Case No. PAC-E-05-1
Exhibit No. 1
Witness: Samuel C. Hadaway

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Samuel C. Hadaway

Summary of Qualifications

Resume

January 2005

SAMUEL C. HADAWAY

FINANCO, Inc.
Financial Analysis Consultants

3520 Executive Center Drive, Suite 124
Austin, Texas 78731
(512) 346-9317

SUMMARY OF QUALIFICATIONS

- Principal, Financial Analysis Consultants (FINANCO, Inc.).
- Ph.D. in Finance and Econometrics.
- Extensive expert witness testimony in court and before regulatory agencies.
- Management of professional research staff in academic and regulatory organizations.
- Professional presentations before executive development groups, the National Rate of Return Analysts' Forum, and the New York Society of Security Analysts.
- Financial Management Association, Vice President for Practitioner Services.

EDUCATION

The University of Texas at Austin **Ph.D., Finance and Econometrics** **January 1975**	Dissertation: *An Evaluation of the Original and Recent Variants of the Capital Asset Pricing Model.*
The University of Texas at Austin **MBA, Finance** **June 1973**	Thesis: *The Pricing of Risk on the New York Stock Exchange.*
Southern Methodist University **BA, Economics** **June 1969**	Honors program. Departmental distinction.

OTHER EXPERIENCE

University of Texas at Austin **Adjunct Finance Professor**	Corporate Financial Management, Investments and Integrative Cases.
Texas State University San Marcos **Associate Professor of Finance**	Graduate and undergraduate courses in Financial Management, Managerial Economics, and Investment Analysis.
Public Utility Commission of Texas **Chief Economist and Director of Economic Research Division** **August 1980-August 1983**	Lead financial witness. Supervised Commission staff in research and testimony on rate of return, financial condition, and economic analysis.
Assistant Professor of Finance **Texas Tech University** **July 1978-July 1980** **University of Alabama** **January 1975-June 1978**	Member of graduate faculty. Conducted Ph.D. seminars and directed doctoral dissertations in capital market theory. Served as consultant to industry, church and governmental organizations.

FINANCIAL AND ECONOMIC TESTIMONY IN REGULATORY PROCEEDINGS (Client in parenthesis)

Cost of Money Testimony:

- Utah Public Service Commission, Docket No. 04-2035- , August 4, 2004 (PacifiCorp).
- Oklahoma Corporation Commission, Cause No. PUD-200400187, July 2, 2004, (CenterPoint Energy Arkla).
- Minnesota Public Utilities Commission, Docket No. G-008/GR-04-901, July 2004, (CenterPoint Energy Minnegasco).
- Washington Utilities and Transportation Commission, Docket ,UE-032065/General Rate Case, December 2003 (PacifiCorp).
- Washington Utilities and Transportation Commission, Docket ,UG-031885, November 2003 (Northwest Natural Gas Company.).
- Wyoming Public Service Commission, Docket No. 20000-ER-03-198, May 2003 (PacifiCorp).
- Public Service Commission of Utah, Docket No. 03-2035-02, May 2003 (PacifiCorp)
- Public Utility Commission of Oregon, Case. UE-147, March 2003 (PacifiCorp)
- Wyoming Public Service Commission, Docket No. 20000-ER-00-162, May 2002 (PacifiCorp).
- Public Utility Commission of Oregon, UG-152, November 2002 (Northwest Natural).
- Massachusetts Department of Telecommunications and Energy, D.T.E. 02-24/24, May 2002 (Fitchburg Gas and Electric Light Company).
- New Hampshire Public Utilities Commission, Docket No. DE 01-247, January 2002 (Unitil Corporation).
- Washington Utilities and Transportation Commission, Docket UE-011569,70,UG-011571, November 2001 (Puget Sound Energy, Inc.).
- California Public Utilities Commission, Docket No. 01-03-026, September and December 2001 (PacifiCorp).
- New Mexico Public Regulation Commission, Docket No. 3643, July 2001 (Texas-New Mexico Power Company).
- Texas Natural Resources Conservation Commission, Docket No. 2001-1074/5-URC, May 2001 (AquaSource Utility, Inc.).
- Massachusetts Department of Telecommunications and Energy, Docket No. 99-118, May 2001 (Fitchburg Gas and Electric Light Company).
- Public Service Commission of Utah, Docket No. 01-035-01, January 2001 (PacifiCorp)
- Federal Energy Regulatory Commission, Docket No. ER-01-651, January 2001 (Southwestern Electric Power Company).
- Wyoming Public Service Commission, Docket No. 20000-ER-00-162, December 2000 (PacifiCorp).
- Public Utility Commission of Oregon, Case. UE-116, November 2000, (PacifiCorp)
- Public Utility Commission of Texas, Docket No. 22344, September 2000, (AEP Texas Companies, Entergy Gulf States, Inc., Reliant Energy HL&P, Texas-New Mexico Power Company, TXU Electric Company)
- Public Utility Commission of Oregon, Case UE-111, August 2000, (PacifiCorp)
- Texas Public Utility Commission, Docket Nos. 22352,3,4, March 2000 (Central Power and Light Co., Southwestern Electric Power Co., West Texas Utilities Co.).
- Texas Public Utility Commission, Docket No. 22355, March 2000 (Reliant Energy, Inc.).
- Texas Public Utility Commission, Docket No. 22349, March 2000 (Texas-New Mexico Power Co.).
- Texas Public Utility Commission, Docket No. 22350, March 2000 (TXU Electric).
- Washington Utilities and Transportation Commission, Docket UE-991831, November 1999 (PacifiCorp).
- Public Service Commission of Utah, Docket No. 99-035-10, September 1999 (PacifiCorp)
- Louisiana Public Service Commission Docket No. U-23029, August 1999 (Southwestern Electric Power Company)

