepayments							0
34	Misc. Deferred Debits		(1,421)	(1,180)			0	(2,601)
35	Misc. Rate Base Deductions						0	0
36	Total Average Rate Base	($1,279)	($1,427)	($1,181)	$0	$0	($8)	($18,894)
37	Revenue Requirement Effect	($147)	($536)	($198)	$0	$0	($471)	($32,710)

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	Income Tax Calculations	Contract Sales Adjustment (S-1)	Account Services Charges (S-2)	Sales for Resale (SMUD) (S-3)	Pooled Wholesale Revenues (S-4)	Steam Revenues Adjustment (S-5)	Emission Allowances Sales (S-6)	Variable Power Costs (S-7)	So. Cal. Edison Purchase (S-8)
38	Book Revenues	$185	($1,071)	$0	$577	$93	$179	($13,657)	$0
39	Book Expenses Other than Depreciation	5	0	0	0	0	0	(14,755)	(524)
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	0	(0)	0	0	0	0	(14)	(0)
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	0	0
43	State Taxable Income	$180	($1,071)	$0	$577	$93	$179	$1,112	$524
44	State Income Tax @ 4.45%	$8	($47)	$0	$25	$4	$8	$49	$23
45	Net State Income Tax	$8	($47)	$0	$25	$4	$8	$49	$23
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$172	($1,024)	$0	$552	$89	$171	$1,063	$501
49	Federal Tax @ 35%	$60	($358)	$0	$193	$31	$60	$372	$175
50	Wind Power Tax Credits								
51	Current Federal Tax	$60	($358)	$0	$193	$31	$60	$372	$175
52	Superfund Tax	$0	($1)	$0	$1	$0	$0	$1	$1
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$0	$0	$0	$0	$0
58	Total Income Tax	$68	($406)	$0	$219	$35	$68	$422	$199

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	Income Tax Calculations	Workforce Level Adjustment (S-10)	Nonregulated Activities: Various Officers (S-11)	Nonregulated Activities: Others (S-12)	Wage & Salary Level Adjustment (S-13)	Incentive Pay Adjustment (S-14)	Memberships, Dues and Donations (S-15)	Non-Labor Distribution Expense (S-16)	"Category C" Advertising Expense (S-17)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(7,423)	(243)	(315)	(4,183)	(1,966)	(282)	(788)	(234)
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	50	(0)	(0)	(49)	(38)	(0)	14	(0)
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	0	0
43	State Taxable Income	$7,373	$243	$315	$4,232	$2,004	$282	$774	$234
44	State Income Tax @ 4.45%	$322	$11	$14	$185	$87	$12	$34	$10
45	Net State Income Tax	$322	$11	$14	$185	$87	$12	$34	$10
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$7,051	$232	$301	$4,047	$1,917	$270	$740	$224
49	Federal Tax @ 35%	$2,468	$81	$105	$1,416	$671	$95	$259	$78
50	Wind Power Tax Credits								
51	Current Federal Tax	$2,468	$81	$105	$1,416	$671	$95	$259	$78
52	Superfund Tax	$9	$0	$0	$5	$2	$0	$1	$0
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$0	$0	$0	$0	$0	$0
58	Total Income Tax	$2,799	$92	$119	$1,606	$760	$107	$294	$88

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Stipulated Adjustments to Oregon Allocated Results
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	Income Tax Calculations	Incidental DSM Expense (S-18)	Miscellaneous DSM Adjustments (S-19)	DSM Amortization Adjustment (S-21)	Medical Benefits Adjustment (S-22)	Customer Office Reorganization (S-23)	State Tax Refund Adjustment (S-26)	Deferred Tax Correction (S-27)	Superfund Tax Correction (S-28)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(853)	(10)	(2,851)	(2,495)	1,040	0	0	0
40	State Tax Depreciation	0	0	0	0	0	0	0	0
41	Interest	(1)	(2)	150	(2)	69	(0)	125	(0)
42	Book-Tax (Schedule M) Differences	0	0	2,851	0	0	0	0	0
43	State Taxable Income	$854	$12	($150)	$2,497	($1,110)	$0	($125)	$0
44	State Income Tax @ 4.45%	$37	$1	($7)	$109	($48)	($86)	($5)	$0
45	Net State Income Tax	$37	$1	($7)	$109	($48)	($86)	($5)	$0
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$817	$11	($143)	$2,388	($1,062)	$86	($120)	$0
49	Federal Tax @ 35%	$286	$4	($50)	$836	($372)	$30	($42)	$0
50	Wind Power Tax Credits								
51	Current Federal Tax	$286	$4	($50)	$836	($372)	$30	($42)	$0
52	Superfund Tax	$1	$0	$3	$3	($1)	$0	$0	($26)
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	Total ITC Adjustment	$0	$0	$0	$0	$0	$0	$0	$0
57	Provision for Deferred Taxes	$0	$0	$1,079	$0	$0	$0	($642)	$0
58	Total Income Tax	$324	$5	$1,025	$948	($421)	($56)	($689)	($26)

