BEFORE THE

RECEIVED

2010 OCT 14 PM 1:41

IDAHO PUBLIC
UTILITIES COMMISSION

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER FOR APPROVAL OF CHANGES TO ITS ELECTRIC SERVICE SCHEDULES	)	**CASE NO. PAC-E-10-07**

DIRECT TESTIMONY OF CECILY VAUGHN

IDAHO PUBLIC UTILITIES COMMISSION

OCTOBER 14, 2010

Q. Please state your name and business address for the record.

A. My name is Cecily Vaughn. My business address is 472 West Washington Street, Boise, Idaho.

Q. By whom are you employed and in what capacity?

A. I am employed by the Idaho Public Utilities Commission (Commission) as a senior auditor in the Utilities Division.

Q. What is your educational and experience background?

A. I graduated from Washington State University in 1974 with a Bachelors of Science degree in Veterinary Science; I received my degree as a Doctor of Veterinary Medicine at the same time. I practiced as a veterinarian in the State of Washington until approximately 1987. From 1993 until 1996 I attended the College of Business and Economics at the University of Arkansas in Fayetteville, Arkansas. From 1996 until 1997 I studied at the College of Business at Boise State University with an emphasis in accounting. I passed the Uniform CPA exam in the fall of 1997; I am currently a licensed CPA in the State of Idaho.

I was employed as a financial analyst by Hewlett Packard from 1998 until 2000. In this position I provided sole financial support for the HP test lab located in Boise, a cost center with an annual budget in excess of $50 million. I was solely responsible for coordinating the semi-annual budgeting process, for developing and implementing the allocation system used to distribute costs to multiple profit centers, and for ensuring that costs incurred were appropriate and met budgetary goals. During this time I also served as inventory analyst for the Personal LaserJet Division, a $2 billion per year profit center. In this role, I was responsible for accurate valuation of worldwide inventory and for removal of intracorporate profit included in inventory value.

From 2000 until 2003 I was employed as Grants Accountant (Financial Specialist) for the Center for Geophysical Investigation of the Shallow Subsurface at Boise State University; I was promoted to Senior Financial Specialist in 2002. In this role, I was responsible for all aspects of grant accounting for the Center, including budgeting, submission, and ensuring that grant funds were expended and accounted for in accordance with funding agency regulations. I also assisted in the preparation of the BSU F&A (Facilities and Administration) request used to set the overhead rate applied to all federal grants awarded the University.

I have been employed by the Commission as an auditor since June 2007. I attended the annual regulatory studies program sponsored by the National Association of

Regulatory Utility Commissioners (NARUC) at Michigan State University in August 2007.

SUMMARY

Q. What is the primary purpose of your testimony?

A. The purpose of my testimony is to summarize the adjustments of all Staff members, to present the impact on the Idaho revenue requirement of each individual's adjustments, and to develop the final Idaho revenue requirement that includes all Staff adjustments. I will present in detail the specific adjustments that I propose.

Q. How were you able to determine the revenue requirement effect of each of Staff's recommendations?

A. I determined what accounts in the rate case would be changed by each adjustment. Using the linked Revenue Adjustment Model and the Jurisdictional Allocation Model (RAM-JAM), I then determined the effect on revenue requirement resulting from each adjustment.

Q. Please summarize the final Idaho revenue requirement and compare that to the revenue requirement proposed by the Company.

A. The Company requested an Idaho revenue increase of $17,146,306 or $27,697,872 when grossed up for taxes; this request resulted in an Idaho revenue increase of 13.66%. The adjustments proposed by Staff result in an Idaho deficiency of $9,106,977 or $14,711,267[1] when grossed up for taxes; Staff's case results in an Idaho required revenue increase of 7.25%. Staff's case reduces the Company proposal by $8,039,329 or $12,986,605 when grossed up for taxes; this represents a 47% reduction to the Idaho revenue increase originally requested by the Company.