- Wyoming Public Service Commission, Docket No. 2000-ER-99-145, July 1999, January 2000 (PacifiCorp, dba Pacific Power and Light Company).
- Texas PUC Docket No. 20150, March 1999 (Entergy Gulf States, Inc.)
- Federal Energy Regulatory Commission Docket No. ER-98-3177-00, May and December 1998 (Southwestern Electric Power Company).
- Public Service Commission of Utah, Docket No. 97-035-01, June 1998 (PacifiCorp, dba Utah Power and Light Company).
- Massachusetts Dept. of Telecommunications and Energy, Docket No. DTE 98-51, May 1998, (Fitchburg Gas and Electric Light Company, a subsidiary of Unitil Corp.)
- Texas PUC, Docket No. 18490, March 1998, (Texas Utilities Electric Company)
- Texas PUC Docket No. 17751, March 1998 and July 1997 (Texas-New Mexico Power Company).
- Federal Energy Regulatory Commission Docket No. RP-97, February 1998 and May 1997 (Koch Gateway Pipeline Company).
- Federal Energy Regulatory Commission Docket No. ER-97-4468-000, December 1997 (Puget Sound Power & Light).
- Oklahoma Corporation Commission, Cause No. PUD 960000214, August 1997 (Public Service Company of Oklahoma).
- Oregon Public Utility Commission Docket No. UE-94, April 1996, (PacifiCorp).
- Texas PUC Docket No. 15643, May and September 1996, (Central Power and Light and West Texas Utilities Company).
- Federal Energy Regulatory Commission Docket No. ER-96, April 1996 (Puget Sound Power & Light).
- Federal Energy Regulatory Commission Docket No. ER96, February 1996, (Central and South West Corporation).
- Washington Utilities & Transportation Commission Docket No. UE-951270, November 1995 (Puget Sound Power & Light).
- Texas PUC Docket No. 14965, November 1995, (Central Power and Light).
- Texas PUC Docket No. 13369, February 1995 (West Texas Utilities).
- Texas PUC Docket No. 12065, July and December 1994, (Houston Lighting & Power).
- Texas PUC, Docket No. 12820, July and November 1994, (Central Power and Light).
- Texas PUC Docket No. 12900, March 1994, and New Mexico PUC Case No. 2531, August 1993, (TNP Enterprises).
- Texas PUC, Docket No. 12815, March 1994, (Pedernales Electric Cooperative).
- Florida Public Service Commission, Docket No. 930987-EI, December 1993, (TECO Energy).
- Iowa Department of Commerce, Docket No. RPU-93-9, December 1993, (US West Communications).
- Texas PUC Dkt. No. 11735, May and September 1993, (Texas Utilities Electric Company)
- Oklahoma Corporation Commission, Cause No. PUD 001342, October 1992 (Public Service Company of Oklahoma).
- Texas PUC Dkt. No. 9983, November 1991, (Southwest Texas Telephone Company).
- Texas PUC Dkt. No. 9850, November 1990, Houston Lighting & Power Company).
- Texas PUC Dkt. Nos. 8480/8482, January 1989; City of Austin Dkt. No. 1, August 1988 and July 1987, (City of Austin Electric Department).
- Missouri Public Service Commission Case No. ER-90-101, July 1990 (UtiliCorp).
- Texas PUC Dkt. No. 9945, December 1990; Texas PUC Dkt. No. 9165, November 1989, (El Paso Electric Company).
- Texas PUC Dkt. No. 9427, July 1990, (Lower Colorado River Authority Association of Wholesale Customers).
- Oregon Public Utility Commission, March 1990, (Pacific Power & Light Company).
- Utah Public Service Commission, November 1989, (Utah Power & Light Company).
- Texas PUC Dkt. No. 5610, September 1988, (GTE Southwest).
- Iowa State Utilities Board, September 1988, (Northwestern Bell Telephone Company).

- Texas Water Commission, Dkt. Nos. RC-022 and RC-023, November 1986, (City of Houston Water Department).
- Pennsylvania PUC Dkt. Nos. R-842770 and R-842771, May 1985, (Bethlehem Steel).

Capital Structure Testimony:

- Federal Energy Regulatory Commission Docket No. RP-97, May 1997 (Koch Gateway Pipeline Company).
- Illinois Commerce Commission Dkt. No. 93-0252 Remand, July 1996, (Sprint).
- California PUC (Appl. No. 92-05-004) April 1993 and May 1993, (Pacific Telesis).
- Montana PSC, Dkt. No. 90.12.86, November 1991, (US West Communications).
- Massachusetts PUC Dkt. No. 86-33, June 1987, (New England Telephone Company).
- Maine PUC Dkt. No. 85-159, February 1987, (New England Telephone Company).
- New Hampshire PUC Dkt. No. 85-181, September 1986, (New England Telephone Company).
- Maine PUC Dkt. No. 83-213, March 1984, (New England Telephone Company).

Regulatory Policy and Other Regulatory Issues:

- New Hampshire PUC Docket No. DE 03-086, May 2003, (Unitil Corporation).
- Texas PUC Docket No. 26194, May 2003 (El Paso Electric Company)
- Texas PUC Docket No. 22622, June 15, 2001 (TXU Electric)
- Texas PUC Docket No. 20125, November 1999 (Entergy Gulf States, Inc.)
- Texas PUC Docket No. 21112, July 1999 and New Mexico Public Regulation Commission Case No. 3103, July 1999 (Texas-New Mexico Power Company)
- Texas PUC Docket No. 20292, May 1999 (Central Power and Light Co.)
- Texas PUC Docket No. 20150, November 1998 (Entergy Gulf States, Inc.)
- New Mexico PUC Case No. 2769, May 1997, (Texas-New Mexico Power Company).
- Texas PUC Dkt. No. 15296, September 1996, (City of College Station, Texas).
- Texas PUC Dkt. No. 14965 Competitive Issues Phase, August 1996 (Central Power and Light Company).
- Texas PUC Dkt. No. 12456, May 1994, (Texas Utilities Electric Company).
- Texas PUC, Dkt. No. 12700/12701 and Federal Energy Regulatory Commission, Docket No. EC94-000, January 1994, (El Paso Electric Company).
- Florida Public Service Commission Generic Purchased Power Proceedings, October 1993 (TECO Energy).
- Texas PUC, Docket No. 11248, December 1992 (Barbara Faskins).
- Texas PUC Dkt. No. 10894, January and June 1992, (Gulf States Utilities Company).
- State Corporation Commission of Kansas, Dkt. No. 175,456-U, August 1991, (UtiliCorp United).
- Texas PUC Dkt. No. 9561, May 1990; Texas PUC Dkt. Nos. 6668/8646, July 1989 and February 1990, (Central Power and Light Company).
- Texas PUC Dkt. No. 9300, April 1990 and June 1990, (Texas Utilities Electric Co.).
- Texas PUC Dkt. No. 10200, August 1991, (Texas-New Mexico Power Company).
- Texas PUC Dkt. No. 7289, May 1987, (West Texas Utilities Company).
- Texas PUC Dkt. No. 7195, January 1987, (North Star Steel Texas).
- New Mexico PSC Case No. 1916, April 1986, (Public Service Company of New Mexico).
- Texas PUC Dkt. No. 6525, March 1986, (North Star Steel Texas).
- Texas PUC Dkt. No. 6375, November 1985, (Valley Industrial Council).
- Texas PUC Dkt. No. 6220, April 1985, (North Star Steel Texas).
- Texas PUC Dkt. No. 5940, March 1985, (West Texas Municipal Power Agency).
- Texas PUC Dkt. No. 5820, October 1984, (North Star Steel Texas).
- Texas PUC Dkt. No. 5779, September 1984, (Texas Industrial Energy Consumers).
- Texas PUC Dkt. No. 5560, April 1984, (North Star Steel Texas).
- Arizona PSC Dkt. No. U-1345-83-155, January 1984 and May 1984 (Arizona Public Service Company Shareholders Association).

