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IDAHO PUBLIC
UTILITIES COMMISSION

PACIFICORP
PACIFIC POWER UTAH POWER

August 17, 2005

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attn: Ms. Jean D. Jewell
Commission Secretary

Re: Quarterly Debt Report

Pursuant to Case No. PAC-E-05-5, PacifiCorp (the Company) hereby files an original and eight copies of its debt report for the period ended June 30, 2005 as well as recent write-ups from major bond rating agencies.

Long-Term Debt Activity:

Amount outstanding at March 31, 2005		$3,879,158,000
Issuances		
5.250% FMBs due June 2035	300,000,000	
Maturities		
6.750% FMBs due Apr 2005	(150,000,000)	
Amount outstanding at June 30, 2005		$4,029,158,000

Long-Term Debt Authorization:

Amount authorized May 17, 2005 by Order No. 29787	$1,000,000,000
Issuances	
June 13, 2005 issuance of 5.250% FMBs due June 2035	(300,000,000)
Remaining authorization at June 30, 2005	$700,000,000

If you have any questions regarding this summary, please call me at (503) 813-6856.

Sincerely,

Matt Fechner

Matt Fechner
Treasury Analyst

Enclosures

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Research:

Print ready

Research Update: MidAmerican Ratings Put On Watch Pos, PacifiCorp Rtgs On Watch Neg Re Acquisition Announcement

Publication date: 25-May-2005

Primary Credit Analyst(s): Scott Taylor, New York (1) 212-438-2057; scott_taylor@standardandpoors.com
Anne Selting, San Francisco (1) 415-371-5009; anne_selting@standardandpoors.com

Credit Rating: BBB-/Watch Pos/--

Rationale

On May 25, 2005, Standard & Poor's Ratings Services placed its 'A-/A-2' corporate credit rating on PacifiCorp on CreditWatch with negative implications and its 'BBB-' corporate credit rating on MidAmerican Energy Holdings Co. (MEHC) on CreditWatch with positive implications.

The rating actions follow the announcement by Scottish Power PLC (A-/Stable/A-2) that it has agreed to sell PacifiCorp to MEHC for $9.4 billion, including $5.1 billion in cash, and the assumption of $4.3 billion in net debt and preferred stock.

In addition, Standard & Poor's placed its 'A-' rating on Northern Natural Gas Co. on CreditWatch with positive implications, reflecting the fact that Northern Natural's rating is capped at a level three notches above the rating on MEHC, and that it can support an 'A' rating on a stand-alone basis.

The CreditWatch listing reflects the fact that the current 'A-' corporate credit rating on PacifiCorp is based on ScottishPower's consolidated credit profile, whose solid financial performance has compensated for the U.S. utility's weaker stand-alone metrics. The positive CreditWatch listing for MEHC reflects Standard & Poor's expectation that the acquisition will be financed primarily with the infusion of equity from MEHC's ultimate parent, Berkshire Hathaway Inc. (AAA/Stable/A-1+), a practice consistent with past acquisitions.

If the transaction proceeds, Standard & Poor's will assess the financing structure of the acquisition, MEHC's resulting consolidated creditworthiness, the benefit of any ring-fencing mechanisms that MEHC structures around PacifiCorp, and the utility's stand-alone credit metrics. Standard & Poor's will also consider MEHC's history of strong operations and regulatory management at its only U.S.-based regulated utility, MidAmerican Energy Co. (A-/Stable/A-1), as well as any necessary support for PacifiCorp's sizable capital expenditures over the near term.

The acquisition will require regulatory approval from each of the six states that PacifiCorp operates, which will take at least a year. As details of the merger become clear, Standard & Poor's will update the CreditWatch listings as appropriate.

