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IDAHO PUBLIC
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER FOR APPROVAL TO REVISE ELECTRIC SERVICE SCHEDULE NOS. 10, 400 AND 401.	**CASE NO. PAC-E-06-4** **COMMENTS OF THE COMMISSION STAFF**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to Order No. 30117 issued on August 21, 2006, submits the following comments.

BACKGROUND

Pursuant to Commission approved Stipulation in PacifiCorp's 2005 rate case (PAC-E-05-1, Order No. 29833) PacifiCorp agreed to file a general rate case no later than April 29, 2006 to address cost of service issues not resolved in the 2005 Stipulation and to time the effective date of new rates to coincide with the expiration of the current Monsanto contract (December 31, 2006). The Company's 2006 filing was delayed to permit Company contract negotiations to proceed with Monsanto. The Company's filings in Case Nos. PAC-E-06-4, 06-8 (Nu-West Stipulation) and 06-9 (Monsanto Service Agreement) are intended to satisfy its 2005 Stipulation filing commitment.

Applications

On June 21, 2006, PacifiCorp dba Rocky Mountain Power (PacifiCorp; Company) filed an Application with the Idaho Public Utilities Commission (Commission) in Case No. PAC-E-06-4 requesting authority to implement revised rates in electric tariff Schedules 10 (Irrigation), 400 (Monsanto Company) and 401 (Nu-West Industries). Simultaneous and related filings were made in Case Nos. PAC-E-06-8 (Nu-West Stipulation) and PAC-E-06-9 (Monsanto Service Agreement). The Company in its Case No. PAC-E-06-4 filing requests authority to implement revised tariff schedules that would result in a net increase in rates of $8.25 million (5.1%) for retail customers under irrigation Schedule No. 10 ($1.7 million; 5%, less a 2007 load control credit of $450,000), Nu-West special contract Schedule No. 401 ($150,000; 3.8%) and Monsanto special contract Schedule No. 400 ($6.8 million; 16.5%). The proposed changes in tariff rates as reflected in a party Stipulation dated May 24, 2006 filed in Case No. PAC-E-06-4 (PacifiCorp Exhibit No. 5) are agreed to by the Idaho Irrigation Pumpers Association (IIPA), Nu-West and Monsanto. No changes in rates are proposed for other Idaho customer classes.

STAFF ANALYSIS

Revenue Requirement Analysis

Staff audited the Company Results of Operations (Larsen Testimony, Exhibit 1) for a test year ending September 30, 2005. During the course of the audit, Staff determined that there should be adjustments to the Results of Operations for reductions in the return on equity, reductions in capital projects that should not be included in rate base and reductions in annual expenses. Staff believed it necessary to make these adjustments to the Results of Operations in order to evaluate the reasonableness of the Company's combined revenue requirement increase proposal made in the three filings. These adjustments and resulting revenue requirement will be considered preliminary for future rate cases when other adjustments may be made. Staff's adjustments reduce the revenue requirement for Idaho by approximately $5.0 million. The Staff Audit Report is provided as Attachment A.

The Idaho revenue requirement including Staff's adjustments was compared to the revenues the Company is currently collecting plus the $8.25 million in increases it is asking for in the three cases. The total revenue that the Company has requested as a result of increases in these three cases is less than the adjusted revenue requirement Staff determined through its audit. Therefore, from a revenue requirement increase perspective, the requested increases in the Applications are reasonable.

Cost of Service

The Company's cost of service results are shown on Company Exhibit No. 2, Page 2 of 3. The Company's cost of service calculations are based on an Idaho jurisdictional revenue requirement of $182,112,209. For purposes of comparison with Staff's cost of service results the Company's results are included in these comments as page 1 of Attachment B.