Q. Are you sponsoring any additional testimony?

A. Yes. I reviewed several specific areas of the Company's filing that will be further discussed in my testimony.

Q. Would you please summarize your recommendations in those areas of the rate case that you personally reviewed?

A. My recommendations affecting revenue requirement are as follows:

(1) Avian Settlement. In 2009 the Company and the U.S. Attorney for Wyoming reached an agreement associated with increasing protection for wildlife habitat in and around the Company's transmission and distribution assets. The Company requested recovery of $500,000 in O&M expense and $1,352,283 in rate base related to this agreement. I believe the $500,000 is a non-recurring O&M expense and recommend the $500,000 be removed from the current test year expenses. This

---

[1] The difference between this revenue requirement of $14,711,267 and the $14,802,287 shown in other Staff testimonies is due to the $1,603,785 adjustment recommended by Staff witness Donn English.

reduces the revenue requirement by $500,000 on a system basis, thus reducing the Idaho revenue requirement by $26,961. In addition, I believe the $1,352,283 in transmission facility improvement should not be added to rate base in this case since the accumulation of minor transmission improvements falls below the $5,000,000 threshold for pro-formed 2010 major plant additions. This rate base reduction results in a reduction to Idaho revenue requirement of $6,339.

(2) Bridger Coal Stripping. In Case No. PAC-E-09-08, the Company filed for an Accounting Order authorizing the Company to record, as a regulatory asset, the costs associated with the removal of overburden and waste materials at its affiliate coal mines. In January 2010, the Commission authorized the Company in Order No. 30987 to record the removal costs as a regulatory asset associated with its fuel account. Because this regulatory asset was created by a change in accounting procedures (EITF-04-6), I believe it would be inappropriate for the asset to accrue a carrying charge subsequent to inclusion in base rates. Therefore, I recommend removing $1,169,114 from rate base; this adjustment decreases Idaho revenue requirement by $6,133.

(3) Medicare Subsidy. On March 23, 2010, the Patient

Protection and Affordable Care Act (PPACA) was signed into law. The Act, including a subsequent amendment to the Act (the amendment is known as the Health Care and Education Reconciliation Act signed into law March 30, 2010), changes the deductibility of certain costs incurred for post-retirement prescription drug coverage. In Case No. PAC-E-10-04, the Company filed for an accounting Order authorizing the Company to create a regulatory asset and amortize the expenses associated with the change in deductibility of retiree drug benefits resulting from passage of the PPACA. In this case, the Company calculated the amortization for 2011 to be $209,966. Staff believes that this amount should be reduced by $4,999 because the Company calculated the tax impact from January 1, 2010, rather than from March 31, 2010 when the Act went into effect. Because this was a situs allocation, this reduces Idaho revenue requirement by $4,999.

Q. Are you sponsoring any Exhibits?

A. Yes, I am sponsoring Staff Exhibit No. 108.

STAFF SUMMARY OF ADJUSTMENTS

Q. Please summarize the case filed by the Company.

A. On a system basis, the Company reported $4,117,757,655 in operating revenues, $3,386,414,150 in operating expenses, and a rate base of $10,228,783,324.

This resulted in an unadjusted return on rate base of 7.1499%. See Exhibit No. 108, Column (a).

On an Idaho basis, the Company reported $261,796,035 in operating revenues, $223,164,426 in operating expenses, and a rate base of $667,459,415. This resulted in an unadjusted return on rate base of 5.7879%. The Company requested 10.6% return on equity which resulted in a request for an 8.3568% overall return on rate base. Applying this return to the reported rate base, the Company needed operating revenues of $55,777,915 in order to achieve the requested rate of return. Since the Company reported actual net operating revenues for return of $38,631,609, this resulted in a revenue requirement of $17,146,306 or $27,697,872 when grossed up for taxes. The Idaho revenue requirement requested by the Company is a 13.66% increase over current base rates. See Exhibit No. 108, Column (b).

Q. Please describe the Staff adjustment shown in Exhibit No. 108, Column (c).

A. Staff witness Terri Carlock is sponsoring the adjustment shown in Exhibit No. 108, Column (c). This adjustment shows a decrease in the return on equity from the 10.6% requested by the Company to 10.0%. This results in a decrease in revenue requirement of $2,167,989 (line 67) or $3,502,135 when grossed up for taxes (line 69). The impact of this adjustment is to decrease revenue requirement by

1.73% (line 70).