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Ratings List

	To	From
Ratings Placed On CreditWatch Negative		

PacifiCorp		
Corp credit rating	A-/Watch Neg/A-2	A-/Stable/A-2
Senior secured debt	A-/Watch Neg	A-
Senior unsecured debt	BBB+/Watch Neg	BBB+
Subordinated debt	BBB+/Watch Neg	BBB+
Preferred stock	BBB/Watch Neg	BBB
Commercial paper	A-2/Watch Neg	A-2

Ratings Placed On CreditWatch Positive

MidAmerican Energy Holdings Co.		
Corporate credit rating	BBB-/Watch Pos/--	BBB-/Positive/--
Senior unsecured	BBB-/Watch Pos	BBB-
Preferred stock	BB/Watch Pos	BB
Northern Natural Gas Co.		
Corporate credit rating	A-/Watch Pos/--	A-/Positive/--
Senior unsecured debt	A-/Watch Pos	A-

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.

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Global Credit Research
Rating Action
26 MAY 2005

Moody's Investors Service

Rating Action: PacifiCorp

MOODY'S AFFIRMS THE RATINGS OF PACIFICORP (Baa1 SR. UNSECURED); REVISES RATING OUTLOOK TO DEVELOPING FROM STABLE

Approximately $4.5 Billion of Debt Securities Affected

New York, May 26, 2005 -- Moody's Investors Service affirmed the debt ratings of PacifiCorp (Baa1 senior unsecured debt) and changed the rating outlook to developing from stable. This action follows the announcement that MidAmerican Energy Holding Company (MEHC: Baa3 senior unsecured debt) plans to acquire PacifiCorp from Scottish Power plc (SP: Baa1 senior unsecured debt) for $9.4 billion, including $5.1 billion in cash and the assumption of about $4.3 billion of net debt of PacifiCorp.

The rating affirmation considers the expected continuation of equity support from its current indirect parent, SP, prior to the completion of the acquisition, as the utility finances a large capital expenditure program over the next several years. The rating affirmation further incorporates the belief that MEHC will manage PacifiCorp's business, including its future capital structure, in a way that is supportive to credit quality, including the contribution of ongoing equity to support the utility's capital expenditure program, and that PacifiCorp will continue to receive reasonable regulatory treatment throughout its six-state jurisdiction for the recovery of supply and delivery-related capital investment and operating costs.

While Moody's views the acquisition by MEHC to have long-term positive benefits, particularly given the size of the company's capital expenditure program, the developing rating outlook incorporates the near-term potential for new regulatory challenges for PacifiCorp as the merger-related approval process in each of the six states could affect the timing and the outcome of a number of important rate cases that are underway throughout the company's six state jurisdiction. Most of the current rate cases have the potential for PacifiCorp to obtain some form of rate increase, which collectively will enhance the company's returns and cash flow as the utility increases its capital investment. To the extent that the merger approval process, which is expected to take 12 to 15 months, substantially affects the timeliness or the amount of rate recovery currently being pursued by PacifiCorp, the company's credit quality could, in the near-term, be negatively affected.

This near-term concern is balanced against the longer-term benefits to PacifiCorp's bondholders of ownership by MEHC, which is 80.5% owned by Berkshire Hathaway, and considers MEHC's successful track record in operating other regulated utility businesses as well as our belief that the potential new owners are likely to take a longer-term view towards enhancing returns at PacifiCorp relative to the earnings expectations of SP, the current owner.

The acquisition is subject to the approval of the SP shareholders, as well as six state regulatory authorities, and federal regulatory authorities, including FERC, the SEC, and the NRC, and as mentioned, is expected to take 12 to 15 months. During this timeframe, Moody's will monitor the merger approval process at the state and federal level and assess the impact, if any, on PacifiCorp's existing regulatory filings, as well as the final form in which MEHC intends to finance this acquisition. To the extent that the merger related regulatory proceedings do not meaningfully affect the timeliness or the outcome of state regulatory proceedings currently underway, the PacifiCorp rating outlook could stabilize. While the size of the company's capital expenditures limit the prospects for a rating upgrade at PacifiCorp in the near-term, the rating could be upgraded over the intermediate term if the company's capital expenditure program continues to be financed conservatively and if reasonably regulatory support is secured on a timely basis resulting in an improvement in credit metrics. This would include PacifiCorp's funds from operations (FFO) to total adjusted debt being in excess of 20% on a sustainable basis and its FFO to adjusted interest expense being in excess of 4.0x on a sustainable basis.