Staff's adjustments, as previously discussed in these comments and shown in Attachment A, are included in cost of service results that comprise page 2 of Attachment B to these comments. Staff's adjustments in this case reduce the Idaho jurisdictional revenue requirement to $177,097,281, which still represents a potential Idaho jurisdictional revenue requirement increase of $14,340,942 or an 8.81 percent increase overall. Staff's cost of service analysis shows the allocation of those costs among the various customer classes and suggests rate increases and decreases necessary to bring each class to full cost of service. Study results indicate that four customer classes require double digit increases to attain full cost of service and that three customer classes should receive double digit decreases. The double digit increases total $17,362,782 and the double digit decreases total $1,171,740.

The 2006 Settlement proposed by the Company addresses three of the four classes that Staff's cost of service analysis suggests should receive double digit increases. The Company's 2006 Settlement proposal represents that the Commission accept negotiated rate increases with its two special contract customers in Idaho and the Idaho Irrigation Pumpers Association. The irrigators have agreed to a $1.7 million, 5.0 % rate increase which constitutes a substantial move toward the approximate $3.7 million required for full cost of service as suggested by the cost of service study. In addition, the Company has agreed as part of the settlement to provide a $450,000 credit to those who participate in the irrigation load control program during the 2007 irrigation season.

Nu-West, Special Contract 1 in the cost of service study, has agreed to a $150,000, 3.8% increase in rates which moves it toward the $428,000 increase required to attain full cost of service. Finally, Monsanto, Special Contract 2 in the cost of service study, has agreed to a $6,843,817, 16.5% increase in rates which moves it more than half way toward the approximate $13 million rate increase required to achieve full cost of service.

The fourth customer class identified as needing a double-digit increase is the Street and Area Lighting class. Although the calculated increase is extremely large at almost 80%, the dollar amount is a relatively small $254,096. It is Staff's experience that customer classes with relatively small total revenue requirements may be subject to volatile cost of service results as allocation factors and accounting data change with each new test year. Rate changes for such customer classes should probably be based on consistent results involving more than one test year.

Cost of service is an imprecise science and in Staff's opinion should be considered along with other factors such as rate stability when rates are established. It is Staff's experience that when large increases are required to move one or more customer classes to full cost of service, the Commission often opts to make the move in smaller incremental steps over time. In Staff's view the give and take involved in the proposed 2006 Settlement is unusual in that the three customer classes whose rates are farthest below cost of service have agreed to substantial rate increases and the Company appears to have left some money on the table while other customer class rates remain unchanged. In terms of cost of service, acceptance of the proposed 2006 Settlement provides for substantial moves toward cost of service and leaves customer rates in a position where cost of service differences should be smaller the next time cost of service is considered. Smaller cost of service differences should make it easier for the Commission to consider rate moves for other classes in the Company's next cost of service case.

RECOMMENDATION

Based on the results of Staff's audit and cost of service analysis, Staff recommends that the Commission accept the proposed 2006 Settlement. Staff's audit demonstrated that reasonable adjustments to the Company's filing did not reduce the Idaho jurisdictional revenue requirement to a level below that proposed by the Company through settlement with the three customer classes. Staff's cost of service results demonstrate that the negotiated increases for the three customer classes furthest from cost of service do not raise those rates above full cost of service nor do other classes with rates left unchanged, remain unreasonably above cost of service. In fact, it appears that the Company could have potentially justified a larger increase than that proposed but chose to forego the higher request in the short-term in the interest of settlement. This is a significant customer benefit that allows rate stability for other customer classes. Staff also supports the $450,000 credit that the Company is offering to irrigation customers who participate in the irrigation load control program during the 2007 irrigation season.

Respectfully submitted this 3rd day of November 2006.

Scott Woodbury
Deputy Attorney General

Technical Staff: Joe Leckie
Keith Hessing

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PACIFICORP dba ROCKY MOUNTAIN POWER
AUDIT REPORT
FOR
RESULTS OF OPERATIONS

TEST YEAR ENDING SEPTEMBER 30, 2005

IDAHO PUBLIC UTILITIES COMMISSION
STAFF AUDIT REPORT

PREPARED BY
JOE LECKIE
AUDITOR

OCTOBER 2006

PACIFICORP d/b/a ROCKY MOUNTAIN POWER
Audit Report on Results of Operations for
Test Year Ending September 30, 2005

BACKGROUND

In June 2006, PacifiCorp (Company) filed three Applications with the Commission in the following matters:

Case No. PAC-E-06-4	Application for Approval to Revise Electric Service Schedule Nos. 10, 400, and 401.
Case No. PAC-E-06-8	Application for Approval of Stipulation with Nu-West Industries.
Case No. PAC-E-06-9	Application for Approval of an Electric Service Agreement with Monsanto Company.

