825 N.E. Multnomah St.
Portland, OR 97232

PACIFICORP
PACIFIC POWER UTAH POWER

March 13, 2006

Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 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 December 31, 2005 as well as recent write-ups from major bond rating agencies.

Long-Term Debt Activity:

Amount outstanding at September 30, 2005	$4,029,158,000
Issuances	
	None
Maturities	
8.271% FMBs due Oct 2010 Installment	(3,195,000)
7.978% FMBs due Oct 2011 Installment	(259,000)
8.493% FMBs due Oct 2012 Installment	(1,055,000)
8.797% FMBs due Oct 2013 Installment	(782,000)
8.734% FMBs due Oct 2014 Installment	(1,235,000)
8.294% FMBs due Oct 2015 Installment	(1,881,000)
8.635% FMBs due Oct 2016 Installment	(678,000)
8.470% FMBs due Oct 2017 Installment	(649,000)
7.340% Series E MTNs due Oct 2005	(5,000,000)
7.360% Series E MTNs due Oct 2005	(5,000,000)
Amount outstanding at December 31, 2005	$4,009,424,000

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 December 31, 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

Global Power/U.S. and Canada
Credit Analysis

PacifiCorp

Subsidiary of Scottish Power plc

Ratings

Security Class	Current Rating	Previous Rating	Date Changed
IDR	BBB	NR	1/31/06
Sr Sec.	A–	A	1/31/06
Sr. Unsec.	BBB+	A–	1/31/06
Preferred Stock	BBB	BBB+	1/31/06

NR – Not rated. IDR – Issuer default rating.

Rating Watch..None
Rating Outlook... Stable

Analysts

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Profile

PPW, an operating utility subsidiary of its indirect parent SP, provides integrated electric service to 1.6 million retail customers in parts of six western states: Utah, Oregon, Wyoming, Washington, Idaho and California.

Related Research

Credit Update: April 14, 2005.
Credit Analysis: Oct. 18, 2004.

Key Credit Strengths

- Solid operating cash flow and financial position.
- Improved regulatory environment.
- Relatively low cost energy resource base.

Key Credit Concerns

- Ongoing negative free cash flow due to high capital expenditure requirements.
- Growing reliance on natural gas-fired generation.
- Adverse Oregon tax ruling in GRC may signal deterioration in the state's regulatory climate.

■ Rating Rationale

PacifiCorp's (PPW) ratings were reduced by Fitch on Jan. 31, 2006. The lower ratings and Stable Rating Outlook better reflect the company's operating cash flow and debt leverage measures, large capital spending program and business risk profile. The ratings and stable outlook consider PPW's projected above-industry-average service territory growth, primarily in its Eastern service territory; significant planned investment in new plant and infrastructure to meet its load requirements, estimated to approximate $1 billion annually over the next five years; and growing exposure to natural gas-fired generating capacity. The ratings and stable outlook assume reasonable regulatory outcomes in pending and future rate proceedings, while noting the adverse September 2005 final order issued in PPW's Oregon general rate case (GRC) and pending rehearing. Fitch also assumes the completion of the planned $285 million equity infusion, net of dividends, from PPW's direct parent, PacifiCorp Holdings, Inc. (PHI), during fiscal 2006 of which a net amount of about $215 million has already been made.

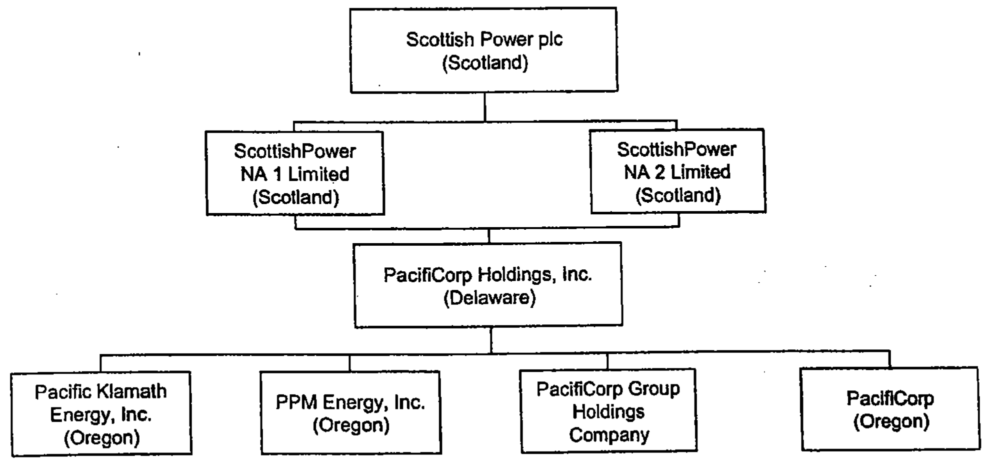
PPW is a direct subsidiary of PHI, which is a wholly owned subsidiary of Scottish Power plc (SP, senior unsecured debt rated 'BBB+'). SP intends to divest PPW and has entered into an agreement to sell the utility to MidAmerican Energy Holdings (MEHC; rated 'BBB'). The agreed-upon transaction, announced May 2005, has received regulatory approvals in all six states in PPW's service territory and appears to be on track to close by the end of March 2006. Fitch views the change in ownership as a stabilizing credit factor for PPW.