Q. Please describe the Staff adjustments shown in Exhibit No. 108, Column (d).

A. Staff witnesses Marilyn Parker and Donn English are sponsoring the adjustments shown in Exhibit No. 108, Column (d). Staff witness Parker is sponsoring an imputed revenue increase of $90,000 (line 2) from untimely disconnect of power when properties are vacant. This adjustment is discussed in detail in Staff witness Parker's direct testimony.

Staff witness English is sponsoring several adjustments. The largest adjustment reduces Operating and Maintenance Expense (O&M) by removing wage, incentive, benefit, and pension increases from 2009 and 2010; this adjustment equals $70,954,556 on a system basis and $4,079,517 when allocated to Idaho. This adjustment is spread across multiple accounts and is shown in lines 9-18. Other smaller adjustments to imputed revenue (line 5), property tax (line 24), and the Affiliate Management Fee (line 18) further reduce revenue requirement. These adjustments are discussed in detail in Staff witness English's direct testimony.

Staff witness English proposes an additional adjustment to injuries and damages of $1,603,785 on a system basis and $90,728 on an Idaho basis. This adjustment is discussed in detail by Staff witness English in his testimony and is reflected in the Idaho revenue requirement of $14,711,267 shown on Exhibit No. 108, Column (j), line 69. However, this adjustment is not included in the testimonies and exhibits of other Staff witnesses; and this adjustment is not considered in the cost of service or rate design recommendations.

The adjustments proposed by Staff witnesses Parker and English increase operating revenues on an Idaho basis by $97,826 (line 6) and reduce operating expenses on an Idaho basis by $2,499,892 (line 31). These adjustments result in a decrease in revenue requirement of $2,600,250 (line 67) or $4,200,403 when grossed up for taxes (line 69). The impact of these adjustments is to decrease the Idaho revenue requirement by 2.03% (line 70).

Q. Please describe the Staff adjustment shown in Exhibit No. 108, Column (e).

A. Staff witness Bryan Lanspery is sponsoring the adjustment shown in Exhibit No. 108, Column (e). He proposes adjustments to Net Power Costs (NPC), and are discussed in detail in Mr. Lanspery's direct testimony. The NPC adjustments decrease NPC on a system basis by $40,903,589 and on an Idaho basis by $2,512,922 (line 20 minus line 4). These adjustments result in a decrease in Idaho revenue requirement of $1,560,189 (line 67) or

$2,520,305 when grossed up for taxes (line 69). The impact of this adjustment is to decrease the Idaho revenue requirement by 1.24% (line 70).

Q. Please describe the Staff adjustment shown in Exhibit No. 108, Column (f).

A. Staff witnesses Randy Lobb and Joe Leckie are sponsoring the adjustment shown in Exhibit No. 108, Column (f). The majority of the adjustments reduce rate base and are discussed in detail in Mr. Lobb's and Mr. Leckie's testimonies. The amount of the Populus-Terminal transmission line included for return on rate base is reduced by 50% as proposed by Mr. Lobb. This results in a rate base decrease of $400,765,483 on a system basis and $23,444,781 on an Idaho basis (the majority of lines 36 and 37). Several other rate base items, including the Dunlap I Wind Project and other rate base updates, are reduced by a total of $34,976,054 on a system basis and $2,046,099 on an Idaho basis (included in lines 36 and 37). Also, the coal stockpile inventory is reduced by $15,970,759 on a system basis or $1,015,344 on an Idaho basis (line 42). In addition to the rate base adjustments, Mr. Leckie proposes a reduction to generation overhaul expense, reducing O&M by $662,119 on a system basis and $49,154 on an Idaho basis (line 12).

The adjustments proposed by Staff witnesses Lobb and Leckie reduce O&M expenses on an Idaho basis by $49,154 (line 20) and reduce Idaho rate base by $25,028,230 (line 61). These adjustments result in a decrease in revenue requirement of $1,801,208 (line 67) or $2,909,643 when grossed up for taxes (line 69). The impact of this adjustment is to decrease the Idaho revenue requirement by 1.43% (line 70).