These three filings increase annual revenues from the Idaho jurisdiction (Idaho revenue) to the Company in the amount of $8.25 million. The Company would receive approximately $6.84 million additional Idaho revenue under the new Monsanto contract, $150,000 additional Idaho revenue from Nu-West Industries under the proposed stipulation, and $1.26 million additional Idaho revenue from customers under changes to Schedule 10, 400, and 401 (Irrigators).

The purpose of this audit is to determine if the Company's requests for additional revenue in these cases are reasonable. The Company has submitted as part of its case Results of Operations for a test year ending September 30, 2005 (Larsen Testimony, Exhibit 1 and hereafter referred to as Results of Operations). The Company's Idaho revenue requirement based upon these Results of Operations will be compared to its current authorized Idaho revenue requirement ($163,120,418) plus any additional revenue it may receive if the Commission granted any or all of the Company's requests.

SCOPE OF AUDIT

Staff attended workshops sponsored by the Company prior to the filing of the Applications. The Company filed testimony and exhibits in Case No. PAC-E-06-4 that supported its Applications in all three cases. Because the reasonableness of the Idaho revenue requirement is at issue in all three cases, this audit does not discriminate among the three cases in any of its findings. The reasonableness of the Company's requests is measured by whether the additional revenue the Company could receive in conjunction with the proposed settlement would result in a revenue requirement greater than, equal to, or less than what the Company could potentially justify based on the Results of Operations.

Staff reviewed the Results of Operations and then submitted audit requests and data requests, which the Company answered. Staff traveled to Salt Lake City and reviewed documentation on site at the Company's office. Additionally, Staff interviewed Company employees concerning questions about the information submitted by the Company. The model assumptions, inputs and results were evaluated by Staff along with adjustments proposed. Staff believed that it had sufficient information to evaluate the Idaho revenue requirement for the Company and therefore measure the reasonableness of the Company's requests.

In determining the revenue requirement for the Company, Staff made adjustments to the Company's requested rate of return, the Company's rate base and the Company's yearly expenses as set forth in the Results of Operations. Each of the adjustments Staff used to determine the revenue requirement were adjustments that Staff believed could be justified and supported if the matters were put before the Commission in a contested rate case. These adjustments are preliminary and subject to further review in the next general rate case. Subsequent adjustments may be modified or expanded based on the facts of the case at that time.

SUMMARY OF ADJUSTMENTS

Staff's adjustments, based upon the Results of Operations with a test year ending September 30, 2005, reduce the Company's revenue requirement by $4,906,519. With the Staff adjustments developed in this case and the Revised Protocol cap of 1.67% (Order No. 29708, PAC-E-02-3) a revenue requirement increase of no more than $14,340,942 could have been justified.

The Company is requesting in the three cases, an Idaho revenue increase of approximately $8.25 million. Based upon Staff's audit, the Idaho revenue increases requested by the Company in its three Applications is less than it potentially could have justified if the revenue requirement issue were fully placed before the Commission on the basis of the Results of Operations. Therefore, from a revenue requirement increase perspective, the requested increases proposed in the Applications are reasonable.

STAFF ADJUSTMENTS

Return on Equity

The Company has included a return on equity of 11.4% in its Results of Operations. This return on equity is not justified. It is not consistent with returns that the Commission has recently approved in rate cases for similar electric companies. Also, the current economic conditions and the current financial condition of the Company do not justify this rate.