The primary credit concern is potential unsupportive regulatory actions, especially in light of the company's large construction budget and low earned returns. In addition, the utility's growing reliance on gas-fired generation and exposure to high commodity costs in the event of a prolonged, unscheduled base-load plant outage during a period of high demand is a source of concern for PPW fixed-income investors.

■ Recent Developments

With the recent issuance of a written order by Wyoming regulators approving the proposed acquisition of PPW by MEHC, all state regulators in PPW's six-state service territory have approved the transaction. Following negotiation of terms under the most favored state provision of the proposed acquisition, Fitch expects the merger to close by the end of March 2006.

Scottish Power PCL — PacifiCorp Holdings Inc. Corporate Organization
(Jurisdiction of Organization)



Source: Company reports.

In a negative development, the Oregon Public Utilities Commission (OPUC) issued a final order incorporating the effects of Senate Bill (S.B.) 408 and reducing the authorized revenue increase to approximately $26 million from the $52 million stipulated in settlement agreements reached with intervener groups in its GRC. The OPUC has agreed to rehear the application of S.B. 408 in the GRC and a decision in the proceeding is expected around mid-2006.

■ Liquidity and Debt Structure

At Dec. 31 2005, PPW had $164 million of cash on its balance sheet and no borrowings under the utility's recently renegotiated $800 million committed revolving credit facility. The new credit facility extended the maturity date to August 2010 from May 2007, while increasing the maximum debt-to-total capital covenant to 65% from 60%. Notes payable and commercial paper (CP) issued were $215 million and current maturities $315 million. At Dec. 31, 2005, total PPW debt was approximately $4.3 billion and PPW's debt-to-capitalization ratio was 53.1%.

■ Growth and Capital Expenditures

PPW's retail sales growth is expected to approximate 2.2%–3.5% annually over the coming five years. PPW's eastern region (composed of Utah, Wyoming and Idaho) is expected to grow at a faster rate, driven by continued economic expansion in the Wasatch Front region of Utah and oil and gas expansion in Wyoming, while growth in the company's western region (composed of Oregon, Washington and California) is expected to be more sluggish. PacifiCorp plans to invest approximately $1 billion annually in utility plant during fiscal 2006–2010, representing more than 34% of gross utility plant, which approximated $14.8 billion at the end of PPW's fiscal third quarter (i.e., December 2005).

The financial impact of PacifiCorp's large capital investment program will depend on its ability to avoid cost overruns and fully recover its investment through increased base rates and customer growth. The anticipated capital infusion of slightly less than $300 million net of dividends (of approximately $200 million) in fiscal 2006 from PHI and reasonable prospective rate treatment should support the company's credit metrics, which are in line for the current rating category. Conversely, negative regulatory decisions would likely result in continued under-earnings and bring pressure to bear on the company's credit metrics. Fitch expects PPW to remain active on the regulatory front, as it has been in recent years, to recover its considerable planned investment in new utility plant in its six-state service territory. PPW recently filed a GRC in Oregon requesting a $112 million (13%) rate increase based on an 11.5% authorized return on equity and is expected to file a GRC in the near future in Utah.

Summary of Pending PPW Rate Proceedings
($ Mil.)

Filing Date	Jurisdiction	Amount Requested	Requsted Increase %	Requested ROE (%)	Expected Date Of Final Order	Comment
Feb. 2006	Oregon	112	13.2	11.50	4Q06	PPW requested a December 2006 implementation date.
Nov. 2005	California	11	15.6	11.80	Dec. 2006	PPW requested a Jan. 1, 2007, implementation date.
May 2005	Washington	33	14.9	11.13	Apr. 2006	New rates expected to be effective in April 2006.