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Stipulated Adjustments to Oregon Allocated Results
UE 94 Test Year Ending June 1998
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	Income Tax Calculations	Washington Revenue Taxes (S-29)	Payroll Tax Adjustment (S-30)	Property Tax Adjustment (S-31)	Trojan Plant Adjustment (S-32)	Wind Projects Adjustment (S-33)	Fuel Stock Reduction (S-34)	Business Process Improvements (S-35)	Customer Service System (S-36)
38	Book Revenues	$0	$0	$0	$0	$0	$0	$0	$0
39	Book Expenses Other than Depreciation	(103)	(266)	(1,094)	(46)	(1,064)	0	0	(749)
40	State Tax Depreciation	0	0	0	0	(871)	0	0	0
41	Interest	(0)	(7)	(1)	(17)	(508)	(59)	(47)	(206)
42	Book-Tax (Schedule M) Differences	0	0	0	46	871	0	0	0
43	State Taxable Income	$103	$273	$1,095	$17	$1,572	$59	$47	$955
44	State Income Tax @ 4.45%	$4	$12	$48	$1	$69	$3	$2	$42
45	**Net State Income Tax**	$4	$12	$48	$1	$69	$3	$2	$42
46	Additional Tax Depreciation	0	0	0	0	0	0	0	0
47	Other Schedule M Differences								
48	Federal Taxable Income	$99	$261	$1,047	$16	$1,503	$56	$45	$913
49	Federal Tax @ 35%	$35	$91	$366	$6	$526	$20	$16	$320
50	Wind Power Tax Credits					(940)			
51	**Current Federal Tax**	$35	$91	$366	$6	$1,466	$20	$16	$320
52	**Superfund Tax**	$0	$0	$1	$0	$3	$0	$0	$1
53	ITC Adjustment								
54	Deferral	$0	$0	$0	$0	$0	$0	$0	$0
55	Restoration								
56	**Total ITC Adjustment**	$0	$0	$0	$0	$0	$0	$0	$0
57	**Provision for Deferred Taxes**	$0	$0	$0	$16	$331	$0	$0	$0
58	**Total Income Tax**	$39	$103	$415	$23	$1,869	$23	$18	$363

PACIFICORP
Stipulated Adjustments to Oregon Allocated Results
UE 94 Test Year Ending June 1998
($000)

	Income Tax Calculations	Non-Fuel Materials & Supplies (S-37)	Miscellaneous Deferred Debits (S-38)	Cholla Plant Transaction Costs (S-39)	Allocations Adjustment to Filed Case (S-40)	Allocations Adjustment to Staff's Adjs. (S-41)	Tax Effect of ROR Change (S-42)	Total Stipulated Adjustments
38	Book Revenues	$0	$0	$0	$0	$0	$0	($13,694)
39	Book Expenses Other than Depreciation	0	(362)	(60)	0	0	0	(39,621)
40	State Tax Depreciation	0	0	0	0	0	0	(871)
41	Interest	(46)	(52)	(43)	0	0	747	61
42	Book-Tax (Schedule M) Differences	0	0	0	0	0	0	3,768
43	State Taxable Income	$46	$414	$103	$0	$0	($747)	$22,969
44	State Income Tax @ 4.45%	$2	$18	$4	$0	$0	($33)	$918
45	**Net State Income Tax**	$2	$18	$4	$0	$0	($33)	$918
46	Additional Tax Depreciation	0	0	0	0	0	0	0
47	Other Schedule M Differences						0	0
48	Federal Taxable Income	$44	$396	$99	$0	$0	($714)	$22,051
49	Federal Tax @ 35%	$16	$139	$35	$0	$0	($250)	$7,718
50	Wind Power Tax Credits						0	(940)
51	**Current Federal Tax**	$16	$139	$35	$0	$0	($250)	$8,658
52	**Superfund Tax**	$0	$0	$0	$0	$0	($1)	$3
53	ITC Adjustment							
54	Deferral	$0	$0	$0	$0	$0	$0	$0
55	Restoration						0	0
56	**Total ITC Adjustment**	$0	$0	$0	$0	$0	$0	$0
57	**Provision for Deferred Taxes**	$0	$0	$0	$0	$0	$0	$784
58	**Total Income Tax**	$18	$157	$39	$0	$0	($284)	$10,363

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UE 94
STIPULATION REGARDING REVENUE REQUIREMENT, RATE SPREAD AND RATE DESIGN

Rate Spread

The proposed rate spread is summarized below.