The Commission in recent rate cases has allowed the following returns on equity for the following Companies:

Idaho Power Company	10.25%	(Case No. IPC-E-03-13; Order No. 29505 @ p. 43)
Avista Utilities	10.4%	(Case No AVU-E-04-1; Order No. 20602 @ p. 9)

Additionally, the Company recently filed a Stipulation on July 21, 2006 in its Utah rate case (In the Matter of the Application of PacifiCorp for Approval of its Proposed Electric Rate Schedules & Electric Service Regulations; Docket No. 06-035-21) wherein it agreed to a return on common equity of 10.25%.

There is no reason to justify a return on equity in Idaho that is any different than the 10.25% the Company stipulated to this rate in its Utah case just this year; and this rate is reasonable when compared to the authorized rates received by other electric companies in Idaho. Therefore Staff has adjusted the Results of Operations to reflect a return of equity at 10.25%. The change in the revenue requirement is a decrease of $4,253,669.

Rate Base Adjustments

Staff believes that the Company's rate base should be reduced by $18,086,441 Total Company or $1,163,689 for Idaho Allocation. This reduction is the anticipated cost of the following specific major plant additions that were included in the Results of Operations:

Capital Addition	Total Company	Idaho Allocation
Controls Replacement & Rewind Main Generator	$ 6,187,683	$ 398,118
L1 Rogue Relicensing Hydro South	$ 2,699,378	$ 173,679
Cache Valley Transmission Line	$ 3,026,888	$ 194,751
Line 1 Conv to 115kV Line 14 Cap	$ 3,615,030	$ 232,593
Copco 2 Install 230/115 Tranfrmr	$ 2,557,462	$ 164,548
	$18,086,441	$1,163,689

The Company included these plant additions because these additions were originally scheduled to be completed prior to December 2006. This cutoff date for completion of major plant additions included in the Results of Operations was chosen by the Company under the assumption that these major plant additions would be in service prior to the issuance of an order by the Commission in any of the Applications.

The Company has admitted in its answers to audit requests that these specific major plant additions will not be completed by December 2006. Therefore, under the Company's own parameters, these projects should not be included in the Results of Operations.

Staff does not accept the Company's initial premise that major plant additions should include all projects with a scheduled completion date of December 2006. In a fully litigated rate case, any capital project that is not in use within the test year must be closely scrutinized before it is included in rate base. If a capital addition not in use within the test year is included in test year rate base, care must be taken to insure that all revenues, expenses and expense savings associated with that specific capital addition are also included in the test year Results of Operations.

Because the Company included these major plant additions in its Results of Operations, it also included depreciation expense for these assets. The Company's increase in depreciation expense and the resultant addition to Accumulated Depreciation should be adjusted to reflect the removal of these capital projects. Annual depreciation expense will decrease by $466,169 Total Company and $29,994 Idaho Allocation. The Accumulated Depreciation balance will also be reduced by six months of the depreciation expense, or $233,084 Total Company, and $14,996 Idaho Allocation.

EXPENSE ADJUSTMENTS

Staff believes at least five (5) adjustments should be made to annual expenses the Company has included in its Results of Operations.

Capital Stock Amortization

The Company is asking to include past costs it has incurred when acquiring equity capital. It is the cost for issuing common stock. The total amount of costs the Company has asked to recover is $41,101,061. The Company elected to amortize the recovery of these costs over 20 years. The annual amortization is $2,055,053 Total Company and $122,143 Idaho Allocation.

Staff does not accept the amortization for any of these costs, and has removed all of this expense. The Company hasn't received authorization from the Commission to defer any of these costs. Additionally, the Commission hasn't allowed the recovery of costs for the issuance of common stock as an expense item. The authorized return on equity includes a component for issuance costs and this cost has been reflected in Staff's discounted cash flow analysis. Therefore annual expenses are reduced by $2,055,053 Total Company and $122,143 Idaho Allocation.

Recovery of Grid West Costs

The Company incurred costs as part of its participation in the Grid West process. Now that the process is no longer active, the Company is asking to defer these costs in a case currently before the Commission (Case No. PAC-E-06-3). The Results of Operations include an annual amortization of these Grid West costs to Idaho in the amount of $204,462.

