

2007 JUN 07 09:41
IDAHO PUBLIC UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE)
APPLICATION OF ROCKY) CASE NO. PAC-E-07-05
MOUNTAIN POWER FOR)
APPROVAL OF CHANGES TO ITS) Direct Testimony of Mark E. Tucker
ELECTRIC SERVICE SCHEDULES)
)**

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-07-05

June 2007

1 **Q. Please state your name, business address and position with the Company**
2 **(also referred to as Rocky Mountain Power).**

3 A. My name is Mark E. Tucker. My business address is 825 NE Multnomah, Suite
4 2000, Portland, Oregon 97232, and I am currently employed as a Cost of Service
5 & Pricing Analyst in the Regulation Department.

6 **Qualifications**

7 **Q. Please briefly describe your education and business experience.**

8 A. I graduated magna cum laude with a B.A. in English Education from Western
9 Oregon University in 1992, and I received an MBA from Washington State
10 University in 2007. In addition, I have attended various educational, professional
11 and electric industry seminars during my career at the Company. I joined the
12 Company in 2001 and have been working in Regulation since 2003.

13 **Purpose of Testimony**

14 **Q. What is the purpose of your testimony?**

15 A. I will present the Company's functionalized Class Cost of Service Study based on
16 the twelve month test period ending December 31, 2006. I will also describe the
17 differences between this cost study and the cost study filed with the Idaho
18 Commission in the Company's last general rate case (Case No. PAC-E-05-1).

19 **Cost of Service**

20 **Q. Please describe Exhibit No. 28.**

21 A. Exhibit No. 28 is the summary table from the Company's twelve months ending
22 December 2006 class cost of service study for the state of Idaho. It is based on the
23 Company's annual results of operations for the state of Idaho presented in the

1 testimony of Company witness Steven R. McDougal. It summarizes, both by
2 customer group and by function, the results of the December 2006 cost study.
3 Page 1 presents results at the Company's December 2006 rate of return assuming
4 current rate levels. Page 2 shows the results using the return provided by the
5 \$18.5 million requested price increase.

6 **Q. Please describe Exhibit No. 29.**

7 A. Exhibit No. 29 shows the cost of service results in more detail by rate schedule
8 and by function. Page 1 contains the total cost of service summary by rate
9 schedule and pages 2 through 6 contain a summary by rate schedule for each
10 major function.

11 **Description of Cost of Service Procedures**

12 **Q. Please explain how the cost of service study was developed.**

13 A. Using the twelve months ended December 2006 annual results of operations for
14 the state of Idaho, the study employs a three-step process generally referred to as
15 functionalization, classification, and allocation. These three steps recognize the
16 way a utility provides electrical service and assigns cost responsibility to the
17 groups of customers for whom those costs were incurred.

18 **Q. Please describe functionalization and how it is employed in the cost of service
19 study.**

20 A. Functionalization is the process of separating expenses and rate base items
21 according to utility function. The production function consists of the costs
22 associated with power generation, including coal mining and wholesale purchases.
23 The transmission function includes the costs associated with the high voltage

1 system utilized for the bulk transmission of power from the generation source and
2 interconnected utilities to the load centers. The distribution function includes the
3 costs associated with all the facilities that are necessary to connect individual
4 customers to the transmission system. This includes distribution substations,
5 poles and wires, line transformers, service drops, and meters. The retail services
6 function includes the costs of meter reading, billing, collections, and customer
7 service. The miscellaneous function includes costs associated with demand side
8 management, franchise taxes, regulatory expenses, and other miscellaneous
9 expenses.

10 **Q. Describe classification and explain how the Company uses it in the cost of**
11 **service study.**

12 A. Classification identifies the component of utility service being provided. The
13 Company provides, and customers purchase, service that includes at least three
14 different components, demand-related, energy-related, and customer-related
15 components. Demand-related costs are incurred by the Company to meet the
16 maximum demand imposed on generating units, transmission lines, and
17 distribution facilities. Energy-related costs vary with the output of a kWh of
18 electricity. Customer-related costs are driven by the number of customers served.

19 **Q. How does the Company determine cost responsibility between customer**
20 **groups?**

21 A. After the costs have been functionalized and classified, the next step is to allocate
22 them among the customer classes. This is achieved by the use of allocation
23 factors that specify each class' share of a particular cost driver such as system

1 peak demand, energy consumed, or number of customers. The appropriate
2 allocation factor is then applied to the respective cost element to determine each
3 class' share of cost. A detailed description of the Company's functionalization,
4 classification and allocation procedures and the supporting calculations for the
5 allocation factors are contained in my work papers, which are attached hereto as
6 Exhibit No. 30. Also included in the work papers is the complete functionalized
7 results of operations and class cost of service detail.

8 **Q. How are generation and transmission costs apportioned among customer**
9 **classes?**

10 A. Production and transmission plant and non-fuel related expenses are classified as
11 75 percent demand related and 25 percent energy related. For non-seasonal
12 resources, the demand-related portion is allocated using the class 12 monthly
13 peaks coincident with the Company's system firm peak. The energy portion is
14 allocated using class megawatt-hours adjusted for losses to generation level. For
15 seasonal resources the process is very similar. The only difference is that prior to
16 summing each class' twelve monthly coincident peaks or monthly energy usage,
17 the monthly values are weighted by the monthly portion of the total annual energy
18 generated or delivered to the Company by the seasonal resource.

19 **Q. Are distribution costs determined using the same methodology?**

20 A. No. Distribution costs are classified as either demand related or customer related.
21 In this study only meters and services are considered as customer related with all
22 other costs considered demand related. Distribution substations and primary lines
23 are allocated using the weighted monthly coincident distribution peaks.

1 Distribution line transformers and secondary lines are allocated using the
2 weighted non-coincident peak method. Services costs are allocated to secondary
3 voltage delivery customers only. The allocation factor is developed using the
4 installed cost of new services for different types of customers. Meter costs are
5 allocated to all customers. The meter allocation factor is developed using the
6 installed costs of new metering equipment for different types of customers.