Q. Please describe the Staff adjustment shown in Exhibit No. 108, Column (g).

A. I am sponsoring the adjustments shown in Exhibit No. 108, Column (g), and I will discuss these adjustments in detail in my direct testimony to follow. In summary, my adjustments result in a decrease in Idaho revenue requirement of $30,974 (line 67) or $50,035 when grossed up for taxes (line 69). The impact of these adjustments is to decrease revenue requirement by 0.02% (line 70).

Q. Please describe the Staff adjustment shown in Exhibit No. 108, Column (h).

A. Staff witness Terri Carlock is sponsoring the adjustments shown in Exhibit No. 108, Column (h). These adjustments result from treating the Idaho Irrigation Load Control costs as power supply expense and reversing the irrigator load decrement from normalized to actual loads. This changes the system generation (SG) allocator for Idaho from 5.5085% to 5.9056%. As shown in Column (h), this affects the adjustment amount of nearly every account. These adjustments are discussed in detail in Staff witness Carlock's direct testimony.

On an Idaho basis, this adjustment increases operating revenues by $4,191,848 (line 6), increases total operating expenses by $1,095,478 (line 31), and increases rate base by $40,095,425 (line 61). This results in an increase in revenue requirement of $65,116 (line 67) or $105,188 when grossed up for taxes (line 69). The impact of this adjustment is to increase revenue requirement by 0.05% (line 70).

Q. Please summarize the final Idaho revenue requirement and compare that to the revenue requirement proposed by the Company.

A. As shown in Exhibit No. 108, Column (b), the Company requested an Idaho revenue increase of $17,146,306 (line 67) or $27,697,872 (line 69) when grossed up for taxes; this request resulted in an Idaho revenue increase of 13.66% (line 70). As shown in Exhibit No. 108, Column (j), the adjustments proposed by Staff result in an Idaho revenue requirement of $9,106,977 (line 67) or $14,711,267 (line 69) when grossed up for taxes; Staff's case results in an Idaho required revenue increase of 7.25% (line 70). Staff's case reduces the Company proposal by $8,039,329 or $12,986,605 when grossed up for taxes; this is a 47% reduction in Idaho revenue requirement increase originally requested by the Company.

Q. Please describe the adjustments you recommend in Exhibit No. 108, Column (g).

A. These adjustments are discussed below.

AVIAN SETTLEMENT

Q. Please describe the nature of the Avian Settlement.

A. In 2009 the Company and the U.S. Attorney for Wyoming agreed to settle Case No. 09CR174-B that was filed with the United States District Court for the District of Wyoming. Under the terms of the agreement, PacifiCorp agreed to increase protection for wildlife habitat in and around the Company's transmission and distribution assets. In addition, the Company agreed to provide funds to various wildlife agencies in Wyoming as well as Idaho, Utah and Montana to support improvements to design and the construction of avian-safe power lines.

Q. What were the Company adjustments associated with the Avian Settlement?

A. The Company requested recovery of $500,000 for injuries and damages related to Case No. 09CR174-B. I believe this is a non-recurring expense that should be removed from expenses for rate setting purposes. This reduces the revenue requirement by $500,000 on a system basis, thus reducing the Idaho revenue requirement by $26,961.

Q. Were there any other adjustments associated with the Avian Settlement?

A. Yes. The Company requested an adjustment to rate base of $1,352,283 for capital improvements of existing power lines. The Company argues that these improvements will benefit customers by protecting wild life habitat and reducing avian related outages. See Company witness McDougal, Di., pg. 25, lines 22-23, and pg. 26, line 1.

Q. Do you agree with the Company's request?

A. No. Although the improvements will provide some benefit to customers, they should not be included in this general rate case. The improvements described by the Company consist of a number of small independent projects rather than a single large project; the need for each individual project is based on the findings of field studies that survey "avian incidents," including bird fatalities caused by power lines and damage to power facilities caused by bird activity. Although I believe avian-related improvements are reasonable, I believe this addition to rate base is premature and should not be included for the following reasons. First, because of the diverse nature of the many projects contributing to this adjustment, the exact cost of the project and date the project will be placed in service is neither known nor measurable. In addition, the amount requested is pro-formed for 2010 and falls far below the $5,000,000 threshold used to include major plant additions expected to be placed in service during 2010. Therefore, I believe the $1,352,283 should be removed from rate base for this case, and this type of capital improvement be included in the next general rate case. My adjustment results in a rate base decrease for Idaho in the amount of $79,860 and a reduction in depreciation expense of $1,605; the revenue requirement for Idaho decreases by $8,194.