	% Change
Residential	
Schedule 4 and 6	1.5 times overall percentage change
General Service	
Schedule 24,25	Overall percentage change
Schedule 26,27	0.5 times overall percentage change
Schedule 36	Consistent with its related full requirements schedule
Large General Service	
Schedule 44T,45T,47T,48T	0.45 times overall percentage change
Irrigation	
Schedule 41	Overall percentage change
Lighting	
Schedule 14,15,50,51,52,53,54	Overall percentage change on an average cents/kWh basis

The actual rate spread may contain minor deviations from this summary in order to reflect rounding and to maintain smooth transitions between schedules. Attachment B, Table 1 shows implementation of this rate spread for the 4 percent overall increase.

Rate Design

The basic charges for Schedules 4 and 6 will rise to $6 per month. A flat energy charge for standard residential service Schedule 4 will be adopted. The Company's proposed revisions to Schedule 6 will not be adopted. Schedule 6 energy charges will be increased by the overall average cents per kWh increase to the energy charge of the residential class. No Account Service Charge will be adopted.

The Company's other filed price design proposals are accepted.

UE 94 STIPULATION REGARDING REVENUE REQUIREMENT, RATE SPREAD AND RATE DESIGN
PACIFIC POWER & LIGHT COMPANY
ESTIMATED EFFECT OF PROPOSED PRICES
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
EXCLUDING THE EFFECT OF SCHEDULE 93
DISTRIBUTED BY RATE SCHEDULES IN OREGON
12 MONTHS ENDED JUNE 30, 1997

			Schedule Number				Revenues ($000)		Change			
Line No.	Account No. (1)	Description (2)	Present (3)	Proposed (4)	Average No. of Customers (5)	MWH (6)	Present Revenues (7)	Proposed Revenues (8)	Amount ($000) (9) (8)-(7)	Percent (10) (9)/(7)	Cents/kWh (11) (9)/(6)	Line No.
	440	Residential Sales										
1		Residential Service	4	4/6	396,623	5,020,888	$286,124	$303,382	$17,258	6.0%	0.344	1
	442	Commercial & Industrial										
2		Outdoor Area Lighting Service	14	14	6,445	7,697	$837	$852	$15	1.8%	0.196	2
3		Outdoor Area Lighting Service	15	15	4,214	10,937	$1,053	$1,074	$21	2.0%	0.196	3
4		Recreational Field Lighting	54	54	114	1,033	$72	$74	$2	2.8%	0.196	4
5		General Service	24	24	14,941	148,613	$9,823	$10,545	$722	7.4%	0.486	5
6		General Service	25/36	25/36	51,753	1,608,195	$95,857	$99,394	$3,537	3.7%	0.220	6
7		Large General Service < 1,000 KW	24	26	140	99,205	$4,443	$4,512	$69	1.6%	0.070	7
8		Large General Service < 1,000 KW	25/36	27/36	2,540	2,023,492	$90,136	$92,051	$1,915	2.1%	0.095	8
9		Large General Service > 1,000 KW	44T/45T	44T/45T	8	113,449	$4,361	$4,434	$73	1.7%	0.064	9
10		Large General Service > 1,000 KW	48T	48T	222	4,282,530	$164,274	$167,167	$2,893	1.8%	0.068	10
11		Partial Req.Svc. > 1,000 KW	47T	47T	6	28,300	$1,175	$1,211	$36	3.1%	0.127	11
12		Agricultural Pumping Service	41	41	2,768	109,063	$5,616	$5,841	$225	4.0%	0.206	12
13		Agricultural Pumping - Other	--	--	1,061	112,252	$925	$925	$0	0.0%	0.000	13
14		Contracts	--	--	128	0	$99	$99	$0	0.0%	0.000	14
15		Special Contracts	--	--	2	71,467	$2,453	$2,453	$0	0.0%	0.000	15
16		Total Commercial & Industrial			84,342	8,616,233	$381,124	$390,632	$9,508	2.5%	0.110	16
	444	Public Street Lighting										
17		Street Lighting Service	50	50	345	14,479	$1,285	$1,313	$28	2.0%	0.196	17
18		Street Lighting Service HPS	51	51	477	12,032	$1,666	$1,690	$24	1.4%	0.196	18
19		Street Lighting Service	52	52	135	2,784	$284	$289	$5	1.8%	0.196	19
20		Street Lighting Service	53	53	172	5,829	$301	$312	$11	3.7%	0.196	20
21		Total Public Street Lighting			1,129	35,124	$3,536	$3,604	$68	1.9%	0.196	21
22	445	Other Sales To Public Authorities			0	0	$0	$0	$0	0.0%	0.000	22
23		Total Sales to Ultimate Consumers			482,094	13,672,245	$670,784	$697,618	$26,834	4.0%	0.196	23
24		Employee Discount					($415)	($436)	($21)	--	--	24
25		Total Sales with Employee Discount					$670,369	$697,182	$26,813	4.0%	0.196	25

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