7 **Q. Please explain how customer accounting and customer service expenses are**
8 **allocated.**

9 A. Customer accounting expenses are allocated to classes using weighted customer
10 factors. The weightings reflect the resources required to perform such activities as
11 meter reading, billing, and collections for different types of customers. Customer
12 service expenses are allocated on the number of customers in each class.

13 **Q. How are administrative & general expenses, general plant and intangible**
14 **plant allocated by the Company?**

15 A. Most general plant, intangible plant, and administrative and general expenses are
16 functionalized and allocated to classes based on generation, transmission, and
17 distribution plant. Employee pensions and benefits have been assigned to
18 functions and classes on the basis of labor. Costs that have been identified as
19 supporting customer systems are considered part of the retail services function and
20 have been allocated using customer factors. Coal mine plant is allocated on the
21 energy factor.

1 **Q. Are costs and revenues associated with wholesale contracts and other electric**
2 **revenues included in the cost of service study?**

3 A. No costs are assigned to wholesale contracts. The revenues from these
4 transactions are treated as revenue credits and are allocated to customer groups
5 using appropriate allocation factors. Other electric revenues are also treated as
6 revenue credits. Revenue credits reduce the revenue requirement that is to be
7 collected from firm retail customers.

8 **Changes in Cost of Service Study**

9 **Q. Are there any differences between this cost study and the study filed**
10 **previously with the Idaho Commission in Case No. PAC-E-05-1?**

11 A. Yes. This cost study includes the Schedule 400 customer as a single customer
12 class. In Case No. PAC-E-05-1, this customer was excluded from the cost study
13 because its special contract rate was not eligible to be adjusted. As part of the
14 stipulated rate increase effective January 1, 2007 (Case No. PAC-E-06-04)
15 Schedule 400 was moved from contract standard to tariff standard. The
16 Commission wrote in Order No. 30197, "The transition of Monsanto from
17 contract to tariff standard customer, we find, will facilitate future rate adjustments
18 and should serve to keep Monsanto's rates better aligned with its cost of
19 service.... Under the submitted Agreement Monsanto's future rates after January
20 1, 2008 will be adjusted using the same process as all other customers." In
21 accordance with the tariff standard, Schedule 400 is included in the cost of service
22 study with results calculated using the same procedures as for all other rate
23 schedules.

1 **Q. What do the cost of service results show for Schedule 400?**

2 A. The cost of service results show that based on the filed 8.07 percent target return
3 on rate base, an increase of \$11.7 million, or 24.1 percent is indicated for
4 Schedule 400.

5 **Q. What are the reasons for the proposed price change for Schedule 400?**

6 A. Prior to January 1, 2007, Schedule 400 rates had not changed since January 1,
7 2003. The \$6.8 million increase the customer agreed to in Case No. PAC-E-06-04
8 recovered less than half of the \$14.3 million dollar shortfall the Company's cost
9 of service study showed at that time. The Company's cost of providing service,
10 most notably net power costs, has increased since then, resulting in the need for an
11 additional increase to Schedule 400. Consistent with past procedure, the current
12 cost of service results are for firm service only and do not reflect an adjustment or
13 credit for interruptibility.

14 **Q. Does this conclude your testimony?**

15 A. Yes.

Case No. PAC-E-07-05
Exhibit No. 28
Witness: Mark E. Tucker

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Mark E. Tucker

Cost of Service Summary by Rate Schedule
Earned and Target Return on Rate Base

June 2007

Summary

PacificCorp
 Cost of Service By Rate Schedule
 State of Idaho
 12 Months Ending December 2006
 MSP Protocol
 5.76% = Earned Return on Rate Base

Line No.	Schedule No.	Description	C	D	E	F	G	H	I	J	K	L	M
			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	29,653,369	6.70%	1.16	28,866,898	15,518,363	716,165	8,275,873	4,013,297	343,200	(786,471)	-2.65%
2	06	Residential - TOD	21,362,235	7.18%	1.25	20,523,678	12,666,191	548,101	5,327,249	1,818,270	163,868	(836,557)	-3.93%
3	06	General Service - Large	18,609,425	10.70%	1.86	16,287,012	12,682,269	556,178	2,839,098	163,108	44,359	(2,322,413)	-12.48%
4	08	General Service - Medium Voltage	130,255	10.24%	1.78	115,554	91,572	4,160	19,279	286	257	(14,701)	-11.29%
5	09	General Service - High Voltage	5,061,143	13.32%	2.31	4,247,571	4,047,459	165,999	16,705	7,992	9,417	(813,572)	-16.07%
6	10	Irrigation	39,404,679	6.03%	1.05	39,099,295	25,402,681	981,156	12,176,603	429,470	109,385	(305,384)	-0.77%
7	07,11,12	Street & Area Lighting	326,298	-17.96%	(3.12)	557,887	76,179	2,167	411,502	61,520	6,519	231,589	70.97%
8	12	Traffic Signals	15,526	14.57%	2.53	12,563	7,251	296	2,903	1,902	211	(2,963)	-19.08%
9	19	Space Heating	635,620	12.33%	2.14	532,151	396,848	17,958	101,836	13,215	2,293	(103,469)	-16.28%
10	23	General Service - Small	10,711,252	11.91%	2.07	9,044,688	5,645,463	255,542	2,376,990	691,246	75,447	(1,666,564)	-15.56%
11	SPC	Contract 1	3,998,852	3.99%	0.69	4,185,336	3,934,274	185,423	58,013	199	7,427	186,484	4.66%
12	SPC	Contract 2	48,668,727	1.23%	0.21	55,104,747	52,649,449	2,319,957	48,632	(4,108)	90,818	6,436,020	13.22%
13	Total	State of Idaho -	178,577,381	5.76%	1.00	178,577,381	133,117,998	5,755,100	31,654,683	7,196,398	853,202	(0)	0.00%