EITF-04-6: BRIDGER COAL STRIPPING AMORTIZATION

Q. Please describe the Bridger Coal Stripping Amortization.

A. In Case No. PAC-E-09-08, the Company filed for an Accounting Order authorizing the Company to record, as a regulatory asset, the costs associated with the removal of overburden and waste materials at its affiliate coal mines. In January 2010, the Commission authorized the Company in Order No. 30987 to record the removal costs as a regulatory asset associated with its fuel account. The costs associated with coal stripping were to be expensed through Account 501, Fuel Expense, as the coal was extracted from the mine and placed in inventory.

Q. Has the Company proposed an adjustment associated with the Bridger Coal Stripping Amortization?

A. Yes. The Company has added $1,169,114 to system rate base for the costs related to coal stripping; $74,327 of this amount is allocated to Idaho.

Q. Do you agree with the Company's adjustment?

A. No. In its original filing, the Company did not request a carrying charge on the regulatory asset associated with mine stripping costs. I believe a carrying charge is not justified or required. Because this regulatory asset is created by a change in accounting procedures, I believe recovery of the costs through a regulatory asset is adequate and it is inappropriate for the asset to be included in rate base or accrue a carrying charge. Therefore I recommend that $1,169,114 be removed from rate base at the system level, resulting in a reduction of rate base allocated to Idaho of $74,327. This adjustment reduces the Idaho revenue requirement by $6,133.

MEDICARE SUBSIDY

Q. Please describe the Medicare Subsidy Amortization.

A. In the Medicare Modernization Act (MMA) of 2003, the federal government provided a 28 percent subsidy to companies that provided a retiree drug discount. Subsequent to negotiations related to the MMA, companies were allowed to deduct 100 percent of the cost of the drug benefit provided to their retirees even though the companies were paying only 72 percent of the benefits.

On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. Due to provisions included in the PPACA, including a subsequent amendment (the amendment is known as the Health Care and Education Reconciliation Act signed into law March 30, 2010), the portion of the expense offset by the 28 percent subsidy is no longer deductible for tax purposes. Companies may deduct only the net amount of the drug costs. Therefore, companies must reduce the post-retirement benefit obligation on the balance sheet by the amount of the actuarially-determined subsidy to be received.

In Case No. PAC-E-10-04, the Company filed for an Accounting Order authorizing the Company to record, as a regulatory asset, the tax expense associated with enactment of the PPACA; in addition, the Company requested that they be allowed to amortize the expense over a four-year period beginning January 1, 2011. In July 2010, the Commission authorized the Company in Order No. 32028 to record costs associated with the PPACA as a regulatory asset and to amortize the expense over a four-year period beginning January 1, 2011.

Q. Has the Company proposed an adjustment associated with the Medicare Subsidy (PPACA) amortization?

A. Yes. The Company has proposed to expense $209,996 in 2011 as the first of four expense amortizations.

Q. Does you propose an adjustment to the Company adjustment?

A. Yes. The amount of the adjustment was calculated as of January 1, 2010. However, the PPACA and the subsequent amendment did not go into effect until March 31, 2010. In response to an audit request from Staff, the Company calculated the amount of the adjustment effective March 31, 2010 as $819,988 to be amortized over four years, or $204,997 per year. Because this amount was calculated on an Idaho basis, this results in a Staff adjustment of $4,999 to Idaho expense ($209,996 - $204,997 = $4,999) and an equivalent reduction to Idaho revenue requirement.