Insurance Rate Testimony:

- Texas Department of Insurance, Docket No. 2394, November 1999, (Texas Title Insurance Agents).
- Senate Interim Committee on Title Insurance of the Texas Legislature, February 6, 1998
- Texas Department of Insurance, Docket No. 2279, October 1997, (Texas Title Insurance Agents).
- Texas Department of Insurance, January 1996, (Independent Metropolitan Title Insurance Agents of Texas).
- Texas Insurance Board, January 1992, (Texas Land Title Association).
- Texas Insurance Board, December 1990, (Texas Land Title Association).
- Texas Insurance Board, November 1989, (Texas Land Title Association).
- Texas Insurance Board, December 1987, (Texas Land Title Association).

Testimony On Behalf Of Texas PUC Staff:

- Texland Electric Cooperative, Dkt. No. 3896, February 1983
- El Paso Electric Company, Dkt. No. 4620, September 1982.
- Southwestern Bell Telephone Company, Dkt. No. 4545, August 1982.
- Central Power and Light Company, Dkt. No. 4400, May 1982.
- Texas-New Mexico Power Company, Dkt. 4240, March 1982.
- Texas Power and Light Company, Dkt. No. 3780, May 1981.
- General Telephone Company of the Southwest, Dkt. No. 3690, April 1981.
- Mid-South Electric Cooperative, Dkt. No. 3656, March 1981.
- West Texas Utilities Company, Dkt. No. 3473, December 1980.
- Houston Lighting & Power Company, Dkt. No. 3320, September 1980.

ECONOMIC ANALYSIS AND TESTIMONY

Antitrust Litigation:

- Marginal Cost Analysis of Concrete Production/Predatory Pricing (Stiles)
- Analysis of Lost Business Opportunity due to denial of Waste Disposal Site Permit (Browning-Ferris Industries, Inc.).
- Analysis of Electric Power Transmission Costs in Purchased Power Dispute (City of College Station, Texas).

Contract Litigation:

- Analysis of Cogeneration Contract/Economic Viability Issues(Texas-New Mexico Power Company)
- Definition of Electric Sales/Franchise Fee Contract Dispute (Reliant Energy HL&P)
- Analysis of Purchased Power Agreement/Breach of Contract (Texas-New Mexico Power Company)
- Regulatory Commission Provisions in Franchise Fee Ordinance Dispute (Central Power & Light Company)
- Analysis of Economic Damages resulting from attempted Acquisition of Highway Construction Company (Dillingham Construction Corporation).
- Analysis of Economic Damages due to Contract Interference in Acquisition of Electric Utility Cooperative (PacifiCorp).
- Analysis of Economic Damages due to Patent Infringement of Boiler Cleaning Process (Dowell-Schlumberger/The Dow Chemical Company).

Lender Liability/Securities Litigation:

- ERISA Valuation of Retail Drug Store Chain (Sommers Drug Stores Company).

- Analysis of Lost Business Opportunities in Failed Businesses where Lenders Refused to Extend or Foreclosed Loans (FirstCity Bank Texas, McAllen State Bank, General Electric Credit Corporation).
- Usury and Punitive Damages Analysis based on Property Valuation in Failed Real Estate Venture (Tomen America, Inc.).

Personal Injury/Wrongful Death/Lost Earnings Capacity Litigation:

- Analysis of Lost Earnings Capacity and Punitive Damages due to Industrial Accident (Worsham, Forsythe and Wooldridge).
- Analysis of Lost Earnings Capacity due to Improper Termination (Lloyd Gosselink, Ryan & Fowler).
- Present Value Analysis of Lost Earnings and Future Medical Costs due to Medical Malpractice (Sierra Medical Center).

Product Warranty/Liability Litigation:

- Analysis of Lost Profits due to Equipment Failure in Cogeneration Facility (WF Energy/Travelers Insurance Company).
- Analysis of Economic Damages due to Grain Elevator Explosion (Degesch Chemical Company).
- Analysis of Economic Damages due to failure of Plastic Pipe Water Lines (Western Plastics, Inc.)
- Analysis of Rail Car Repair and Maintenance Costs in Product Warranty Dispute (Youngstown Steel Door Company).

Property Tax Litigation:

- Evaluation of Electric Utility Distribution System (Jasper-Newton Electric Cooperative).
- Evaluations of Electric Utility Generating Plants (West Texas Utilities Company).

Valuations of Closely Held Business in Domestic Affairs Proceedings and for Federal Estate Tax Planning.

PROFESSIONAL PRESENTATIONS

"Fundamentals of Financial Management and Reporting for Non-Financial Managers," Austin Energy, July 2000.

"Fundamentals of Finance and Accounting," the IC^2 Institute, University of Texas at Austin, December 1996 and 1997.

"Fundamentals of Financial Analysis and Project Evaluation," Central and South West Companies, April, May, and June 1997.

"Fundamentals of Financial Management and Valuation," West Texas Utilities Company, November 1995.

"Financial Modeling: Testing the Reasonableness of Regulatory Results," University of Texas Center for Legal and Regulatory Studies Conference, June 1991.

"Estimating the Cost of Equity Capital," University of Texas at Austin Utilities Conference, June 1989, June 1990.

"Regulation: The Bottom Line," Texas Society of Certified Public Accountants, Annual Utilities Conference, Austin, Texas, April 1990.

"Alternative Treatments of Large Plant Additions -- Modeling the Alternatives," University of Texas at Dallas Public Utilities Conference, July 1989.

"Industrial Customer Electrical Requirements," Edison Electric Institute Financial Conference, Scottsdale, Arizona, October 1988.

"Acquisitions and Consolidations in the Electric Power Industry," Conference on Emerging Issues of Competition in the Electric Utility Industry, University of Texas at Austin, May 1988.

"The General Fund Transfer - Is It A Tax? Is It A Dividend Payout? Is It Fair?" The Texas Public Power Association Annual Meeting, Austin, May 1984.