Footnotes:

- Column C : Annual revenues based on 12-2006.
- Column D : Calculated Return on Ratebase per 12-2006 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 12-2006 Embedded COS Study
- Column G : Calculated Generation Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column H : Calculated Transmission Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column I : Calculated Distribution Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column J : Calculated Retail Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column K : Calculated Misc. Distribution Cost of Service at Jurisdictional Rate of Return per the 12-2006 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 December 2006
 MSP Protocol

8.07% = Target Return on Rate Base

Line No.	A Schedule No.	B Description	C Annual Revenue	D Return on Rate Base	E Rate of Return Index	F Total Cost of Service	G Generation Cost of Service	H Transmission Cost of Service	I Distribution Cost of Service	J Retail Cost of Service	K Misc Cost of Service	L Increase (Decrease) to = ROR	M Percentage Change from Current Revenues
1	01	Residential	29,653,369	6.70%	1.16	31,976,014	16,677,000	1,217,211	9,544,400	4,072,369	465,034	2,322,645	7.83%
2	36	Residential - TOD	21,362,235	7.18%	1.25	22,721,033	13,572,206	937,471	6,150,358	1,844,255	216,743	1,358,798	6.36%
3	06	General Service - Large	18,609,425	10.70%	1.86	18,041,971	13,600,887	953,064	3,273,477	165,397	49,146	(567,454)	-3.05%
4	08	General Service - Medium Voltage	130,255	10.24%	1.78	127,813	98,322	7,084	21,848	291	289	(2,442)	-1.87%
5	09	General Service - High Voltage	5,061,143	13.32%	2.31	4,649,421	4,326,066	284,989	20,691	8,049	9,626	(411,722)	-8.13%
6	10	Irrigation	39,404,679	6.03%	1.05	43,291,524	27,058,333	1,681,913	13,977,059	438,159	126,060	3,876,845	9.84%
7	07,11,12	Street & Area Lighting	326,298	-17.96%	(3.12)	594,340	80,326	3,865	438,509	62,632	9,008	268,042	82.15%
8	12	Traffic Signals	15,526	14.57%	2.53	13,818	7,746	508	3,339	1,936	289	(1,706)	-11.00%
9	19	Space Heating	635,820	12.33%	2.14	590,947	426,248	30,621	117,857	13,439	2,782	(44,673)	-7.03%
10	23	General Service - Small	10,711,252	11.91%	2.07	10,057,034	6,062,629	435,255	2,758,206	701,862	99,082	(654,218)	-6.11%
11	SPC Contract 1		3,998,852	3.99%	0.69	4,578,905	4,200,006	305,527	65,619	158	7,596	580,053	14.51%
12	SPC Contract 2		48,668,727	1.23%	0.21	60,411,111	56,342,840	3,928,656	51,429	(4,867)	93,053	11,742,384	24.13%
13	Total	State of Idaho -	178,577,381	5.76%	1.00	197,043,931	142,452,609	9,786,165	36,422,792	7,303,679	1,078,686	18,466,550	10.34%

Footnotes:

- Column C: Annual revenues based on 12-2006.
- Column D: Calculated Return on Ratebase per 12-2006 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 12-2006 Embedded COS Study
- Column G: Calculated Generation Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column H: Calculated Transmission Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column I: Calculated Distribution Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column J: Calculated Retail Cost of Service at Jurisdictional Rate of Return per the 12-2006 Embedded COS Study.
- Column K: Calculated Misc. Distribution Cost of Service at Jurisdictional Rate of Return per the 12-2006 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.

2007 JUN -8 AM 9:41

IDAHO PUBLIC UTILITIES COMMISSION

Case No. PAC-E-07-05
Exhibit No. 29
Witness: Mark E. Tucker

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Mark E. Tucker

Cost of Service by rate Schedule and Function

June 2007

Class Summary
PacifiCorp
Cost Of Service By Rate Schedule - All Functions
State of Idaho
MR Proceed
12 Months Ending December 2008

A DESCRIPTION	B C Mile Jurisdiction Normalized	D Residential Schedule 1	E Residential Schedule 2	F General Srv Large Power Schedule 3	G General Srv Mid Voltage Schedule 4	H General Srv High Voltage Schedule 5	I Irrigation Schedule 10	J St. & Area Lgt Schedules 7, 11, 12	K Traffic Signs Schedule 15	L Space Heating Schedule 16	M General Srv Schedules 21	N Contract 1	O Contract 2
Operating Revenues													
14 Operating Expenses													
15 Operation & Maintenance Expenses													
16 Depreciation Expense													
17 Amortization Expense													
18 Taxes Other Than Income													
19 Income Taxes - Federal													
20 Income Taxes - State													
21 Investment Tax Credit Adj													
22 Misc Revenues & Expenses													
23 Total Operating Revenue For Return													
24 Rate Base :													
25 Electric Plant In Service													
26 Plant Held For Future Use													
27 Electric Plant Acquisition Adj													
28 Fuel Stock													
29 Materials & Supplies													
30 Misc Deferred Debits													
31 Cash Working Capital													
32 Weatherization Loans													
33 Miscellaneous Rate Base													
34 Total Rate Base Additions													
35 Rate Base Deductions :													
36 Accum Provision For Depreciation													
37 Accum Provision For Amortization													
38 Accum Deferred Income Taxes													
39 Unamortized ITC													
40 Customer Advance For Construction													
41 Customer Service Deposits													
42 Misc Rate Base Deductions													
43 Total Rate Base Deductions													
44 Rate Base													
45 Calculated Return On Rate Base													
46 Return On Rate Base @ Jurisdictional Av.													
47 Total Operating Expenses													
48 Revenue Credits													
49 Total Revenue Requirements													
50 Class Revenue													
51 Increases / (Decreases) Required to													
52 Earn Equal Rates of Return													
53 Percent %													
54 Return On Rate Base @ Target ROR													
55 Total Operating Expenses Adjusted for Taxes													
56 Revenue Credits													
57 Total Target Revenue Requirements													
58 Class Revenue													
59 Increases / (Decreases) Required to													
60 Earn Target Rate of Return													
61 Percent %													