Ratings affirmed include:

-Senior secured debt; A3,

-Issuer Rating and senior unsecured debt; Baa1,

-Preferred stock; Baa3,

-Short term rating for commercial paper; Prime-2;

-Shelf registration for the issuance of senior secured debt, senior unsecured debt, subordinate debt, or preferred stock rated (P)A3, (P)Baa1, (P)Baa2, or (P)Baa3, respectively.

Headquartered in Portland, Oregon, PacifiCorp is vertically integrated utility with operations in Oregon, Utah, Washington, Idaho, Wyoming, and California. PacifiCorp is an indirect wholly-owned subsidiary of SP.

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Moody's Investors Service

Global Credit Research
Credit Opinion
27 MAY 2005

Credit Opinion: PacifiCorp

PacifiCorp

Portland, Oregon, United States

Ratings

Category	Moody's Rating
Outlook	Developing
Issuer Rating	Baa1
First Mortgage Bonds	A3
Senior Secured	A3
Senior Unsecured MTN	Baa1
Subordinate Shelf	(P)Baa2
Preferred Stock	Baa3
Commercial Paper	P-2
Parent: Scottish Power plc	
Outlook	Stable
Issuer Rating	Baa1
Sr Unsec Bank Credit Facility	Baa1
Senior Unsecured	Baa1
Utah Power & Light Co	
Outlook	Developing
Preferred Stock	Baa3
PacifiCorp Group Holdings Company	
Outlook	Stable
Bkd Commercial Paper	P-2

Contacts

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Kevin G. Rose/New York	
Daniel Gates/New York	

Key Indicators

PacifiCorp

	Q3 2005 LTM	2004	2003	2002
Funds from Operations / Adjusted Debt [1]	16.1%	17.5%	14.6%	6.0%
Retained Cash Flow / Adjusted Debt [1]	11.9%	13.6%	14.6%	-0.7%
Common Dividends / Net Income Available for Common	81%	66%	0%	95%
Adjusted Funds from Operations + Adjusted Interest / Adjusted Interest [2]	3.53	3.63	3.09	2.00
Adjusted Debt / Adjusted Capitalization [1][3]	56.5%	55.4%	56.6%	60.3%
Net Income Available for Common / Common Equity	6.9%	7.5%	4.2%	10.9%

[1] Debt is adjusted for operating leases, guaranteed preferred beneficial interests in company's junior sub, and debentures & preferred stock subject to mandatory redemption. [2] Adjusted Interest reflects adjustments for operating leases and preferred stock dividends. [3] Adjusted Capitalization reflects the adjusted debt.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Credit Strengths

PacifiCorp's credit strengths are:

Low-cost generating assets and extensive transmission network through the western US

Recent key regulatory decisions have been constructive

While credit metrics lag relative to similarly rated peers, recent rate increases are expected to improve credit metrics.

Financing plan contemplates substantial equity support

Credit Challenges

PacifiCorp's credit challenges are:

Regulatory uncertainty still remain due to numerous rate applications pending

Future capital expenditures will increase materially

Six state utility network creates regulatory challenges

Financial performance can be affected by hydro levels in the Pacific Northwest

Rating Rationale

The Baa1 senior unsecured rating of PacifiCorp reflects the relative predictably of cash flows expected from a well-positioned, vertically integrated utility, and an affiliation with parent, Scottish Power, plc, (SP) who has implemented operational efficiencies, and has fortified relations with the state regulators. The rating also considers the company's reasonably succesful efforts to raise rates which improve regulated returns and sustainable cash flow and can support an increasing capital budget over the next several years. While regulatory challenges remain for PacifiCorp, the rating incorporates an expectation that the company will continue to maintain constructive regulatory relationships during this important period.