"Avoiding 'Rate Shock' - Preoperational Phase-In Through CWIP in Rate Base," Edison Electric Institute, Finance Committee Annual Meeting, May 1983.

"A Cost-Benefit Analysis of Alternative Bond Ratings Among Electric Utility Companies in Texas," (with B.L. Heidebrecht and J.L. Nash), Texas Senate Subcommittee on Consumer Affairs, December 1982.

"Texas PUC Rate of Return and Construction Work in Progress Methods," New York Society of Security Analysts, New York, August 1982.

"In Support of Debt Service Requirements as a Guide to Setting Rates of Return for Subsidiaries," Financial Forum, National Society of Rate of Return Analysts, Washington, D.C., May 1982.

PUBLICATIONS

"Institutional Constraints on Public Fund Performance," (with B.L. Hadaway) *Journal of Portfolio Management,* Winter 1989.

"Implications of Savings and Loan Conversions in a Deregulated World," (with B.L. Hadaway) *Journal of Bank Research*, Spring 1984.

"Regulatory Treatment of Construction Work in Progress," abstract, (with B.L. Heidebrecht and J. L. Nash), *Rate & Regulation Review*, Edison Electric Institute, December 20, 1982.

"Financial Integrity and Market-to-Book Ratios in an Efficient Market," (with W. L. Beedles), *Gas Pricing & Ratemaking*, December 7, 1982.

"An Analysis of the Performance Characteristics of Converted Savings and Loan Associations," (with B.L. Hadaway) *Journal of Financial Research*, Fall 1981.

"Inflation Protection from Multi-Asset Sector Investments: A Long-Run Examination of Correlation Relationships with Inflation Rates," (with B.L. Hadaway), *Review of Business and Economic Research*, Spring 1981.

"Converting to a Stock Company-Association Characteristics Before and After Conversion," (with B.L. Hadaway), *Federal Home Loan Bank Board Journal*, October 1980.

"A Large-Sample Comparative Test for Seasonality in Individual Common Stocks," (with D.P. Rochester), *Journal of Economics and Business*, Fall 1980.

"Diversification Possibilities in Agricultural Land Investments," *Appraisal Journal*, October 1978.

"Further Evidence on Seasonality in Common Stocks," (with D.P. Rochester), *Journal of Financial and Quantitative Analysis*, March 1978.

Case No. PAC-E-05-1
Exhibit No. 2
Witness: Samuel C. Hadaway

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Samuel C. Hadaway

Historical Capital Market Costs

January 2005

PacifiCorp Idaho
Historical Capital Market Costs

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Prime Rate	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.2%
Consumer Price Index	2.8%	2.9%	2.3%	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.3%
Long-Term Treasuries	6.9%	6.7%	6.6%	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%	5.1%
Moody's Avg Utility Debt	7.9%	7.7%	7.6%	7.0%	7.6%	8.1%	7.7%	7.5%	6.6%	6.3%
Moody's A Utility Debt	7.9%	7.8%	7.6%	7.0%	7.6%	8.2%	7.8%	7.4%	6.6%	6.2%

*Prime Rate and Long-Term Treasuries through October; Consumer Price Index and Moody's Utility Debt through September

SOURCES:
Prime Interest Rate - Federal Reserve Bank of St. Louis website
Consumer Price Index - Federal Reserve Bank of St. Louis website
Long-Term Treasuries - Federal Reserve Bank of St. Louis website
Moody's Average Utility Debt - Moody's (Mergent) Bond Record
Moody's Baa Utility Debt - Moody's (Mergent) Bond Record

PacifiCorp Idaho

Three-Month Average Moody's Utility Bond Yields

MONTH	MOODY'S SINGLE-A UTILITY BOND YIELD	MOODY'S AVERAGE UTILITY BOND YIELD
Oct-04	5.94%	5.95%
Nov-04	5.95%	5.97%
Dec-04	5.97%	5.98%
AVERAGE	5.95%	5.97%

Source: Mergent Bond Record

PacifiCorp
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Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