Generation Summary
PacifiCorp
Cost of Service By Rate Schedule - Generation Function
State of Idaho
MSP Protocol
12 Months Ending December 2006

DESCRIPTION	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Operating Expenses	211,486,657	25,295,705	20,260,917	148,951	6,380,357	39,103,179	107,418	11,354	647,098	81,90,874	6,150,330	63,703,871			
Operation & Maintenance Expense	13,117,171	1,837,858	1,272,870	9,552	389,950	2,310,360	5,420	688	41,379	599,763	370,638	6,186,814			
Depreciation Expense	2,027,815	265,162	202,113	1,463	59,007	359,820	1,186	113	7,311	93,374	56,141	784,813			
Amortization Expense	2,800,937	290,633	218,446	1,633	67,481	401,015	1,005	120	7,211	101,042	64,363	894,577			
Taxes Other Than Income	(12,863)	(1,509)	(1,276)	(9)	(387)	(2,295)	(6)	(1)	269	(578)	(369)	(5,129)			
Income Taxes - Federal	91,702	11,382	9,001	66	2,737	16,265	41	5	318	4,099	2,611	36,283			
Income Taxes - State	1,212,152	150,455	119,288	817	36,179	212,996	519	62	3,816	54,171	34,507	479,508			
Income Taxes Deferred	(384,937)	(45,292)	(35,417)	(284)	(10,891)	(64,721)	(162)	(16)	(1,148)	(16,307)	(10,388)	(144,377)			
Investment Tax Credit Adj	(175,446)	(21,336)	(17,496)	(120)	(6,261)	(30,818)	(58)	(9)	(560)	(7,438)	(6,001)	(86,965)			
Misc Revenues & Expense	229,837,727	27,573,657	22,548,359	162,142	6,919,172	42,205,487	119,383	12,216	704,596	10,008,597	6,952,879	80,865,575			
Total Operating Expenses	453,196,463	57,028,024	44,830,412	332,920	13,696,188	80,283,137	199,942	24,241	1,451,533	20,548,242	13,049,738	181,894,496			
Rate Base :	5,047,075	629,609	490,547	3,686	150,250	885,526	2,070	265	16,071	227,658	142,825	1,996,634			
Electric Plant In Service	893,038	204,390	117,568	502	20,428	134,865	2,731	112	2,919	51,509	19,225	266,942			
Plant Held For Future Use	5,740,534	637,050	567,519	3,893	164,052	1,021,426	4,642	337	17,117	236,256	184,106	2,337,378			
Nuclear Fuel	6,296,987	796,244	611,550	4,591	186,058	1,098,150	2,933	330	19,974	282,751	177,398	2,486,181			
Prepayments	2,357,655	308,757	241,684	1,772	71,123	358,448	1,101	126	7,529	106,717	67,700	852,667			
Fuel Stock	2,970,792	355,332	284,889	2,092	89,626	540,288	1,068	159	9,000	126,105	86,395	1,175,801			
Materials & Supplies	587,735	70,427	57,235	417	17,922	104,547	317	32	1,824	26,883	17,348	234,605			
Misc Deferred Debits	462,082,250	60,020,128	47,001,403	349,833	14,092,217	86,424,108	214,766	26,064	1,528,056	31,606,120	13,744,733	151,162,701			
Weatherization Loans															
Miscellaneous Rate Base															
Total Rate Base Additions															
Rate Base Deductions :															
Accum Provision For Depreciation	(186,599,244)	(22,558,003)	(17,723,963)	(131,001)	(6,408,274)	(30,098,644)	(79,557)	(9,591)	(576,643)	(8,137,013)	(6,157,139)	(71,846,577)			
Accum Provision For Amortization	(8,102,454)	(1,137,225)	(896,946)	(6,534)	(271,428)	(1,590,277)	(3,863)	(480)	(28,020)	(409,467)	(259,329)	(3,607,959)			
Accum Deferred Income Taxes	(35,359,678)	(4,420,834)	(3,443,214)	(26,672)	(1,053,405)	(6,479,294)	(18,203)	(1,800)	(111,506)	(1,585,358)	(1,004,185)	(13,972,586)			
Unamortized ITC	(1,023,396)	(128,899)	(99,176)	(741)	(30,526)	(181,762)	(443)	(54)	(3,225)	(46,738)	(29,099)	(404,930)			
Customer Advance For Construction	(5,985,414)	(704,896)	(651,514)	(4,184)	(169,526)	(1,064,611)	(3,508)	(328)	(18,332)	(257,303)	(178,767)	(2,368,887)			
Customer Service Deposits	(252,048,188)	(28,887,845)	(22,735,213)	(109,032)	(6,967,151)	(49,060,049)	(103,979)	(12,344)	(7,38,028)	(10,434,960)	(8,627,619)	(92,220,930)			
Misc Rate Base Deductions															
Total Rate Base Deductions	250,015,062	31,032,270	24,366,190	189,801	7,482,055	44,344,059	111,098	13,259	797,431	11,173,151	7,117,218	88,921,771			
Total Rate Base	14,209,022	1,737,245	1,397,585	10,413	426,783	2,533,911	6,388	764	45,351	843,496	409,802	5,697,209			
Return On Rate Base	229,537,727	27,573,657	22,548,359	162,142	6,919,172	42,205,487	119,383	12,216	704,596	10,008,597	6,952,879	80,865,575			
Total Operating Expenses	(110,918,751)	(13,841,838)	(10,778,732)	(60,363)	(3,301,479)	(18,467,298)	(45,802)	(6,627)	(353,100)	(5,008,590)	(3,136,807)	(43,914,336)			
Revenue Credits	133,117,098	15,618,363	12,696,191	91,572	4,047,469	25,402,581	76,178	7,251	398,848	5,846,483	3,934,274	52,649,449			
Total Revenue Requirements	233,188,211	28,015,828	22,390,027	164,710	7,966,641	49,338,343	118,900	12,563	715,782	10,197,298	6,793,069	82,271,624			
Return On Rate Base @ Target ROR	(110,918,751)	(13,841,838)	(10,778,732)	(60,363)	(3,301,479)	(18,467,298)	(45,802)	(6,627)	(353,100)	(5,008,590)	(3,136,807)	(43,914,336)			
Total Operating Expenses Adjusted for Taxes	142,482,600	16,677,000	13,672,296	98,222	4,308,068	27,068,253	80,226	7,746	428,248	6,092,628	4,200,098	56,542,640			
Revenue Credits															
Total Target Revenue Requirements															