The rating also considers the announcement by MidAmerican Energy Holding Company (MEHC) to acquire PacifiCorp from SP for $9.4 billion, including $5.1 billion in cash and the assumption of around $4.3 billion of PacifiCorp net debt. The rating considers the expected continuation of equity support from SP prior to the completion of the acquisition and factors in the belief that MEHC will manage PacifiCorp's business, including its future capital structure, in a way that is supportive to credit quality.

Rating Outlook

PacifiCorp's rating outlook is developing. While Moody's views the acquisition of PacifiCorp by MEHC to have long-term positive benefits, particularly given the size of the capital investment program, the developing rating outlook incorporates the near-term potential for new regulatory challenges for PacifiCorp as the merger-related approval process in each of the six states could affect the timing and the outcome of a number of important rate cases that are underway throughout the company's six state jurisdiction. Most of the current rate cases have the potential for PacifiCorp to obtain some form of rate increase, which collectively will enhance the company's returns and cash flow as the utility increases its capital investment. To the extent that the merger approval process, which is expected to take 12 to 15 months, substantially affects the timeliness or the amount of rate recovery currently being pursued by PacifiCorp, the company's credit quality could, in the near-term, be negatively affected.

This near-term concern is balanced against the longer-term benefits to PacifiCorp's bondholders of ownership by MEHC, which is 80.5% owned by Berkshire Hathaway, and considers MEHC's successful track record in operating other regulated utility businesses as well as our belief that the potential new owners are likely to take a long-term view towards enhancing returns at PacifiCorp.

Moody's will monitor the merger approval process at the state and federal level and assess the impact, if any, on PacifiCorp's existing regulatory filings, as well as the final form in which MEHC intends to finance this acquisition.

To the extent that the merger related regulatory proceedings do not meaningfully affect the timeliness or the outcome of state regulatory proceedings currently underway, the PacifiCorp rating outlook could stabilize.

What Could Change the Rating - DOWN

Given the size of PacifiCorp's capital program and the rating's reliance on ongoing regulatory support, the rating could be downgraded if timely regulatory support is delayed or materially affected due to the merger related regulatory approvals.

What Could Change the Rating - UP

While the size of the capital expenditures limit the prospects for a rating upgrade at PacifiCorp in the near-term, the rating could be upgraded over the intermediate term if the company's capital expenditure program continues to be financed conservatively and if reasonably regulatory support is secured on a timely basis resulting in an improvement in credit metrics. This would include PacifiCorp's funds from operations (FFO) to total adjusted debt being in excess of 20% on a sustainable basis and its FFO to adjusted interest expense being in excess of 4.0x on a sustainable basis.

Analysis

UNITED STATES
Americas

June 2005

Contact	Phone
New York	
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Daniel Gates	

PacifiCorp

PacifiCorp is a regulated utility serving retail customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho, and California. As a vertically integrated utility, PacifiCorp owns and has contracts for fuel sources including coal and natural gas and uses these fuel sources, as well as other fuel sources, including wind, geothermal, and hydro, to generate electricity at its power plants. PacifiCorp conducts its retail electric utility business under the names Pacific Power and Utah Power, and sells excess electricity generation in the wholesale power market. Sales to retail customers in Utah and Oregon represent about 70% of PacifiCorp's total retail revenues.

PacifiCorp's fiscal year ends on March 31st. During fiscal year 2005, the company's total revenues reached $3.048 Billion and its net income was $251.7 million. PacifiCorp is an indirect wholly-owned subsidiary of Scottish Power plc (SP: Baa1 senior unsecured).

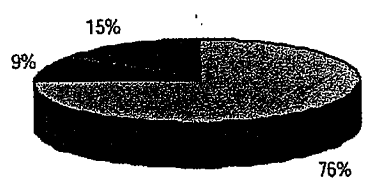
On March 23, 2005, SP executed a Stock Purchase Agreement with MidAmerican Energy Holdings Company (MEHC) providing for the sale of the common stock of PacifiCorp for approximately $9.4 Billion, consisting of $5.1 Billion in cash plus the assumption of approximately $4.3 Billion in net debt and preferred stock. The sale requires SP shareholder approval and will require numerous state and federal regulatory approvals. The company anticipates the sale will be completed during calendar year 2006.