Q. Does this conclude your direct testimony in this proceeding?

A. Yes, it does.

PacifiCorp
Idaho Revenue Requirement
and
Summary of Adjustments
PAC-E-10-7

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		PacifiCorp Power Case as Filed--Total System	PacifiCorp Power Case as Filed--Idaho	Terri Carlock Adjustment Return on Equity Reduced to 10.0%	Marilyn Parker & Donn English Adjustments	Bryan Lanspery Adjustments	Joe Leckie Adjustments	Cecily Vaughn Adjustments	Terri Carlock Adjustment--Net Adjustment Irrigator Load Control	Total Idaho Adjustments	IPUC Staff Case
	Description of Account Summary:										
(1)	Operating Revenues										
(2)	General Business Revenues	3,297,654,176	202,733,162	0	90,000	0	0	0	0	90,000	202,823,162
(3)	Interdepartmental	0	0	0	0	0	0	0	0	0	0
(4)	Special Sales	608,334,858	45,289,382	0	0	535,761	0	0	3,303,246	3,839,007	49,128,389
(5)	Other Operating Revenues	211,768,621	13,773,492	0	7,826	0	0	0	888,601	896,427	14,669,919
(6)	Total Operating Revenues	4,117,757,655	261,796,035	0	97,826	535,761	0	0	4,191,848	4,825,434	266,621,470
(7)											
(8)	Operating Expenses:										
(9)	Steam Production	843,721,006	60,406,070	0	(1,492,790)	105,258	0	0	975,892	(411,640)	59,994,430
(10)	Nuclear Production	0	0	0	0	0	0	0	0	0	0
(11)	Hydro Production	35,835,202	2,133,930	0	(149,823)	0	0	0	143,022	(6,801)	2,127,129
(12)	Other Power Supply	956,843,493	79,705,561	(190)	(11,451)	(2,151,653)	(49,154)	0	(3,893,904)	(6,106,351)	73,599,210
(13)	Transmission	163,342,030	10,588,482	0	0	69,234	0	0	762,832	832,066	11,420,549
(14)	Distribution	204,320,401	11,434,564	0	(1,251,681)	0	0	0	0	(1,251,681)	10,182,884
(15)	Customer Accounting	89,279,506	4,643,836	0	(237,152)	0	0	0	0	(237,152)	4,406,684
(16)	Customer Service & Info	64,626,109	1,847,458	0	0	0	0	0	0	0	1,847,458
(17)	Sales	0	0	0	0	0	0	0	0	0	0
(18)	Administrative & General	153,146,250	11,494,297	0	(930,416)	0	0	(31,960)	493,930	(468,447)	11,025,849
(19)											
(20)	Total O & M Expenses	2,511,113,996	182,254,199	(190)	(4,073,312)	(1,977,161)	(49,154)	(31,960)	(1,518,228)	(7,650,005)	174,604,192
(21)											
(22)	Depreciation	439,655,457	27,477,478	0	0	0	(45,219)	(1,497)	1,427,537	1,380,821	28,858,299
(23)	Amortization Expense	41,447,124	2,100,480	0	0	0	0	0	116,015	116,015	2,216,495
(24)	Taxes Other Than Income	118,556,149	5,735,330	0	(15,536)	0	0	0	278,720	263,183	5,998,513
(25)	Income Taxes - Federal	(155,067,768)	(17,477,596)	44,006	1,399,443	839,727	265,552	13,294	816,906	3,378,928	(14,098,667)
(26)	Income Taxes - State	(20,727,379)	(1,952,739)	1,536	189,513	114,075	36,164	1,806	115,805	458,899	(1,493,842)
(27)	Income Taxes - Def Net	458,788,246	25,508,213	0	0	0	0	(845)	(123,583)	(124,428)	25,383,785
(28)	Investment Tax Credit Adj.	(1,672,710)	(201,494)	0	0	0	0	0	(13,661)	(13,661)	(215,155)
(29)	Misc Revenue & Expense	(5,678,965)	(279,445)	0	0	0	0	0	(4,034)	(4,034)	(283,478)
(30)											
(31)	Total Operating Expenses	3,386,414,150	223,164,426	45,352	(2,499,892)	(1,023,360)	207,343	(19,202)	1,095,478	(2,194,282)	220,970,141
(32)											
(33)	Operating Revenue for Return	731,343,505	38,631,609	(45,352)	2,597,718	1,559,120	(207,343)	19,202	3,096,370	7,019,716	45,651,329
(34)											

