Direct Testimony of
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Class Cost Of Service Study Results
Northwest

Line		Formula	TOTAL	Res	Sm Comm	Sm Vol Firm	Lg Vol Firm	Lg Vol Int	Tran Sm Vol	Tran Lg Vol
1	O & M Expenses		$ 1,589,966	$ 1,050,230	$ 164,566	$ 62,428	$ 59,964		$ 42,774	$ 210,006
2	Depreciation and Amortization Expenses		$ 411,304	$ 257,669	$ 45,809	$ 16,822	$ 9,869		$ 13,400	$ 67,735
3	Taxes		$ 364,550	$ 240,290	$ 37,084	$ 13,064	$ 12,136		$ 10,476	$ 51,501
4	TOTAL - Expenses and Taxes	(a)	$ 2,365,820	$ 1,548,188	$ 247,458	$ 92,313	$ 81,969		$ 66,650	$ 329,241
5										
6	Current Revenue									
7	Rate Revenue		$ 2,275,916	$ 1,285,384	$ 330,993	$ 168,382	$ 45,555		$ 129,074	$ 316,528
8	Other Revenue		$ 25,534	$ 20,890	$ 3,184	$ 500	$ 87		$ 344	$ 529
9	TOTAL - Current Revenues	(b)	$ 2,301,450	$ 1,306,273	$ 334,177	$ 168,882	$ 45,642		$ 129,418	$ 317,057
10	Current Revenue Percentage		100.00%	56.76%	14.52%	7.34%	1.98%		5.62%	13.78%
11										
12	OPERATING INCOME	(c) = (b) - (a)	$ (64,370)	$ (241,915)	$ 86,719	$ 76,569	$ (36,326)		$ 62,768	$ (12,184)
13										
14	TOTAL RATE BASE	(d)	$ 5,202,859	$ 3,385,793	$ 642,659	$ 269,422	$ 167,597		$ 120,468	$ 616,920
15										
16	Current Rate Of Return	(e) = (c) ÷ (d)	-1.24%	-7.15%	13.49%	28.42%	-21.67%		52.10%	-1.97%
17										
18	Operating Income Needed To Equalize Class Returns	(f) = -1.24 × (d)	$ (64,370)	$ (41,889)	$ (7,951)	$ (3,333)	$ (2,074)		$ (1,490)	$ (7,633)
19										
20	Revenue Percentage Needed To Equalized Class Returns	(g) = (f) +(a)	$ 2,301,450	$ 1,506,299	$ 239,507	$ 88,980	$ 79,895		$ 65,160	$ 321,609
21			100.00%	65.45%	10.41%	3.87%	3.47%		2.83%	13.97%
22										
23	Rev. Neutral Shift to Equalize Class ROR	(h) = (g) - (b)		$ 200,026	$ (94,670)	$ (79,902)	$ 34,253		$ (64,258)	$ 4,551
24	**Rev. Neutral Shift Percentage to Equalize Class ROR**			**15.31%**	**-28.33%**	**-47.31%**	**75.05%**		**-49.65%**	**1.44%**
25										
26	Recommended Revenue Neutral Shift = 1/2 Indicated Shift	(i) = (h) ÷ 2		$ 100,013	$ (47,335)	$ (39,951)	$ 17,126		$ (32,129)	$ 2,276
27	**OPC Recommended Revenue Neutral Shift Percentage**			**7.78%**	**-14.30%**	**-23.73%**	**37.60%**		**-24.89%**	**0.72%**
28	Class Revenue Percentages After Rec. Rev. Neutral Shift			61.10%	12.46%	5.60%	2.73%		4.23%	13.88%