Low-cost generating assets and extensive transmission network through the western US

PacifiCorp owns or has access to low cost generating assets, the bulk of which is coal-fired assets. Mines owned by PacifiCorp provide about 30% of PacifiCorp's coal needs, with the remainder being sourced by long-term and short term contracts. PacifiCorp's owned generation satisfied 79% of the utility's 2005 energy needs, with the remaining 21% being satisfied by short-term and long-term purchases.

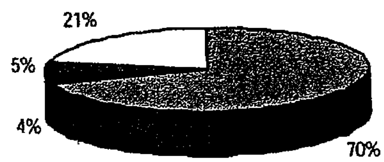
In addition to the company's low-cost generation resources, the company owns or has access to an extensive transmission system covering 15,530 miles throughout the Pacific Northwest. Access to this multi-state system favorably positions PacifiCorp in the wholesale power market to secure or to sell excess capacity as needed.

PacifiCorp Owned Generation



Source: PacifiCorp 2005 10-K

PacifiCorp's Energy Requirements 2005



Source: PacifiCorp 2005 10-K

Recent key regulatory decisions have been constructive

For the past several years, PacifiCorp has been actively seeking regulatory support across the company's six-state jurisdiction in an effort to enhance returns at the utility. To date, PacifiCorp's efforts have been reasonably successful.

In Utah, which represents about 40% of total retail revenues, the Utah Public Service Commission (UPSC) approved, in February 2005, a stipulated settlement of the company's general rate case awarding an increase of $51 million annually, based upon a return on equity of 10.5%. Additionally, in October 2004, the UPSC approved the use of a forward-looking test year, which was implemented for the first time in the company's general rate case, and helps to support the company's credit fundamentals while it finances its large capital investment program. Also, in Utah, the state passed Senate Bill 26 in February 2005. Among other things, this bill provides PacifiCorp with the opportunity to obtain advance approval from the UPSC of resource decisions and an assurance of recovery of costs associated with the resource.

In Oregon, which represents slightly less than 30% of total retail revenues, the Oregon Public Utility Commission (OPUC) approved, in July 2002, recovery of the company's deferred accounting filing relating to excess net power costs. The order authorized recovery of $131.6 million, plus carrying costs, at a rate of $45.6 million annually.

Financing plan contemplates substantial equity support

PacifiCorp's capital expenditure program is expected to be more than $1 billion in each of the next two years. PacifiCorp intends to finance this program with a combination of internally generated funds, the issuance of long-term debt, and substantial equity support from indirect parent, SP. To that end and pursuant to the Stock Purchase Agreement, SP is required to contribute $125 million per quarter during 2006 and $131.25 million per quarter during fiscal year 2007. If the sale of PacifiCorp is completed, MEHC will refund to SP the amount of required fiscal 2007 common equity contributions as an increase to the purchase price. Moreover, pursuant to the Stock Purchase Agreement, SP has agreed to cause PacifiCorp to not pay dividends in excess of $53.7 million per quarter during 2006 and in excess of $60.575 million per quarter during 2007.

While credit metrics lag relative to similarly rated peers, rate increases have strengthened credit metrics

PacifiCorp's credit metrics, while improving since 2001 and 2002, continue to remain weak when compared to other similarly rated vertically integrated utilities. For example, funds from operations (FFO) to total adjusted debt averaged slightly less than 20% over the last two years, while PacifiCorp's FFO coverage of adjusted interest expense averaged near 4.0x. Given the size of the company's capital investment program along with the number of rate requests outstanding, reasonable regulatory support over the next several years coupled with a fairly conservative capital structure will be the two biggest drivers of PacifiCorp's near-term credit quality.