			Annual % Change				2004			E2005				E2006
2003	E2004	E2005	2003	E2004	E2005		2Q	P3Q	E4Q	1Q	2Q	3Q	4Q	1Q
						Gross Domestic Product								
$11,004.0	$11,735.7	$12,412.0	4.9	6.6	5.8	GDP (current dollars)	$11,657.5	$11,810.0	$12,002.7	$12,187.3	$12,340.5	$12,486.5	$12,633.5	$12,800.0
4.9	6.6	5.8	-	-	-	Annual rate of increase (%)	6.6	5.3	6.7	6.3	5.1	4.8	4.8	5.4
3.0	4.5	3.6	-	-	-	Annual rate of increase–real GDP (%)	3.3	3.9	4.4	3.5	3.4	3.1	2.9	3.2
1.8	2.1	2.0	-	-	-	Annual rate of increase–GDP deflator (%)	3.2	1.3	2.0	2.7	1.6	1.7	1.9	2.1
						***Components of Real GDP**								
$7,356.0	$7,629.4	$7,866.7	3.3	3.7	3.1	Personal consumption expenditures	$7,572.4	$7,666.8	$7,735.5	$7,785.0	$7,843.9	$7,894.6	$7,943.5	$8,000.9
3.3	3.7	3.1	-	-	-	% change	1.6	5.1	3.6	2.6	3.1	2.6	2.5	2.9
1,030.6	1,097.2	1,130.9	7.4	6.5	3.1	Durable goods	1,074.7	1,118.2	1,120.3	1,122.0	1,130.6	1,131.9	1,139.1	1,152.2
2,112.3	2,205.8	2,276.7	3.7	4.4	3.2	Nondurable goods	2,188.0	2,213.7	2,234.1	2,251.5	2,269.4	2,285.9	2,299.9	2,316.2
4,220.3	4,339.6	4,472.5	2.2	2.8	3.1	Services	4,320.0	4,351.0	4,395.8	4,425.3	4,457.8	4,489.6	4,517.4	4,546.6
1,110.8	1,228.9	1,351.3	3.3	10.6	10.0	Nonresidental fixed investment	1,207.9	1,245.3	1,289.6	1,308.4	1,339.1	1,366.2	1,391.5	1,411.8
3.3	10.6	10.0	-	-	-	% change	12.4	13.0	15.0	6.0	9.7	8.3	7.6	6.0
879.2	996.9	1,104.8	6.4	13.4	10.8	Producers durable equipment	975.5	1,015.0	1,053.6	1,067.4	1,094.7	1,119.2	1,138.0	1,154.1
503.0	552.3	546.2	8.8	9.8	(1.1)	Residental fixed investment	554.6	556.8	564.1	562.7	554.2	539.3	528.7	519.9
8.8	9.8	(1.1)	-	-	-	% change	16.7	1.6	5.3	(1.0)	(6.0)	(10.3)	(7.6)	(6.5)
(0.7)	46.4	49.8	-	-	-	Net change in business inventories	61.1	35.9	48.7	53.1	51.7	51.1	43.3	36.7
1,909.4	1,949.6	1,993.9	2.8	2.1	2.3	Gov't purchases of goods & services	1,946.5	1,952.4	1,963.7	1,976.2	1,988.3	2,000.1	2,010.8	2,020.9
689.6	722.7	745.8	6.6	4.8	3.2	Federal	718.1	726.4	733.2	738.7	744.1	748.3	752.4	756.1
1,219.8	1,226.8	1,247.9	0.7	0.6	1.7	State & local	1,228.3	1,225.9	1,230.4	1,237.5	1,244.1	1,251.8	1,258.4	1,264.7
(518.5)	(583.1)	(583.8)	-	-	-	Net exports	(580.3)	(588.0)	(613.8)	(600.6)	(594.4)	(578.9)	(561.3)	(539.2)
1,031.8	1,123.3	1,232.8	1.9	8.9	9.7	Exports	1,114.8	1,132.1	1,150.9	1,179.3	1,214.4	1,250.9	1,286.5	1,323.7
1,550.2	1,706.3	1,816.6	4.4	10.1	6.5	Imports	1,695.1	1,720.1	1,764.7	1,779.9	1,808.9	1,829.8	1,847.7	1,862.9
						****Income & Profits**								
$9,162.0	$9,650.8	$10,159.9	3.2	5.3	5.3	Personal income	$9,592.7	$9,671.7	$9,894.0	$9,950.3	$10,093.0	$10,233.6	$10,362.9	$10,525.0
8,160.0	8,620.3	9,035.3	4.2	5.6	4.8	Disposable personal income	8,562.1	8,627.4	8,853.2	8,875.4	8,993.5	9,089.7	9,182.5	9,318.9
1.4	1.1	0.8	-	-	-	Savings rate (%)	1.3	0.5	1.7	0.7	0.8	0.8	0.7	1.0
874.5	1,005.0	1,366.7	15.4	14.9	36.0	Corporate profits before taxes	988.3	964.3	1,105.0	1,405.0	1,365.6	1,353.1	1,343.0	1,338.9
639.6	731.2	986.8	11.4	14.3	35.0	Corporate profits after taxes	717.1	703.0	798.8	1,017.1	986.0	976.1	968.2	964.0
48.80	58.49	65.00	77.0	20.0	11.1	‡Earnings per share (S&P 500)	56.23	57.67	58.49	60.44	61.91	64.34	65.00	65.31
						†Prices & Interest Rates								
2.3	2.7	2.3	-	-	-	Consumer price index	4.7	1.9	3.0	2.2	1.8	1.7	1.5	1.5
1.0	1.4	3.1	-	-	-	Treasury bills	1.1	1.5	2.0	2.5	2.9	3.3	3.7	3.8
4.0	4.3	4.9	-	-	-	10-yr notes	4.6	4.3	4.3	4.5	4.7	5.0	5.2	5.4
5.1	5.1	5.4	-	-	-	30-yr bonds	5.4	5.1	5.0	5.1	5.3	5.5	5.7	5.8
5.7	5.6	6.2	-	-	-	New issue rate–corporate bonds	5.9	5.6	5.5	5.8	6.0	6.3	6.5	6.6
						Other Key Indicators								
1,850.0	1,958.7	1,815.1	8.3	5.7	(7.3)	Housing starts (1,000 units SAAR)	1,919.7	1,969.3	2,002.7	1,895.2	1,840.9	1,793.6	1,730.5	1,698.5
16.6	16.8	17.0	(0.9)	0.8	1.1	Auto & truck sales (1,000,000 units)	16.5	17.1	16.9	16.8	17.1	17.0	16.9	16.9
6.0	5.5	5.2	-	-	-	Unemployment rate (%)	5.6	5.4	5.4	5.3	5.2	5.2	5.3	5.3
(12.2)	(8.3)	(9.3)	-	-	-	§U.S. dollar	13.4	(6.8)	(20.6)	(13.7)	(3.9)	(4.6)	(5.0)	(4.4)

Note: Annual changes are from prior year and quarterly changes are from prior quarter. Figures may not add to totals because of rounding. A–Advance data. P–Preliminary. E–Estimated. R–Revised. *1996 Chain-weighted dollars. **Current dollars. ‡Trailing 4 quarters. †Average for period. §Quarterly % changes at quarterly rates. This forecast prepared by Standard & Poor's.