Commission Order No. 30156 in Case No. PAC-E-06-3 authorized deferral of only the loan amounts made to Grid West. The Commission established a five-year amortization period beginning January 1, 2007.

The ordered amortization of these costs is different than the assumptions made by the Company in the Results of Operations. The $2,300,000 originally loaned to Grid West amortized over five (5) years without any interest or carrying charges results in an amortization of $460,000 Total Company and an Idaho Allocation of $29,597. Therefore, the revenue requirement is reduced by $174,865 ($204,462 - $29,597).

Incentive Pay for Non-Union Employees

The Company has an incentive pay program in place for its non-union employees. The current algorithm for determining the amount of each individual employee's incentive award is divided into three different factors. First, 60% of the award is based on the individual employee achieving personal objectives as determined by the employee and supervisors. Second, 25% of the award is based upon the achievements of the business unit where the employee is a member. Part of the achievement measure for the business unit is profits and net income contribution. The last 15% of the award is based upon the achievement of the Company in meeting its business plan objectives. Again, profits and net income are a measure used to determine the amount of awards given to the employees based upon this factor. Profits and net income contribution are not the only measure used to determine the incentive awards in the second and third factors, but profits and net income are clearly a part of the algorithm.

Any portion of the incentive awards attributable to the profit and net income contribution measure is an expense that should not be included in rates. Therefore, Staff has made an adjustment to remove that portion of the incentive awards.

The Company does not have precise amounts nor has it identified any objective criteria to determine what portion of the incentive awards are attributable to profits and net income. Therefore, Staff evaluated the components to establish its position to remove a portion of the incentive award and to determine the amount of the adjustment. Staff does not believe any portion of the individual performance factor (60%) is attributable to profits or net income contribution. Staff estimates 10% of the 25% factor for business unit performance and 5% of the 15% of the Company performance are attributable to profits and net income contribution. This 15% of the total award (10% plus 5%) should be removed from expenses in the Results of Operations.

The Company has budgeted $21.7 million for incentive awards in 2006. Staff reduced employee compensation by $3.25 million ($21.7 million X 15%) Total Company and $193,165 Idaho Allocation. In the next rate case actuals versus budgets and percentage allowances will be evaluated further.

Lease Expense

The Company is currently not using all the office space it is currently leasing at the One Utah Center in Salt Lake City, Utah. One complete floor of the three floors leased by the Company at this location is vacant. The Company does not have any future plans to use this space, and is looking to sub-leasing it. Staff reduced lease expenses by $1.0 million Total Company as the expense for this unused lease space that is not reasonable as an ongoing expense or used and useful. This adjustment reduces the Idaho allocated expenses by $59,435.

Corporate Cross Charges

Staff examined the costs the Company is claiming in the Results of Operations attributable to cross charges from its affiliate companies. Because most of the historical information in the Results of Operations are a result of cross charges by ScottishPower, the historical financial information is not a good reflection of actual cross charges from the Company's current affiliates.

Staff reviewed the bills and detail the Company received from MEHC for the period of April 2006 to July 2006. Based upon this limited review, Staff reduced annual expenses for cross charges by $1.5 million. The detail in MEHC's bills indicated that some of the charges billed to the Company are for services and activities that are a duplication of services and activities already being performed by the Company. The Company's expense for providing these services and activities are already included in the Results of Operations. As an example, there are charges for legal service performed at the MEHC level. The Company has its own legal department and the costs for the Company's legal department are included in costs recovered in rates. The bills received for legal services from MEHC do not distinguish between legal services that are specific to the Company's operations and those legal services that focus on legal matters that are affiliate related.

Also, the Company was billed for activities that appear to be related to MEHC's tax obligations as an affiliated tax filer. Because the Company is collecting income taxes in rates based on a "stand alone" basis, the Company's customers should not be charged for MEHC's expense for tax compliance activities.