Transmission Summary

PerCom
 Cost Of Service By Rate Schedule - Transmission Function
 State of Idaho
 MSP Protocol
 12 Months Ending December 2006

DESCRIPTION	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Operating Expenses	11,174,704	1,391,123	1,003,079	1,104,107	8,133	331,554	1,954,534	4,004	586	35,489	603,061	320,089	4,435,353		
Operation & Maintenance Expenses	4,171,260	516,830	402,081	470,500	3,024	123,269	776,295	1,890	217	13,186	186,943	124,130	1,626,076		
Depreciation Expenses	514,833	63,783	49,672	60,855	373	15,214	80,663	210	27	1,827	23,072	15,321	265,136		
Amortization Expense	121,513	12,151	9,429	9,797	700	28,557	169,946	412	51	43,584	43,584	20,127	153,506		
Taxes Other Than Income	384,654	47,811	37,155	37,891	279	11,354	66,858	162	20	1,208	17,149	11,461	18,190		
Income Taxes - Federal	46,556	5,662	4,400	4,483	33	1,345	7,919	19	2	143	2,031	1,357	5,225		
Income Taxes - State	14,597	1,814	1,410	1,460	11	431	2,538	6	46	46	651	435	1,683		
Income Taxes Deferred	186,800	(90,793)	(18,112)	(18,240)	(121)	(4,824)	(26,996)	(70)	(9)	(824)	(7,436)	(4,470)	(68,558)		
Investment Tax Credit Adj	2,900	629	376	247	2	71	459				171	67	942		
Misc Revenues & Expense	17,119,369	2,139,443	1,658,900	1,888,518	12,443	607,171	2,980,226	7,049	897	54,235	769,226	600,018	3,905,263		
Total Operating Expenses	195,486,973	24,265,407	18,672,653	19,231,694	141,975	5,774,739	34,004,041	80,489	10,216	617,864	8,785,016	6,815,163	77,880,768		
Rate Base :															
Electric Plant In Service															
Plant Held For Future Use															
Electric Plant Acquisition Adj															
Nuclear Fuel															
Prepayments															
Fuel Stock															
Materials & Supplies															
Misc Deferred Debits															
Cash Working Capital															
Weatherization Loans															
Miscellaneous Rate Base															
Total Rate Base Additions	190,292,990	24,639,271	19,154,439	19,487,478	143,824	5,854,141	34,508,247	82,625	10,399	629,540	8,994,443	6,994,607	79,850,080		
Rate Base Deductions :															
Accum Provision For Depreciation	(87,944,513)	(6,416,544)	(6,555,161)	(6,686,504)	(49,282)	(2,007,902)	(11,829,901)	(27,673)	(3,543)	(214,789)	(9,045,102)	(2,021,647)	(27,033,086)		
Accum Provision For Amortization	(3,740,404)	(463,671)	(350,638)	(386,051)	(2,711)	(110,522)	(651,381)	(1,527)	(195)	(11,923)	(167,646)	(111,296)	(1,490,237)		
Accum Deferred Income Taxes	(18,753,382)	(2,094,013)	(1,822,512)	(1,945,267)	(13,103)	(483,867)	(2,913,409)	(7,290)	(886)	(52,913)	(763,043)	(607,265)	(8,462,774)		
Unamortized ITC	(67,811)	(88,084)	(66,179)	(67,179)	(339)	(13,816)	(91,441)	(1,478)	(24)	(1,478)	(20,960)	(13,915)	(186,386)		
Customer Service Deposits	(259,980)	(43,867)	(31,602)	(33,381)	(60)	(7,553)	(65,968)	(194)	-	(2,802)	(45,527)	-	-		
Customer Rate Base Deductions	(1,131,964)	(140,434)	(106,365)	(111,548)	(622)	(33,497)	(197,424)	(462)	(59)	(3,543)	(50,800)	(33,366)	(450,665)		
Misc Rate Base Deductions	(80,297,053)	(11,216,512)	(8,725,754)	(9,251,026)	(85,201)	(2,887,157)	(13,739,553)	(37,145)	(4,709)	(387,397)	(2,081,099)	(2,577,815)	(35,371,551)		
Total Rate Base Deductions	107,966,837	13,419,769	10,428,683	10,576,414	78,328	3,188,964	18,788,692	45,478	5,691	339,182	4,813,344	3,216,791	43,086,527		
Total Rate Base	6,218,086	772,685	606,620	609,128	4,511	183,548	1,080,947	2,619	327	18,533	277,215	185,265	2,481,486		
Return On Rate Base	17,119,369	2,139,443	1,658,900	1,888,518	12,443	607,171	2,980,226	7,049	897	54,235	769,226	600,018	3,905,263		
Total Operating Expenses	(17,562,374)	(2,185,164)	(1,706,416)	(1,796,468)	(12,704)	(524,721)	(3,089,019)	(7,429)	(929)	(66,811)	(896,896)	(696,793)	(8,966,793)		
Revenue Credits															
Total Revenue Requirements	5,755,100	716,165	546,101	558,178	4,160	185,999	941,156	2,167	296	17,958	266,542	185,423	2,318,687		
Return On Rate Base @ Target ROR	8,716,643	1,083,329	841,865	853,791	4,323	237,272	1,515,120	3,671	459	27,379	388,562	295,676	3,478,200		
Total Operating Expenses Adjusted for Taxes	(18,692,887)	(2,319,053)	(1,806,026)	(1,896,741)	(12,784)	(524,721)	(3,289,016)	(7,429)	(929)	(66,811)	(896,896)	(696,793)	(8,966,793)		
Revenue Credits	(17,562,374)	(2,185,164)	(1,706,416)	(1,796,468)	(12,704)	(524,721)	(3,089,019)	(7,429)	(929)	(66,811)	(896,896)	(696,793)	(8,966,793)		
Total Target Revenue Requirements	9,796,165	1,217,211	957,471	953,064	7,084	284,969	1,481,913	3,865	506	30,621	435,255	305,627	3,908,658		