Value Line Forecast for the U.S. Economy

	ACTUAL	ESTIMATED						
	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS (2000 CHAIN WEIGHTED $) BILLIONS OF DOLLARS								
Final Sales	10722	10834	10941	11022	11109	11191	11274	11358
Total Consumption	7572	7659	7716	7773	7831	7879	7928	7977
Nonresidential Fixed Investment	1208	1242	1278	1299	1331	1357	1380	1400
Structures	242	242	250	256	259	262	265	268
Equipment & Software	976	1010	1039	1049	1075	1098	1117	1133
Residential Fixed Investment	564	568	572	568	562	555	548	541
Exports	1115	1129	1147	1172	1202	1232	1259	1288
Imports	1695	1727	1752	1767	1794	1816	1832	1848
Federal Government	718	726	733	739	746	750	754	757
State & Local Governments	1228	1227	1236	1242	1249	1256	1262	1267
Gross Domestic Product	11658	11804	11969	12133	12295	12450	12607	12766
Real GDP (2000 Chain Weighted $)	10785	10883	10977	11064	11157	11251	11342	11432
PRICES AND WAGES-ANNUAL RATES OF CHANGE								
GDP Deflator	3.2	1.3	2.0	2.0	1.8	1.8	1.8	1.8
CPI-All Urban Consumers	4.7	1.9	3.3	2.3	2.2	2.2	2.3	2.3
PPI-Finished Goods	6.1	0.6	5.0	3.0	2.0	1.5	1.3	1.3
Employment Cost Index—Total Comp.	4.0	3.5	3.5	3.7	3.5	3.5	3.6	3.7
Productivity	4.0	1.8	2.5	2.2	2.0	2.0	1.8	1.8
PRODUCTION AND OTHER KEY MEASURES								
Industrial Prod. (% Change, Annualized)	4.9	2.9	4.0	5.0	3.0	2.5	2.5	2.5
Factory Operating Rate (%)	76.1	76.5	77.0	77.0	77.2	77.3	77.4	77.7
Nonfarm Inven. Chg. (2000 Chain Weighted $)	58.8	47.8	48.0	48.0	44.0	44.0	38.0	30.0
Housing Starts (Mill. Units)	1.92	1.97	1.98	1.92	1.88	1.83	1.80	1.75
Existing House Sales (Mill. Units)	6.79	6.67	6.80	6.50	6.35	6.25	6.20	6.10
Total Light Vehicle Sales (Mill. Units)	16.5	17.1	17.0	16.8	17.0	17.0	17.0	17.0
National Unemployment Rate (%)	5.6	5.4	5.4	5.3	5.3	5.4	5.4	5.4
Federal Budget Surplus (Unified, FY, $Bill)	-25.7	-85.9	-90.0	-95.0	-55.0	-75.0	-70.0	-70.0
Price of Oil ($Bbl., U.S. Refiners' Cost)	34.81	39.70	45.25	45.35	44.25	39.90	36.50	34.00
MONEY AND INTEREST RATES								
3-Month Treasury Bill Rate (%)	1.1	1.5	1.9	2.2	2.5	2.8	3.0	3.0
Federal Funds Rate (%)	1.0	1.4	1.9	2.2	2.5	2.7	2.9	3.0
10-Year Treasury Note Rate (%)	4.6	4.3	4.3	4.4	4.6	4.8	5.0	5.0
Long-Term Treasury Bond Rate (%)	5.4	5.2	5.0	5.1	5.3	5.5	5.7	5.7
AAA Corporate Bond Rate (%)	5.9	5.6	5.2	5.4	5.6	5.8	5.9	6.0
Prime Rate (%)	4.0	4.4	4.9	5.1	5.3	5.5	5.5	5.6

Case No. PAC-E-05-1
Exhibit No. 3
Witness: Samuel C. Hadaway

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Samuel C. Hadaway

Discounted Cash Flow Analysis

January 2005

PacifiCorp Idaho
Discounted Cash Flow Analysis
Summary Of DCF Model Results

Company	Traditional Constant Growth DCF Model	Constant Growth DCF Model Long-Term GDP Growth	Low Near-Term Growth Two-Stage Growth DCF Model
1 Ameren	9.2%	12.1%	11.2%
2 CH Energy Group	7.7%	11.4%	10.6%
3 Cleco Corporation	9.3%	11.7%	10.9%
4 Con. Edison	9.1%	12.0%	11.2%
5 DTE Energy Co.	9.7%	11.6%	10.8%
6 Empire District	11.1%	12.8%	11.8%
7 Entergy Corp.	9.3%	9.8%	9.5%
8 FPL Group, Inc.	9.2%	10.8%	10.9%
9 MGE Energy, Inc.	10.3%	10.9%	10.2%
10 Northeast Utilities	10.2%	10.1%	10.4%
11 NSTAR	9.4%	11.3%	10.9%
12 Progress Energy	9.7%	12.2%	11.5%
13 SCANA Corp.	9.6%	10.7%	10.5%
14 Sempra Energy	9.4%	9.4%	8.8%
15 Southern Co.	9.9%	11.4%	11.1%
16 Vectren Corp.	10.3%	11.4%	11.0%
17 Wisconsin Energy	9.2%	9.3%	9.1%
18 Xcel Energy Inc.	9.0%	11.6%	11.4%
GROUP AVERAGE	9.5%	11.1%	10.7%
GROUP MEDIAN	9.4%	11.4%	10.9%

PacifiCorp Idaho
Discounted Cash Flow Analysis
Traditional Constant Growth DCF Model

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				Projected Growth Rate Analysis										
				Year 2008 "BR" Growth Rate Calculation										
Company	Recent Price(P0)	Next Year's Div(D1)	Dividend Yield	DPS	EPS	Retention Rate (B)	NBV	ROE (R)	B*R Growth	Zacks	Value Line	GDP Growth	Average Growth *(Cols 9-12)*	ROE K=Div Yld+G *(Cols 3+13)*
1 Ameren	46.48	2.54	5.47%	2.54	3.05	16.72%	32.85	9.28%	1.55%	3.00%	n/a	6.60%	3.72%	9.2%
2 CH Energy Group	45.29	2.16	4.77%	2.16	2.75	21.45%	32.50	8.46%	1.82%	n/a	0.50%	6.60%	2.97%	7.7%
3 Cleco Corporation	17.50	0.90	5.14%	0.90	1.50	40.00%	12.50	12.00%	4.80%	n/a	1.00%	6.60%	4.13%	9.3%
4 Con. Edison	42.16	2.28	5.41%	2.34	2.90	19.31%	31.55	9.19%	1.77%	2.80%	n/a	6.60%	3.72%	9.1%
5 DTE Energy Co.	41.40	2.06	4.98%	2.10	3.75	44.00%	38.50	9.74%	4.29%	3.90%	4.00%	6.60%	4.70%	9.7%
6 Empire District	20.57	1.28	6.22%	1.28	1.50	14.67%	15.75	9.52%	1.40%	5.00%	6.50%	6.60%	4.87%	11.1%
7 Entergy Corp.	60.95	1.92	3.15%	2.16	4.95	56.36%	49.20	10.06%	5.67%	6.20%	6.00%	6.60%	6.12%	9.3%
8 FPL Group, Inc.	68.38	2.84	4.15%	3.56	5.85	39.15%	51.45	11.37%	4.45%	4.60%	4.50%	6.60%	5.04%	9.2%
9 MGE Energy, Inc.	31.90	1.37	4.29%	1.40	2.35	40.43%	18.00	13.06%	5.28%	n/a	6.00%	6.60%	5.96%	10.3%
10 Northeast Utilities	19.16	0.67	3.50%	0.89	2.15	58.60%	22.05	9.75%	5.71%	4.60%	10.00%	6.60%	6.73%	10.2%
11 NSTAR	48.76	2.30	4.72%	2.50	4.00	37.50%	32.50	12.31%	4.62%	4.70%	3.00%	6.60%	4.73%	9.4%
12 Progress Energy	42.53	2.38	5.60%	2.50	3.20	21.88%	36.35	8.80%	1.93%	3.70%	n/a	6.60%	4.08%	9.7%
13 SCANA Corp.	37.36	1.54	4.12%	1.78	3.25	45.23%	28.50	11.40%	5.16%	4.50%	5.50%	6.60%	5.44%	9.6%
14 Sempra Energy	35.50	1.00	2.82%	1.00	3.75	73.33%	31.25	12.00%	8.80%	5.90%	5.00%	6.60%	6.58%	9.4%
15 Southern Co.	30.36	1.45	4.78%	1.63	2.45	33.47%	17.65	13.88%	4.65%	4.40%	5.00%	6.60%	5.16%	9.9%
16 Vectren Corp.	24.91	1.19	4.78%	1.31	1.95	32.82%	16.35	11.93%	3.91%	6.40%	5.00%	6.60%	5.48%	10.3%
17 Wisconsin Energy	32.15	0.87	2.71%	1.00	3.00	66.67%	29.00	10.34%	6.90%	6.30%	6.00%	6.60%	6.45%	9.2%
18 Xcel Energy Inc.	17.33	0.87	5.02%	1.00	1.50	33.33%	14.75	10.17%	3.39%	3.40%	2.50%	6.60%	3.97%	9.0%
GROUP AVERAGE			4.53%						4.23%	4.63%	4.70%	6.60%	4.99%	9.5%
GROUP MEDIAN			4.77%											9.4%