Six state utility network creates regulatory challenges

Among the largest challenges for PacifiCorp is managing the regulatory relationships of six different state commissions. Since 2002, the company has been involved in designing and implementing a cost allocation methodology that would achieve a more permanent consensus on the allocation of costs across the six state service territory. In March 2005, final ratification of the revised protocol for cost allocations was approved in four of the six states--Utah, Oregon, Wyoming, and Idaho. In Washington, the commission accepted the revised cost allocation protocol for reporting purposes and established a process for ongoing discussions that could lead to a permanent allocation methodology during fiscal 2006. In California, the revised protocol will be filed in the company's next general rate case.

Regulatory uncertainty still remains due to numerous rate applications pending

While PacifiCorp has achieved a reasonable level of success in obtaining important rate relief throughout the company's six state service territory, challenges remain given the number of pending requests outstanding.

In Oregon, PacifiCorp filed a general rate case in November 2004 with the OPUC related to increases in operating costs, including fuel, purchased power, and pension and health care costs. PacifiCorp is seeking an increase of $102.0 million annually. If approved by the OPUC, the increase would take effect in September 2005. Several parties have reached a partial stipulation with PacifiCorp that would reduce the proposed revenue requirement increase in the case from approximately $102 million to approximately $71 million. The partial stipulation covers many items including net power costs but certain items, including cost of capital, pensions and benefits are still being litigated. Hearings are scheduled to occur in July 2005.

Also, in Oregon, PacifiCorp filed an application in February 2005 for deferral of higher power costs in calendar 2005 due to continuing poor hydroelectric conditions. On May 25, 2005, this deferral application was suspended to allow the parties to focus on the power cost adjustment mechanism filed by PacifiCorp in April 2005. If approved, the proposed power cost adjustment mechanism will address Oregon's share of PacifiCorp's total net power cost volatility resulting from such factors as hydroelectric, natural gas and load variability. The proposed power cost adjustment mechanism is designed to be a longer-term, ongoing mechanism that passes through to customers a portion of excess net power costs or returns to customers a portion of over-collected net power costs, keeping rates more closely aligned with PacifiCorp's actual costs.

In Wyoming, the Wyoming Public Service Commission (WPSC) approved a joint stipulation increasing rates by $9.3 million annually, effective September 15, 2004. As part of this stipulation, PacifiCorp agreed not to file a general rate application until at least September 30, 2005. Further, the parties agreed to hold discussions on the development of a commodity cost recovery mechanism and alternative forms of regulation. Discussions on both topics are underway.

In Washington, PacifiCorp filed an application in March 2005 for the deferral of higher power costs in 2005 due to poor hydroelectric conditions. PacifiCorp requested that the deferral continue through the conclusion of the general rate proceeding. As part of that proceeding, PacifiCorp expects to address the rate treatment of the current low hydroelectric trend and power cost volatility through a proposed power cost adjustment mechanism.

Also, in Washington, PacifiCorp, on May 5, 2005, filed a general rate case request with the Washington Utilities and Transportation Commission (WUTC) for approximately $39.2 million related to increases in operating costs, including fuel, purchased power, pension and other employee benefit costs. The rate increase also addresses investment in new generation, the implementation of a power cost adjustment mechanism and ratification of the multi-state process protocol discussed above that has been adopted by four other states served by PacifiCorp. PacifiCorp is seeking an allowed rate of return on equity of 11.125%.

In Idaho, PacifiCorp, on January 14, 2005, filed a general rate case with the Idaho Public Utility Commission (IPUC) related to continuing investment to serve Idaho load, increases in employee-related costs and general inflation impacts. PacifiCorp is seeking an increase of $15.1 million annually. If approved by the IPUC, new rates would take effect September 16, 2005.