Distribution Summary
 PacifiCorp
 Cost Of Service By Rate Schedule - Distribution Function
 State of Idaho
 MSP Protocol
 12 Months Ending December 2006

DESCRIPTION	A Idaho Jurisdiction Normalized	B C Residential Schedule 1	D Residential Schedule 2	E Residential Schedule 3	F General Srv Large Power Schedule 4	G General Srv Med Voltage Schedule 5	H General Srv High Voltage Schedule 6	I Irrigation Schedule 10	J St. & Apt Lgt Schedule 7.11.12	K Traffic Signs Schedule 12	L Space Heating Schedule 19	M General Srv Small Power Schedule 23	N Contract 1	O Contract 2
Operating Expenses	13,830,083	3,417,683	2,175,160	1,317,198	9,486	14,191	5,509,532	283,611	1,237	46,333	1,004,628	25,683	26,162	
Operation & Maintenance Expenses	7,243,278	1,968,546	1,238,363	857,912	4,051	7,827	2,735,202	63,973	849	24,292	673,630	13,922	13,953	
Depreciation Expense	609,776	163,077	98,075	55,336	317	638	227,946	3,982	56	2,043	49,118	981	982	
Amortization Expense	1,891,931	514,435	336,280	214,435	1,414	1,414	838,879	9,583	155	5,685	135,272	2,987	473	
Taxes Other Than Income	606,738	164,420	106,420	87,984	433	874	304,635	4,570	74	2,711	64,259	132	56	
Income Taxes - Federal	852,347	271,271	176,020	106,420	51	80	38,079	541	83	3,426	81,522	1,927	598	
Income Taxes - State	1,018,647	(60,151)	(39,020)	(20,587)	92,891	852	385,023	5,775	11	1,760	(18,076)	(381)	(133)	
Investment Tax Credit Adj	(2,864)	848	502	379	2	95	(85,374)	(1,281)	(21)	(12)	(230)	90	1,256	
Misc Revenues & Expense														
Total Operating Expenses	26,074,912	6,331,454	4,102,624	2,339,254	15,682	25,282	979,134	370,366	2,253	84,063	1,839,460	46,280	44,320	
Rate Base :														
Electric Plant In Service	267,248,267	71,484,172	46,378,801	24,241,975	139,111	236,446	99,669,351	1,570,082	24,761	895,381	21,526,247	430,783	441,168	
Electric Plant Acquisition Adj														
Nuclear Fuel														
Prepayments	407,077	155,654	81,305	26,222	132	362	103,531	3,283	80	1,165	35,483	407	407	
Fuel Stock	807,730	215,172	139,755	73,401	422	918	300,096	4,708	75	2,708	84,839	1,492	4,172	
Materials & Supplies	(6,823)	(1,477)	(968)	(601)	(3)	(5)	(2,084)	(32)	(1)	(19)	(445)	(9)	(9)	
Misc Deferred Debits	689,496	166,448	105,287	63,764	459	687	266,881	13,726	60	2,243	48,633	1,263	1,263	
Cash Working Capital														
Weatherization Loans														
Miscellaneous Rate Base														
Total Rate Base Additions	269,127,048	72,028,968	46,704,109	24,453,871	140,121	238,428	100,537,645	1,591,778	24,995	901,479	21,974,768	433,936	447,904	
Rate Base Deductions :														
Accum Provision For Depreciation	(107,485,304)	(29,018,748)	(16,764,141)	(8,857,696)	(83,483)	(66,993)	(39,675,477)	(715,857)	(10,189)	(354,455)	(9,742,410)	(194,252)	(194,695)	
Accum Provision For Amortization	(4,883,907)	(1,306,274)	(847,513)	(443,110)	(2,643)	(4,309)	(1,625,606)	(28,686)	(464)	(1,365)	(393,364)	(7,893)	(7,893)	
Accum Deferred Income Taxes	(28,820,267)	(7,181,677)	(4,685,751)	(2,436,980)	(14,058)	(24,389)	(10,826,001)	(173,356)	(8,464)	(29,044)	(2,181,154)	(44,272)	(44,068)	
Unamortized ITC	(634,108)	(169,484)	(109,484)	(57,986)	(940)	(592)	(238,941)	(3,261)	(68)	(2,131)	(50,723)	(1,059)	(1,099)	
Customer Service For Construction	(305)	(82)	(37)	(79)	(0)	(0)	(76)	(3)	(0)	(3)	(61)	(0)	(0)	
Customer Service Deposits	(1,616,866)	(378,199)	(251,447)	(149,866)	(21)	(12,391)	(529,016)	(7,421)	(135)	(5,354)	(116,772)	(12,739)	(12,313)	
Misc Rate Base Deductions	(141,420,840)	(38,053,441)	(24,659,483)	(12,769,754)	(71,253)	(131,673)	(52,315,120)	(668,434)	(13,300)	(472,322)	(11,484,494)	(230,179)	(272,094)	
Total Rate Base Deductions	127,708,407	39,975,825	22,045,716	11,834,167	68,796	106,796	44,222,425	723,241	11,695	429,087	10,210,274	205,717	74,608	
Total Rate Base	7,355,005	1,956,795	1,298,881	670,048	3,962	6,148	2,777,278	41,659	674	24,712	586,041	11,735	4,314	
Return On Rate Base	26,074,912	6,331,454	4,102,624	2,339,254	15,682	25,282	979,134	370,366	2,253	84,063	1,839,460	46,280	44,320	
Total Operating Expenses	(776,254)	(192,356)	(126,356)	(67,356)	(365)	(605)	(382,369)	(633)	(24)	(6,999)	(106,511)	(0)	(0)	
Revenue Credits	31,684,683	8,275,873	5,327,248	2,839,098	19,270	16,705	12,176,603	411,602	2,903	101,686	2,379,690	58,013	48,632	
Total Revenue Requirements	10,309,219	2,742,708	1,779,681	939,179	5,554	6,618	3,892,800	59,392	844	34,638	824,234	16,445	6,047	
Return On Rate Base @ Target ROR	26,074,912	6,331,454	4,102,624	2,339,254	15,682	25,282	979,134	370,366	2,253	84,063	1,839,460	46,280	44,320	
Total Operating Expenses Adjusted for Taxes	(776,254)	(192,356)	(126,356)	(67,356)	(365)	(605)	(382,369)	(633)	(24)	(6,999)	(106,511)	(0)	(0)	
Revenue Credits	31,684,683	8,275,873	5,327,248	2,839,098	19,270	16,705	12,176,603	411,602	2,903	101,686	2,379,690	58,013	48,632	
Total Target Revenue Requirements	36,422,792	9,544,000	6,150,356	3,273,477	21,848	20,691	13,877,669	438,569	3,339	117,687	2,789,208	65,519	51,429	