PacifiCorp
Idaho Revenue Requirement
and
Summary of Adjustments
PAC-E-10-7

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		PacifiCorp Power Case as Filed--Total System	PacifiCorp Power Case as Filed--Idaho	Terri Carlock Adjustment Return on Equity Reduced to 10.0%	Marilyn Parker & Donn English Adjustments	Bryan Lanspery Adjustments	Joe Leckie Adjustments	Cecily Vaughn Adjustments	Terri Carlock Adjustment--Net Adjustment Irrigator Load Control	Total Idaho Adjustments	IPUC Staff Case
	Description of Account Summary:										
(35)	Rate Base:										
(36)	Electric Plant in Service	18,501,533,405	1,168,782,728	0	0	0	(1,939,903)	(74,490)	58,916,439	56,902,046	1,225,684,774
(37)	Plant Held for Future Use	13,104,516	(0)	0	0	0	(22,076,158)	0	(1,591,331)	(23,667,490)	(23,667,490)
(38)	Misc Deferred Debits	136,496,771	4,174,115	0	0	0	0	(74,327)	262,872	188,546	4,362,660
(39)	Elec Plant Acq Adj	57,514,055	3,352,852	0	0	0	0	0	241,686	241,686	3,594,538
(40)	Nuclear Fuel	0	0	0	0	0	0	0	0	0	0
(41)	Prepayments	43,580,118	2,570,335	0	0	0	0	0	104,136	104,136	2,674,471
(42)	Fuel Stock	157,165,659	12,146,136	0	0	0	(1,015,344)	0	0	(1,015,344)	11,130,791
(43)	Material & Supplies	167,918,116	9,955,906	0	0	0	0	0	335,176	335,176	10,291,082
(44)	Working Capital	52,889,415	3,095,969	589	(32,289)	(13,295)	3,429	(218)	74,172	32,388	3,128,357
(45)	Weatherization Loans	33,854,547	3,503,640	0	0	0	0	0	(12)	(12)	3,503,628
(46)	Miscellaneous Rate Base	1,685,894	123,279	0	0	0	0	0	7,208	7,208	130,487
(47)											
(48)	Total Electric Plant	19,165,742,497	1,207,704,959	589	(32,289)	(13,295)	(25,027,976)	(149,035)	58,350,346	33,128,340	1,240,833,299
(49)											
(50)	Rate Base Deductions:										
(51)	Accum Prov For Depr	(6,257,440,375)	(371,681,993)	0	0	0	0	1,497	(16,996,719)	(16,995,222)	(388,677,215)
(52)	Accum Prov For Amort	(405,560,142)	(21,605,949)	0	0	0	(313)	0	(919,725)	(920,038)	(22,525,987)
(53)	Accum Def Income Taxes	(2,191,771,765)	(140,588,834)	0	0	0	0	845	(129,133)	(128,288)	(140,717,122)
(54)	Unamortized ITC	(7,250,054)	(228,311)	(324)	12	(23)	60	0	(15,476)	(15,751)	(244,062)
(55)	Customer Adv for Const	(20,258,001)	(947,697)	0	0	0	0	0	(48,976)	(48,976)	(996,673)
(56)	Customer Service Deposits	0	0	0	0	0	0	0	0	0	0
(57)	Miscellaneous Rate Base Deductions	(54,678,835)	(5,192,760)	0	0	0	0	0	(144,893)	(144,893)	(5,337,653)
(58)											
(59)	Total Rate Base Deductions	(8,936,959,173)	(540,245,544)	(324)	12	(23)	(253)	2,342	(18,254,921)	(18,253,168)	(558,498,712)
(60)											
(61)	Total Rate Base	10,228,783,324	667,459,415	264	(32,277)	(13,318)	(25,028,230)	(146,693)	40,095,425	14,875,172	682,334,587
(62)											
(63)	Unadjusted Return on Rate Base (RORB)	7.1499%	5.7879%	-0.0068%	0.3895%	0.2337%	0.2169%	0.0045%	0.0649%	0.8943%	6.6905%
(64)	Requested on Equity		10.6000%	-0.6000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	-0.6000%	10.0000%
(65)	Requested Return on Rate Base		8.3568%	-0.3316%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	-0.3316%	8.0251%
(66)	Revenue Required to Meet Requested RORB		55,777,915	(2,213,341)	(2,611)	(1,069)	(2,008,550)	(11,772)	3,217,656	(1,019,609)	54,758,306
(67)	Revenue Requirement Before Income Taxes		17,146,306	(2,167,989)	(2,600,250)	(1,560,189)	(1,801,208)	(30,974)	65,116	(8,039,329)	9,106,977
(68)	Tax Impact		1.6154	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.6154
(69)	Revenue Requirement Grossed-Up for Taxes		27,697,872	(3,502,135)	(4,200,403)	(2,520,305)	(2,909,643)	(50,035)	105,188	(12,986,605)	14,711,267
(70)	Percent Revenue Requirement		13.66%	-1.73%	-2.03%	-1.24%	-1.43%	-0.02%	0.05%	-6.41%	7.25%