While the potential acquisition of PacifiCorp by MEHC has long-term benefits, near-term regulatory challenges could surface as the merger-related approval process could affect the timing and the outcome of a number of existing rate cases

Following the announcement that MEHC would purchase the stock of PacifiCorp from SP, Moody's changed the rating outlook for PacifiCorp to developing from stable. The change in rating outlook incorporates the view that, while the acquisition of PacifiCorp by MEHC may have long-term positive benefits, particularly given the size of the capital investment program, new near-term regulatory challenges may surface as the merger-related approval process in each of the six states could affect the timing and the outcome of a number of important rate cases that are underway. As discussed above, most of the current rate cases have the potential for PacifiCorp to obtain some form of rate increase, which collectively will enhance the company's returns and cash flow as the utility increases its capital investment. To the extent that the merger approval process substantially affects the timeliness or the amount of rate recovery currently being pursued by PacifiCorp, the company's credit quality could, in the near-term, be negatively affected.

This near-term concern is balanced against the longer-term benefits to PacifiCorp's bondholders of ownership by MEHC, which is 80.5% owned by Berkshire Hathaway, and considers MEHC's successful track record in operating other regulated utility businesses as well as Moody's belief that the potential new owners are likely to take a long-term view towards enhancing returns at PacifiCorp.

Moody's intends to monitor the merger approval process at the state and federal level and assess the impact, if any, on PacifiCorp's existing regulatory filings, as well as the final form in which MEHC intends to finance this acquisition. To the extent that the merger related regulatory proceedings do not meaningfully affect the timeliness or the outcome of state regulatory proceedings currently underway, the PacifiCorp rating outlook could stabilize.

While the size of the company's capital expenditures limit the prospects for a rating upgrade at PacifiCorp in the near-term, the rating could be upgraded over the intermediate term if the company's capital expenditure program continues to be financed conservatively and if reasonably regulatory support is secured on a timely basis resulting in an improvement in credit metrics. This would include PacifiCorp's funds from operations (FFO) to total adjusted debt being in excess of 20% on a sustainable basis and its FFO to adjusted interest expense being comfortably in excess of 4.0x on a sustainable basis.

Future capital expenditures will increase materially

Depicted below are the actual capital expenditures for the year ended March 31, 2005, as well as PacifiCorp's estimated capital expenditures for the years ending March 31, 2006 and 2007.

(Millions of dollars)	Actual Year Ended Years Ending March 31,	Estimated Years Ending March 31,	
	2005	2006	2007
Distribution and Transmission	$324.2	$369.5	$436.8
Generation and Mining	482.6	634.7	497.9
Other	44.8	78.2	124.5
Total	$851.6	$ 1,082.4	$1,059.2

Source: PacifiCorp 2005 10-K

Actual and estimated future capital expenditures include upgrades to distribution and transmission lines, upgrades of generating plant equipment, connections for new customers, facilities to accommodate load growth, coal mine investments, air-quality and environmental expenditures, hydroelectric relicensing costs and information technology systems. In addition, these estimates include the remaining costs related to the Currant Creek Power Plant (Currant Creek) and the costs to have the Lake Side Power Plant (Lake Side) developed and constructed to meet customer resource needs in summer 2007.

Financial performance can be affected by hydro levels in the Pacific Northwest

Like other utilities in the Pacific Northwest that rely upon hydroelectric energy, PacifiCorp's year-to-year financial results can be impacted. The current lower than normal hydro levels have caused PacifiCorp to become more dependent on higher costs alternatives, including wholesale purchases or generation from its own fossil fuel resources. PacifiCorp is addressing this issue on two fronts. For one, the company is building two natural gas-fired power plants, Currant Creek and Lake Side, which when completed, will better balance loads and resources, particularly during peak periods of the year. Additionally, the company is seeking a permanent commodity adjustment clause in a number of its state jurisdictions, which if obtained, would strengthen the predictability of year-over-year cash flow currently caused, in part, by changes in hydroelectric conditions.

Related Research

Industry Outlook:

U.S. Electric Utilities, May 2005 (92520)

Rating Methodology:

Rating Methodology: Global Regulated Electric Utilities, March 2005 (91730)

Credit Opinion:

PacifiCorp, May 2005

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Rating History Peer **First Mortgage Bonds**