5.76%

6.07%

Retail Summary
 PacifiCorp
 Cost Of Service By Rate Schedule - Retail Services Function
 State of Idaho
 MSP Protocol
 12 Months Ending December 2006

DESCRIPTION	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Operating Expenses	6,592,030	3,028,368	1,641,009	151,914	7,694	421,391	62,847	1,636	12,518	672,284	471	5	907		
Depreciation & Maintenance Expenses	55,483	30,779	13,263	1,048	197	4,174	832	20	118	5,391	5	5			
Amortization Expense	182,414	106,723	48,886	3,635	6	14,474	2,180	66	410	18,665	18	18			
Texas Other Than Income	48	26	12	1	0	4	0	0	0	0	0	0			
Income Taxes - Federal	251,744	138,617	60,977	5,371	10	20,389	2,609	80	525	24,910	(97)	(1,781)			
Income Taxes - State	28,916	16,417	7,222	836	16	2,415	309	9	62	2,850	(11)	(211)			
Income Taxes Deferred	261,959	144,240	63,451	5,568	1	21,216	2,714	83	546	25,920	(101)	(1,653)			
Investment Tax Credit Adj	-	-	-	-	-	-	-	-	-	-	-	-			
Misc Revenues & Expense	-	-	-	-	-	-	-	-	-	-	-	-			
Total Operating Expenses	7,353,500	4,065,188	1,632,722	166,184	8,138	484,039	61,300	1,836	14,180	750,152	283	(2,817)			
Rate Base:															
Electric Plant In Service	5,191,654	2,821,105	1,226,314	111,833	6,086	441,647	67,858	1,779	11,282	500,235	1,476	11,556			
Plant Held For Future Use	-	-	-	-	-	-	-	-	-	-	-	-			
Electric Plant Acquisition Adj	-	-	-	-	-	-	-	-	-	-	-	-			
Nuclear Fuel	-	-	-	0	0	0	0	0	0	0	0	0			
Prepayments	5	3	1	0	0	0	0	0	0	0	0	0			
Fuel Stock	-	-	-	-	-	-	-	-	-	-	-	-			
Materials & Supplies	(105,558)	(17,447)	(12,534)	(10,173)	(2,262)	(24,372)	(200)	(7)	(240)	(5,811)	(2,211)	(28,921)			
Misc Deferred Debits	85,866	52,767	23,877	2,209	110	6,128	786	24	182	9,777	7	13			
Cash Working Capital	-	-	-	-	-	-	-	-	-	-	-	-			
Weatherization Loans	-	-	-	-	-	-	-	-	-	-	-	-			
Miscellaneous Rate Base	-	-	-	-	-	-	-	-	-	-	-	-			
Total Rate Base Additions	5,182,070	3,856,428	1,237,658	103,970	3,934	423,403	59,448	1,736	11,124	504,201	(729)	(18,332)			
Rate Base Deductions:															
Accum Provision For Depreciation	(225,328)	(124,979)	(53,855)	(4,259)	(231)	(16,647)	(2,564)	(79)	(480)	(21,690)	(19)	(1,086)			
Accum Depreciated Income Taxes	(3,000,451)	(1,859,853)	(718,048)	(57,712)	(3,134)	(220,465)	(34,053)	(1,054)	(6,406)	(281,164)	(333)	(1,986)			
Accum Depreciated LTC	917,083	510,532	228,229	18,396	971	65,743	7,946	247	1,755	93,199	(94)	(683)			
Customer Advance For Construction	0	0	0	0	0	0	0	0	0	0	0	0			
Customer Service Deposits	(11)	(1)	(1)	(1)	(0)	(2)	(0)	(0)	(0)	(0)	(0)	(0)			
Misc Rate Base Deductions	-	-	-	-	-	-	-	-	-	-	-	-			
Total Rate Base Deductions	(2,306,706)	(1,274,281)	(511,676)	(42,965)	(2,365)	(120,830)	(28,678)	(686)	(5,131)	(219,646)	(377)	(1,972)			
Total Rate Base	2,875,364	1,582,147	695,982	66,005	1,569	302,573	29,773	910	5,993	284,555	(1,106)	(20,304)			
Return On Rate Base	185,486	91,121	40,084	3,531	89	13,403	1,715	52	345	16,375	(64)	(1,171)			
Total Operating Expenses	7,343,500	4,065,188	1,632,722	166,184	8,138	484,039	61,300	1,836	14,180	750,152	283	(2,817)			
Revenue Credits	(352,688)	(142,992)	(64,538)	(6,617)	(298)	(67,881)	(1,495)	(46)	(1,310)	(75,261)	(21)	(21)			
Total Revenue Requirements	7,190,898	4,019,297	1,610,270	163,106	7,992	428,470	61,520	1,802	13,215	691,248	199	(4,106)			
Return On Rate Base @ Target ROR	231,955	127,720	56,184	4,519	124	18,788	2,403	73	484	22,952	(89)	(1,641)			
Total Operating Expenses Adjusted for Taxes	7,424,312	4,067,640	1,642,907	169,846	8,191	487,364	61,723	1,908	14,285	754,191	287	(3,206)			
Revenue Credits	(352,688)	(142,992)	(64,538)	(6,617)	(298)	(67,881)	(1,495)	(46)	(1,310)	(75,261)	(21)	(21)			
Total Target Revenue Requirements	7,303,679	4,072,388	1,644,285	166,597	8,049	438,159	62,632	1,896	13,439	701,682	158	(4,867)			