OTHER ISSUES

During Staff's audit, the following matters were observed, however, further investigation into theses matters did not result in an adjustment to the revenue requirement for the purpose of this case:

1. The coal pile at the Jim Bridger Power Plant was shrinking to a coal reserve that was less that normally maintained. The Company has reversed the shrinking trend and is building up the pile to more normal reserves. Impacts if any from this building up of the coal reserve on the Net Power Costs will be evaluated in the next rate case.
2. MEHC appears to be on an aggressive program to reduce the number of employees working for the Company. The Results of Operations do not reflect any indication of how the work force reduction will eventually impact employee expenses. Staff anticipates the Company will reduce the total employee costs and benefits expenses. The ultimate impact on the revenue requirement will be determined in the next rate case.
3. MEHC is under an obligation to reduce the Company's O&M Expense as part of the Acquisition Conditions. The initial obligation to reduce these costs are included in the Results of Operations; however, any other cost reducing activities MEHC initiates are not included.
4. Commission Order No. 29998 in the acquisition Case No. PAC-E-05-8 provided that customers are entitled to rate credits. These credits are being deferred and any offsets resulting from the credits granted in that Order will be determined in a future rate case.

CONCLUSION

In order to determine if the combined revenue requirement increase requested by the Company in Case Nos. PAC-E-06-04, 08 and 09 was reasonable, Staff compared the request to what the Company could potentially justify in a general rate case. While Staff's adjustments to test year Results of Operations in this case were not necessarily exhaustive, they were sufficient to conclude that the revenue requirement increase proposed by the Company as part of these three cases is reasonable.

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PacifiCorp
Cost Of Service By Rate Schedule
State of Idaho
12 Months Ending September 2005
MSP Protocol
8.80% = Target Return on Rate Base

	A	B	C	D	E	F	G	H	I	J	K	L	M
Line No.	Schedule No.	Description	Annual Revenue	Return on Rate Base	Rate of Return Index	Total Cost of Service	Generation Cost of Service	Transmission Cost of Service	Distribution Cost of Service	Retail Cost of Service	Misc Cost of Service	Increase (Decrease) to = ROR	Percentage Change from Current Revenues
1	01	Residential	28,016,808	11.09%	1.82	27,577,821	13,772,932	2,016,057	8,301,029	3,066,422	421,381	(438,987)	-1.57%
2	36	Residential - TOD	20,398,240	9.53%	1.56	20,886,622	11,749,467	1,664,318	5,834,960	1,430,675	207,202	488,382	2.39%
3	06	General Service - Large	18,680,491	9.82%	1.61	18,983,860	13,214,599	1,916,804	3,691,128	111,243	50,086	303,369	1.62%
4	08	General Service - Medium Voltage	131,359	7.72%	1.27	140,811	98,522	14,322	27,421	264	281	9,452	7.20%
5	09	General Service - High Voltage	4,951,007	11.84%	1.94	4,803,319	4,180,081	577,508	29,966	5,757	10,006	(147,688)	-2.98%
6	10	Irrigation	34,134,517	5.71%	0.94	39,013,512	22,455,393	3,227,753	12,906,097	307,544	116,725	4,878,995	14.29%
7	07,11,12	Street & Area Lighting	318,733	-20.82%	(3.42)	585,663	71,064	7,105	454,946	44,758	7,790	266,930	83.75%
8	12	Traffic Signals	16,502	18.63%	3.06	13,801	7,566	1,027	3,386	1,543	280	(2,701)	-16.37%
9	19	Space Heating	593,996	14.55%	2.39	538,107	358,743	51,956	115,148	9,595	2,664	(55,889)	-9.41%
10	23	General Service - Small	10,040,577	13.92%	2.28	9,215,553	5,167,551	755,197	2,681,032	519,634	92,139	(825,024)	-8.22%
11	SPC	Contract 1	3,977,384	5.05%	0.83	4,517,014	3,889,884	562,677	55,852	692	7,909	539,630	13.57%
12	SPC	Contract 2	41,496,725	-1.13%	(0.18)	55,836,127	48,863,780	6,824,220	62,511	3,448	82,167	14,339,402	34.56%
13	Total	State of Idaho -	162,756,339	6.09%	1.00	182,112,209	123,829,582	17,618,945	34,163,476	5,501,574	998,632	19,355,870	11.89%