ROE – Return on equity. PCAM – Power cost adjustment mechanism. Note: PPW has filed to implement PCAMs in California, Utah, Washington and Oregon. Sources: Fitch Ratings, Regulatory Research Associates and company reports.

Fitch believes the completion of the proposed acquisition of PPW by MEHC would be a constructive credit development, as the prospective acquirer is expected to allow PPW to retain its earnings to support capital expenditures in the foreseeable future. All else equal, Fitch believes greater retention of earnings and cash at PPW would reduce the need to access external sources of capital to fund its capital program, ultimately resulting in credit metrics more supportive of the current rating category.

■ Power Procurement Issues

PacifiCorp has long operated with a net-short generation position, relying on short- and long-term wholesale power purchases to close the gap between its in-house capacity and peak retail load. PPW's 2005 reserve margin was a negative 16%, based on its instantaneous retail peak demand of 9,527 megawatts and its in-house net-generating capacity of 7,981 megawatts. In 2005, PPW relied on short- and long-term purchase power arrangements to meet approximately 21% of its energy requirements.

Growing Exposure to Natural Gas

While a large majority of the utility's generating capacity mix is coal-fired, incremental load growth, in the near-to-intermediate term, is expected to be met primarily by natural gas fueled and, to a lesser degree, renewable resources. In the longer term, construction of a coal-fired plant in concert with other regional generating companies is possible. PPW is fully hedged through the end of 2007, including supply for its planned combined cycle generating capacity; however, it remains vulnerable to unplanned generation plant outages of significant duration during periods of high power prices. PPW has filed requests with regulators in Oregon, Utah, California and Washington, and recently received approval from Wyoming regulators, to implement fuel and purchase power cost adjustment mechanisms designed to reduce commodity cost risk.

Currant Creek and Lake Side Update

The construction and commercial operation of the 525-megawatt Currant Creek and 534-megawatt Lake Side combined cycle natural gas-fired power projects are scheduled for the summer 2005–2007 period. Currant Creek achieved simple cycle operation in summer 2005 and is expected to enter combined cycle operation by summer 2006. The Lake Side combined cycle unit is expected to begin commercial operation by summer 2007. Total capital expenditures to construct the Currant Creek and Lake Side generating facilities are estimated to approximate $700 million.

■ Regulatory Developments

Oregon

In September 2005, the OPUC issued a final order in PPW's GRC authorizing a $25.9 million revenue increase based on a 10% authorized return on equity (ROE). The utility filed the rate case in November 2004 requesting a $102 million (12.5%) increase in revenue based on an 11.1% requested ROE.

S.B. 408 Impact on Oregon GRC

PPW entered into GRC settlement agreements with interveners in 2005 supporting an approximately $52 million revenue increase. However, the OPUC included in its final order a $26.6 million revenue requirement reduction based on the provisions of S.B. 408, which was enacted in Oregon in early September 2005. S.B. 408 requires the OPUC to adjust rates to reflect taxes actually paid to a government agency. The legislation requires that actual taxes paid be compared to amounts reflected in rates. If taxes collected by a utility are greater than amounts actually paid by its corporate parent, due to tax reductions from non-jurisdictional affiliates, the amount collected above the amount paid to a government entity would be refunded to rate payers.

On Oct. 28, 2005, PPW filed a petition with the OPUC requesting rehearing of the revenue reduction associated with implementation of S.B. 408 in its September 2005 GRC order, which was granted by the commission in December 2005. The rehearing will consider if the revenue reduction resulting from

Summary of Major Rate General Rate Case Orders Since January 2004
($ Mil.)

Jurisdiction	Amount Approved	Increase (%)	Auth. ROE	Effective Date
Wyoming	25	6.9	N.A.	March/July 2006
Oregon*	26	3.2	10.00	Oct. 2005
Idaho	6	4.8	N.A.	Sep. 2005
Utah	51	4.4	10.50	Mar. 2005
Washington	15	7.5	N.A.	Nov. 2004
Utah	65	7.0	10.70	Apr. 2004
Wyoming	23	7.2	10.75	Mar. 2004

*Reconsideration in process. ROE – Return on equity. N.A. – Not applicable. Auth. – Authorized. Sources: Fitch Ratings, Regulatory Research Associates and company reports.

application of S.B. 408 violates Oregon's constitution. The OPUC will also review whether the recent legislation should be applied to the rate case and, if so, how it should be implemented. In its filing, PPW asserts that even if the statute is applicable, the revenue reduction should be lowered to slightly less than $3 million to correct a calculation error in the OPUC's final order. Hearings in the proceeding are expected to begin in mid-to-late April 2006 and a final order is expected in June 2006.

