

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)
APPLICATION OF PACIFICORP)
FOR APPROVAL OF ITS)
PROPOSED ELECTRIC RATE)
SCHEDULES & ELECTRIC)
SERVICE REGULATIONS)

Docket No. 03-2035-02
SUPPLEMENTAL
TESTIMONY
OF LARRY O. MARTIN

OCTOBER 2003

1 **Q. Are you the same Larry O. Martin who previously testified in these**
2 **proceedings?**

3 A. Yes.

4 **Summary of Testimony**

5 **Q. Please summarize your testimony.**

6 A. I present the updated request for recovery of in-period tax settlement payments. I
7 will describe an update for a payment related to the administrative appeal of the
8 1994-98 audit. In addition, I describe corrections to the original \$32 million
9 request.

10 **Q. What is the Company's updated request for recovery of in-period tax**
11 **settlement payments?**

12 A. The Company has decreased its overall request for tax settlement payments from
13 \$32.5 million to \$23.0 million on a Utah-allocated basis. The Company proposed
14 in its direct testimony to amortize the amount paid over a period not to exceed
15 five years. With the decrease in the Company's request, the annual amortization
16 amount has decreased from \$6.5 million to \$4.6 million.

17 **Q. Please describe the update made for the additional payment related to the**
18 **administrative appeal of the 1994-98 audit.**

19 A. In my direct testimony, I indicated that the Company expected to complete an
20 administrative appeal with the IRS related to the 1994-98 audit. The Company
21 has now included additional tax upon completion of the appeal of \$4.7 million.

22 **Q. Please describe the reasons for the other changes you are making to your**
23 **testimony.**

1 A. One of the primary drivers in the decreased request was the removal of the out-of-
2 period payment for the 1991-93 audit exam. The decrease also reflects corrections
3 to the calculation of PacifiCorp's liability for the audit adjustment. In addition, in
4 response to a data request, PacifiCorp has analyzed and removed settlement
5 adjustments related to items that have previously been disallowed for regulatory
6 purposes.

7 **Q. Does this conclude your supplemental direct testimony?**

8 A. Yes.