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14[TH] DAY OF OCTOBER 2010, SERVED THE FOREGOING **DIRECT TESTIMONY OF CECILY VAUGHN**, IN CASE NO. PAC-E-10-07, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

TED WESTON
ID REGULATORY AFFAIRS MANAGER
ROCKY MOUNTAIN POWER
201 S MAIN ST STE 2300
SALT LAKE CITY UT 84111
(FED EX)
E-MAIL: ted.weston@pacificorp.com

E-MAIL: ONLY
MARK C MOENCH
DANIEL E SOLANDER
ROCKY MOUNTAIN POWER
E-MAIL: mark.moench@pacificorp.com
daniel.solander@pacificorp.com

RANDALL C BUDGE
RACINE OLSON NYE ET AL
PO BOX 1391
POCATELLO ID 83204-1391
(FED EX)
E-MAIL: rcb@racinelaw.net

E-MAIL: ONLY
JAMES R SMITH
MONSANTO COMPANY
E-MAIL: jim.r.smith@monsanto.com

ANTHONY YANKEL
29814 LAKE ROAD
BAY VILLAGE OH 44140
(FED EX)
E-MAIL: tony@yankel.net

PAUL J HICKEY
HICKEY & EVANS LLP
1800 CAREY AVE., SUITE 700
PO BOX 467
CHEYENNE WY 82003
(FED EX)
E-MAIL: phickey@hickeyevans.com

E-MAIL: ONLY
KATIE IVERSON
BRUBAKER & ASSOCIATES
E-MAIL: kiverson@consultbai.com

ERIC L OLSEN
RACINE OLSON NYE ET AL
PO BOX 1391
POCATELLO ID 83204-1391
(FED EX)
E-MAIL: elo@racinelaw.net

TIM BULLER
JASON HARRIS
AGRIUM INC
3010 CONDA RD
SODA SPRINGS ID 83276
(FED EX)
E-MAIL: tbuller@agrium.com
jaharris@agrium.com

BENJAMIN J OTTO
IDAHO CONSERVATION LEAGUE
710 N 6TH STREET
PO BOX 844
BOISE ID 83702
(HAND CARRIED)
E-MAIL: botto@idahoconservation.org

E-MAIL: ONLY
DR. DON READING
E-MAIL: dreading@mindspring.com

MELINDA J DAVISON
DAVISON VAN CLEVE, P.C.
333 SW TAYLOR, SUITE 400
PORTLAND, OR 97204
(FED EX)
E-MAIL: mjd@dvclaw.com

RONALD L WILLIAMS
WILLIAMS BRADBURY, P.C.
1015 W HAYS STREET
BOISE ID 83702
(HAND CARRIED)
E-MAIL: ron@williamsbradbury.com

BRAD M PURDY
ATTORNEY AT LAW
2019 N 17TH STREET
BOISE ID 83702
(HAND CARRIED)
E-MAIL: bmpurdy@hotmail.com

Linda D. Koch

SECRETARY