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## Carrying Charge Review updates

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Wed, Oct 21, 2015 at 9:27 AM

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All –

Attached see an update of the carrying charge matrix we discussed in our September 29, 2015 technical conference, and the calculation of the current AFUDC rate.

Thanks

Bob

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**2 attachments**

 **AFUDC '14 Dec '14 actuals w. Calculation.xlsx**  
480K

 **Carrying Charges 10 19 2015.xlsx**  
13K

**PACIFICORP ELECTRIC OPERATIONS  
CALCULATION OF AFUDC RATE - 2014  
12 Months Actual**

LONG TERM DEBT	6,842,300,000.00	5.269%
PREFERRED STOCK	2,397,600.00	6.753%
COMMON EQUITY EXCLUDING AOCI	7,823,489,497.03	9.796%
DAILY AVERAGE SHORT TERM DEBT	10,205,384.78	15.4979%
13 MONTH AVERAGE CWIP	1,075,158,190.86	

	<u>BORROWED RATE</u>	<u>EQUITY RATE</u>	<u>TOTAL</u>
GROSS UNCOMPOUNDED RATE	2.58161772%	5.17621270%	7.75783042%
PERCENTAGE SPLIT	33.27757349%	66.72242651%	100.00000000%

S	Average short-term debt	10,205,384.78
s	Short-Term debt interest rate	15.4979%
D	Long-Term debt	6,842,300,000.00
d	Long-Term debt interest rate	5.2690%
P	Preferred Stock	2,397,600.00
p	Preferred Stock cost rate	6.7530%
C	Common equity	7,823,489,497.03
c	Common equity cost rate	9.7958%
W	Average CWIP	1,075,158,191

$A_i = \text{Gross allowance for borrowed funds used during construction rate} = s(S/W) + d(D/(D + P + C))(1 - S/W)$

$A_e = \text{Allowance for other funds used during construction rate} = [1 - S/W][p(P/(D + P + C)) + c(C/(D + P + C))]$

**Utah Accounts/Programs with Carrying Charges  
Draft - For Discussion Purposes.**

Description	Current Rate	Interest Rate Tied to	Docket/Order No.	Date of Docket/Order	Fixed Rate	If not fixed, how calculated	Reference to Order / Stipulation	Stipulation
DSM	7.76%	Current AFUDC rate	02-035-T12	10/3/2003	No	Not fixed, PacifiCorp calculates AFUDC in accordance with the FERC USOA found in CFR 18, Part 101, Electric Plant Instructions 3-A [17].	"Each year, the then-current AFUDC rate shall apply as a carrying charge on the balance in the Schedule 191 balancing account, whether the balance reflects an amount owing to customers or to the Company." (Stipulation, p.3, section 11)	Yes
REC Balancing Accounts	5.20%	Cost of debt from most recent general rate case	10-035-14	9/13/2011	No	Not fixed, cost of debt from most recent general rate case	"The balance in the RBA shall accrue interest at the Company's cost of debt approved in the Company's most recent general rate case (i.e., 5.71 percent currently) compounded monthly." (Stipulation p.18, paragraph 61)	Yes
Energy Balancing Accounts	6.00%	Rate set in Utah PSC EBA Order	Docket No. 09-035-15	3/2/2011	Yes	Fixed	"We also approve an annual carrying charge of 6 percent. As noted by the Office, this rate is consistent with the carrying charge approved by Questar Gas Company's gas balancing account. This rate is also similar to the Company's long-term cost of debt, the rate recommended by most parties." (Order p.78)	No
Customer Security Deposits	6.00%	Rate set in 1997 Rate Case Order	97-035-01	3/4/1999	Yes	Fixed	"In setting an interest rate to be paid on deposits, we desire to set a rate that is fair to both customers and the Company. Interest rates should be high enough that the utility has an incentive to not collect unnecessary deposits, and to return deposits as quickly as possible when they are no longer needed. We set the rate at six percent." (Order, Section III.G. Deposit Interest)	No
Home Energy Lifeline	5.20%	Cost of debt from most recent general rate case	UT Docket No. 03-035-01 and Docket No. 04-035-21	11/23/2005	No	Not fixed, cost of debt from most recent general rate case	"... the Commission-approved cost of debt as ordered in the most recent general rate case should be used to determine interest accruals on the HELP balance." (Commission acknowledgement letter dated October 9, 2014)	No
Solar Incentive	6.00%	Rate set in Solar Incentive Docket	11-035-104	10/1/2012	Yes	Fixed	Approved as part of the August 10, 2012 application in the Solar Incentive docket	No
Blue Sky	7.57%	Return on rate base	Docket No. 07-035-T13	9/6/2007	No	Not fixed, return on rate base from most current general rate case	"The company will apply its authorized rate of return to the balances in the regulatory liability account." (Tariff Sheet 70.4. Approved in Order dated September 6, 2007)	No
Customer Overpayments	6.00%	Rate set in 1997 Rate Case Order	97-035-01	3/4/1999	Yes	Fixed	"In setting an interest rate to be paid on deposits, we desire to set a rate that is fair to both customers and the Company. Interest rates should be high enough that the utility has an incentive to not collect unnecessary deposits, and to return deposits as quickly as possible when they are no longer needed. We set the rate at six percent." (Order, Section III.G. Deposit Interest)	No