5.76%

6.07%

2007 JUN -8 AM 9:50

IDAHO PUBLIC
UTILITIES COMMISSION

Case No. PAC-E-07-05

Exhibit No. 30

Witness: Mark E. Tucker

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Mark E. Tucker

Cost of Service Work Papers

June 2007

**PacifiCorp
Table of Contents**

Tab 1	Cost of Service Procedures
Tab 2	Functionalized Results of Operations
Tab 3	Functionalization Factors
Tab 4	Class Cost of Service Detail
Tab 4.1	Functions (G+T+D+R+M)
Tab 4.2	Generation
Tab 4.3	Transmission
Tab 4.4	Distribution
Tab 4.5	Retail Service
Tab 4.6	Miscellaneous
Tab 5	Cost of Service Allocation Factors

**PACIFICORP
COST OF SERVICE
FUNCTIONALIZATION, CLASSIFICATION & ALLOCATION PROCEDURES**

INTRODUCTION

The Class Cost of Service Study is based on PacifiCorp's normalized results of operations. It employs a three-step process referred to as functionalization, classification, and allocation. These three steps recognize the way a utility provides electrical service and assigns cost responsibility to the groups of customers for whom the costs are incurred.

Functionalization

Functionalization recognizes the different roles played by the various facilities in the electric utility system. It is the process of separating expenses and rate base items to determine a separate revenue requirement for each of five major electric utility functions; Production (or Generation), Transmission, Distribution (Poles and Wires), Retail Services and Miscellaneous Services. These functions are also referred to as P, T, D (or DPW), R, and M.

The production function consists of the costs associated with power generation, including coal mining and wholesale purchases.

The transmission function includes the costs associated with the high voltage system utilized for the bulk transmission of power from the generation source and interconnected utilities to the load centers.

The distribution function includes the radial distribution system that connects the customer to the transmission system. This includes distribution substations, poles and wires, line transformers, service drops and meters.

The Retail Service function includes the retail activities associated with customer service including Meter Reading, Customer Accounting, Customer Service activities and Sales.

The Misc. Services function is a catchall for expenses that are associated with regulatory activities. These activities include franchise requirements and regulatory commission expenses.

Classification

Classification identifies the component of utility service being provided. The Company provides, and customers purchase, service that includes at least three different components: demand-related, energy-related, and customer-related.

Demand-related costs are incurred by the Company to meet the maximum demand

imposed on generating units, transmission lines, and distribution facilities. The maximum demand influences the size of these facilities, and correspondingly, the amount of Company investment and related expenses.

Energy-related costs vary with the output of a kWh of electricity. Typical energy-related costs include fuel, maintenance that occurs on the generating unit due to running of the unit, purchased energy and other costs that are impacted by the decision to supply energy.

Customer-related costs are driven by the number of customers served. Once the Company makes a commitment to serve a customer, these costs continue, even if the customer uses little or no electricity. At a minimum, they consist of the costs associated with meters, service drops, meter reading, billing, and customer service related expenses.

Allocation

After the costs have been functionalized and classified, the next step is to allocate them among the customer classes. Some utility plant and expenses can be identified as serving one or a small group of customers and can be directly assigned to those customers. In most cases, however, utility plant and expenses are used to serve multiple classes of customers. As such, those costs must be equitably shared among the customer classes. This is achieved by the use of allocation factors, which specify each class' share of a particular cost driver such as system peak demand, energy consumed, or number of customers. The appropriate allocation factor is then applied to the respective cost element to determine each class' share of cost. Factors with two digits (i.e. F30 - MWH) identify allocation factors that are calculated using cost driver information that is external to the cost study.

Many expense and rate base items track plant investment or some other value in the cost of service study. The allocation factors for these items are internally generated within the cost of service model. Internally identified factors are identified with three digits (i.e. F102 – Gross Plant). Many plant related allocation factors are identified by function and are so identified (F102G – Generation Plant, F102T – Transmission Plant, F102D – Distribution Plant and so on).

FUNCTIONALIZATION PROCEDURES

For regulatory reporting purposes costs are collected into the Business Warehouse (BW) database. Each account balance in BW is assigned a functional identification or FUNC Factor. Account balances captured in BW that are directly related to one of the primary business functions – P, T, D (or DPW), R, or M – are so designated. The functional designation is generally driven by the location code associated with an asset or transaction. In some cases, the customer service system for example, the business purpose of the asset or transaction is used rather than the physical location. Assets and expenses that support more than one of the five (for example, administrative and general