Sources: Value Line Investment Survey, Electric Utility (East), Sep 3, 2004; (Central), Oct 1, 2004; (West), Nov 12, 2004

NOTE: SEE PAGE 5 OF THIS SCHEDULE FOR FURTHER EXPLANATION OF EACH COLUMN

PacifiCorp Idaho
Discounted Cash Flow Analysis
Constant Growth DCF Model
Long-Term GDP Growth

	(15)	(16)	(17)	(18)	(19)
Company	Recent Price(P0)	Next Year's Div(D1)	Dividend Yield	GDP Growth	**ROE** K=Div Yld+G *(Cols 17+18)*
1 Ameren	46.48	2.54	5.47%	6.60%	12.1%
2 CH Energy Group	45.29	2.16	4.77%	6.60%	11.4%
3 Cleco Corporation	17.50	0.90	5.14%	6.60%	11.7%
4 Con. Edison	42.16	2.28	5.41%	6.60%	12.0%
5 DTE Energy Co.	41.40	2.06	4.98%	6.60%	11.6%
6 Empire District	20.57	1.28	6.22%	6.60%	12.8%
7 Entergy Corp.	60.95	1.92	3.15%	6.60%	9.8%
8 FPL Group, Inc.	68.38	2.84	4.15%	6.60%	10.8%
9 MGE Energy, Inc.	31.90	1.37	4.29%	6.60%	10.9%
10 Northeast Utilities	19.16	0.67	3.50%	6.60%	10.1%
11 NSTAR	48.76	2.30	4.72%	6.60%	11.3%
12 Progress Energy	42.53	2.38	5.60%	6.60%	12.2%
13 SCANA Corp.	37.36	1.54	4.12%	6.60%	10.7%
14 Sempra Energy	35.50	1.00	2.82%	6.60%	9.4%
15 Southern Co.	30.36	1.45	4.78%	6.60%	11.4%
16 Vectren Corp.	24.91	1.19	4.78%	6.60%	11.4%
17 Wisconsin Energy	32.15	0.87	2.71%	6.60%	9.3%
18 Xcel Energy Inc.	17.33	0.87	5.02%	6.60%	11.6%
GROUP AVERAGE			4.53%	6.60%	11.1%
GROUP MEDIAN			4.77%		11.4%

Sources: Value Line Investment Survey, Electric Utility (East), Sep 3, 2004; (Central), Oct 1, 2004; (West), Nov 12, 2004

NOTE: SEE PAGE 5 OF THIS SCHEDULE FOR FURTHER EXPLANATION OF EACH COLUMN

PacifiCorp Idaho
Discounted Cash Flow Analysis
Low Near-Term Growth
Two-Stage Growth DCF Model

	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
				CASH FLOWS							
Company	Next Year's Div	2008 Div	Annual Change to 2008	Recent Price	Year 1 Div	Year 2 Div	Year 3 Div	Year 4 Div	Year 5 Div	Year 5-150 Div Growth	ROE=Internal Rate of Return *(Yrs 0-150)*
1 Ameren	2.54	2.54	0.00	-46.48	2.54	2.54	2.54	2.54	2.71	6.60%	11.2%
2 CH Energy Group	2.16	2.16	0.00	-45.29	2.16	2.16	2.16	2.16	2.30	6.60%	10.6%
3 Cleco Corporation	0.90	0.90	0.00	-17.50	0.90	0.90	0.90	0.90	0.96	6.60%	10.9%
4 Con. Edison	2.28	2.34	0.02	-42.16	2.28	2.30	2.32	2.34	2.49	6.60%	11.2%
5 DTE Energy Co.	2.06	2.10	0.01	-41.40	2.06	2.07	2.09	2.10	2.24	6.60%	10.8%
6 Empire District	1.28	1.28	0.00	-20.57	1.28	1.28	1.28	1.28	1.36	6.60%	11.8%
7 Entergy Corp.	1.92	2.16	0.08	-60.95	1.92	2.00	2.08	2.16	2.30	6.60%	9.5%
8 FPL Group, Inc.	2.84	3.56	0.24	-68.38	2.84	3.08	3.32	3.56	3.79	6.60%	10.9%
9 MGE Energy, Inc.	1.37	1.40	0.01	-31.90	1.37	1.38	1.39	1.40	1.49	6.60%	10.2%
10 Northeast Utilities	0.67	0.89	0.07	-19.16	0.67	0.74	0.82	0.89	0.95	6.60%	10.4%
11 NSTAR	2.30	2.50	0.07	-48.76	2.30	2.37	2.43	2.50	2.67	6.60%	10.9%
12 Progress Energy	2.38	2.50	0.04	-42.53	2.38	2.42	2.46	2.50	2.67	6.60%	11.5%
13 SCANA Corp.	1.54	1.78	0.08	-37.36	1.54	1.62	1.70	1.78	1.90	6.60%	10.5%
14 Sempra Energy	1.00	1.00	0.00	-35.50	1.00	1.00	1.00	1.00	1.07	6.60%	8.8%
15 Southern Co.	1.45	1.63	0.06	-30.36	1.45	1.51	1.57	1.63	1.74	6.60%	11.1%
16 Vectren Corp.	1.19	1.31	0.04	-24.91	1.19	1.23	1.27	1.31	1.40	6.60%	11.0%
17 Wisconsin Energy	0.87	1.00	0.04	-32.15	0.87	0.91	0.96	1.00	1.07	6.60%	9.1%
18 Xcel Energy Inc.	0.87	1.00	0.04	-17.33	0.87	0.91	0.96	1.00	1.07	6.60%	11.4%
GROUP AVERAGE											10.7%
GROUP MEDIAN											10.9%