Footnotes :
Column C : Annual revenues based on 9-2005.
Column D : Calculated Return on Ratebase per 9-2005 Embedded Cost of Service Study
Column E : Rate of Return Index. Rate of return by rate schedule, divided by Idaho Jurisdiction's normalized rate of return.
Column F : Calculated Full Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study
Column G : Calculated Generation Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study.
Column H : Calculated Transmission Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study.
Column I : Calculated Distribution Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study.
Column J : Calculated Retail Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study.
Column K : Calculated Misc.Distribution Cost of Service at Jurisdictional Rate of Return per the 9-2005 Embedded COS Study.
Column L : Increase or Decrease Required to Move From Annual Revenue to Full Cost of Service Dollars.
Column M : Increase or Decrease Required to Move From Annual Revenue to Full Cost of Service Percent.

PacifiCorp
Cost Of Service By Rate Schedule
State of Idaho
12 Months Ending September 2005
MSP Protocol
8.18% = Target Return on Rate Base

	A	B	C	D	E	F	G	H	I	J	K	L	M
Line No.	Schedule No.	Description	Annual Revenue	Return on Rate Base	Rate of Return Index	Total Cost of Service	Generation Cost of Service	Transmission Cost of Service	Distribution Cost of Service	Retail Cost of Service	Misc Cost of Service	Increase (Decrease) to = ROR	Percentage Change from Current Revenues
1	01	Residential	28,016,808	11.21%	1.82	26,772,138	13,491,724	1,880,024	7,988,541	3,021,381	390,468	(1,244,670)	-4.44%
2	36	Residential - TOD	20,398,240	9.63%	1.56	20,286,438	11,517,611	1,552,575	5,613,271	1,409,851	193,131	(111,802)	-0.55%
3	06	General Service - Large	18,680,491	9.90%	1.60	18,449,097	12,951,808	1,789,908	3,548,926	109,402	49,052	(231,394)	-1.24%
4	08	General Service - Medium Voltage	131,359	7.80%	1.26	136,925	96,565	13,374	26,448	257	280	5,566	4.24%
5	09	General Service - High Voltage	4,951,007	11.93%	1.93	4,683,207	4,100,691	539,258	27,619	5,632	10,006	(267,800)	-5.41%
6	10	Irrigation	34,134,517	5.78%	0.94	37,860,759	22,013,095	3,013,055	12,420,581	301,344	112,684	3,726,242	10.92%
7	07,11,12	Street & Area Lighting	318,733	-20.37%	(3.30)	572,829	69,880	6,551	445,191	44,023	7,185	254,096	79.72%
8	12	Traffic Signals	16,502	18.77%	3.04	13,415	7,421	957	3,260	1,518	259	(3,087)	-18.71%
9	19	Space Heating	593,996	14.65%	2.37	522,721	351,593	48,508	110,649	9,430	2,541	(71,275)	-12.00%
10	23	General Service - Small	10,040,577	14.03%	2.27	8,943,199	5,063,006	704,738	2,577,762	511,631	86,062	(1,097,378)	-10.93%
11	SPC	Contract 1	3,977,384	5.11%	0.83	4,405,388	3,817,576	526,035	53,213	647	7,918	428,004	10.76%
12	SPC	Contract 2	41,496,725	-1.09%	(0.18)	54,451,165	47,942,402	6,374,039	49,446	2,989	82,289	12,954,440	31.22%
13	Total	State of Idaho -	162,756,339	6.17%	1.00	177,097,281	121,423,372	16,449,021	32,864,906	5,418,107	941,875	14,340,942	8.81%

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 3RD DAY OF NOVEMBER 2006, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. PAC-E-06-4, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BRIAN DICKMAN
DEAN BROCKBANK
PACIFICORP
DBA ROCKY MOUNTAIN POWER
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