Sources: Value Line Investment Survey, Electric Utility (East), Sep 3, 2004; (Central), Oct 1, 2004; (West), Nov 12, 2004

NOTE: SEE PAGE 5 OF THIS SCHEDULE FOR FURTHER EXPLANATION OF EACH COLUMN

PacifiCorp Idaho
Discounted Cash Flow Analysis
DCF Analysis Column Descriptions

Column 1: Three-month Average Price per Share (Aug-Oct 2004)

Column 2: Estimated 2005 Dividends per Share from Value Line

Column 3: Column 2 Divided by Column 1

Column 4: Estimated 2008 Dividends per Share from Value Line

Column 5: Estimated 2008 Earnings per Share from Value Line

Column 6: One Minus (Column 4 Divided by Column 5)

Column 7: Estimated 2008 Net Book Value per Share from Value Line

Column 8: Column 5 Divided by Column 7

Column 9: Column 6 Multiplied by Column 8

Column 10: "Next 5 Years" Company Growth Estimate as Reported by Zacks.com

Column 11: "Est'D 01-03 To 07-09" Earnings Growth as Reported by Value Line.

Column 12: Average of GDP Growth During the Last 10 year, 20 year, 30 year, and 40 year growth periods.

Column 13: Average of Columns 9-12

Column 14: Column 3 Plus Column 13

Column 15: See Column 1

Column 16: See Column 2

Column 17: Column 16 Divided by Column 15

Column 18: See Average Growth Rate shown at the Bottom of Column 12

Column 19: Column 17 Plus Column 18

Column 20: See Column 2

Column 21: See Column 4

Column 22: (Column 21 Minus Column 20) Divided by Three

Column 23: See Column 1

Column 24: See Column 20

Column 25: Column 24 Plus Column 22

Column 26: Column 25 Plus Column 22

Column 27: Column 26 Plus Column 22

Column 28: Column 27 Increased by the Growth Rate Shown in Column 29

Column 29: See Average Growth Rate shown at the Bottom of Column 12

Column 30: The Internal Rate of Return of the Cash Flows in Columns 23-28 along with the Dividends for the Years 6-150 Implied by the Growth Rates shown in Column 29

Case No. PAC-E-05-1
Exhibit No. 4
Witness: Samuel C. Hadaway

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

PACIFICORP

Exhibit Accompanying Direct Testimony of Samuel C. Hadaway

Risk Premium Analysis

January 2005

PacifiCorp Idaho

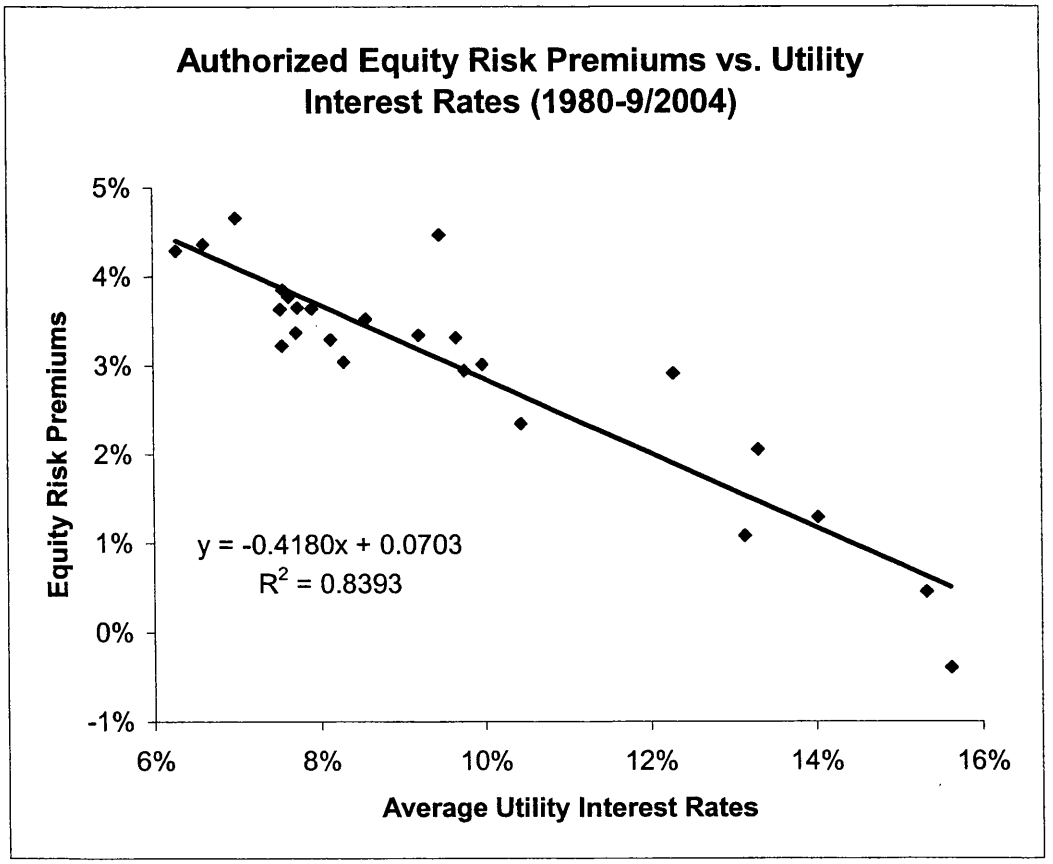
Risk Premium Analysis

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
9/2004	6.28%	10.57%	4.29%
AVERAGE	9.63%	12.63%	3.00%

INDICATED COST OF EQUITY

PROJECTED AVG UTILITY BOND YIELD	6.70%
MOODY'S AVG ANNUAL YIELD DURING STUDY	9.63%
INTEREST RATE DIFFERENCE	-2.93%
INTEREST RATE CHANGE COEFFICIENT	-41.80%
ADUSTMENT TO AVG RISK PREMIUM	1.23%
BASIC RISK PREMIUM	3.00%
INTEREST RATE ADJUSTMENT	1.23%
EQUITY RISK PREMIUM	4.23%
PROJECTED AVG UTILITY BOND YIELD	6.70%
INDICATED EQUITY RETURN	**10.9%**

Sources:
(1) Moody's Investors Service
(2) Regulatory Focus, Regulatory Research Associates, Inc.

PacifiCorp Idaho

Risk Premium Analysis