Utah

PPW's last GRC, approved February 2005, authorized a $51 million revenue increase effective March 2005. Separately, the Utah Committee for Consumer Services (UCCS), a state consumer advocate group, filed a request with the public service commission to return at least $50 million of taxes collected from Utah rate payers that were allegedly improperly retained by PHI. PacifiCorp disagrees with and intends to oppose the claims made by the UCCS. A procedural schedule to hear the matter has not been established.

Washington

PPW supports a general rate increase of $32.6 million in its Washington filing or a 15% rate hike. The filing also requests implementation of a power cost adjustment mechanism (PCAM). A final order is expected by April 2006.

California

In November 2005, PPW filed a GRC with the California Public Utilities Commission (CPUC) requesting an $11 million rate hike or approximately a 16% increase, including a request to implement a PCAM. A final order is expected in December 2006.

Outlook Rationale

The Stable Rating Outlook assumes balanced regulatory outcomes in response to pending and prospective rate filings. The recent Oregon commission ruling in PPW's GRC is a significant source of concern, in Fitch's view. Fitch views the proposed sale of PPW to MEHC as a potentially stabilizing credit factor.

What Could Lead to Positive Rating Action?

- Greater than anticipated relative debt reduction.
- Constructive prospective regulatory outcomes.

What Could Lead to Negative Rating Action?

- Adverse regulatory developments, especially in light of the company's large cap-ex program.
- A major, extended generating plant outage.
- Failure to complete the proposed sale of PPW to MEHC.

Other Jurisdictions

In addition to the $51 million Utah rate increase granted by the Utah Public Service Commission (PSC) and the $26 million revenue hike granted by the OPUC in 2005, regulators in Idaho approved a settlement agreement authorizing a $5.8 million or a 4.8% base rate increase effective June 2005. In Wyoming, PPW was recently granted a $25 million rate increase by regulators, $15 million of which is to be effective March 1, 2006, and the remaining $10 million July 1, 2006. Importantly, the Wyoming PSC also approved implementation of a PCAM. PPW has requested PCAMs in California, Washington and Oregon and filed with Utah regulators to implement a PCAM following the conclusion of its anticipated 2006 Utah GRC.

■ Proposed Acquisition

The proposed sale of PPW by SP to MEHC appears to be on track to close near the end of the first quarter of 2006. The $9.4 billion transaction includes the assumption of $4.3 billion of net debt and preferred stock and was announced May 24, 2005. The prospective acquisition has received clearance under the Hart-Scott-Rodino Act and the approval of the Federal Energy Regulatory Commission and the

Nuclear Regulatory Commission. All necessary state approvals have been obtained and the agreed acquisition appears on track to close by the end of March 2006.

Fitch views the ownership change as a stabilizing factor for PPW's credit profile. Conversely, an unexpected failure to complete the pending transaction would result in significant uncertainty as to the future ownership of PPW, which in Fitch's view would be a negative credit development.

■ Hydro Conditions

PPW's hydroelectric generation was 84% of normal for the nine months ended Dec. 31, 2005, compared to a 30-year average; nonetheless, output rose 9% in 2005 as hydro conditions improved compared to the nine months ended Dec. 31, 2004. While we are only about halfway through the key snowpack season in the Pacific Northwest, it appears water flows may return to normal levels, driven by significant snow accumulation and above-average recent precipitation trends, especially in January 2006, following several years of drought conditions.

Financial Summary — PacifiCorp

($ Mil.)

	LTM Ended 12/31/05	LTM Ended 12/31/04	3/31/05	3/31/04	3/31/03
Fundamental Ratios (x)					
FFO/Interest Expense	3.4	4.3	4.1	4.3	3.8
CFO/Interest Expense	4.2	3.6	3.7	4.2	3.5
Debt/FFO	6.2	4.7	5.3	4.6	5.2
Operating EBIT/Interest Expense	2.5	2.1	2.5	2.4	1.8
Operating EBITDA/Interest Expense	4.0	3.7	4.1	4.1	3.4
Debt/Operating EBITDA	3.7	4.1	4.0	3.8	4.2
Common Dividend Payout (%)	69.1	80.2	77.4	65.6	0.0
Internal Cash/Capital Expenditures (%)	69.8	72.0	60.6	96.6	122.6
Capital Expenditures/Depreciation (%)	230.6	170.4	194.9	161.0	126.6
Profitability					
Revenues	3,290	3,202	3,049	3,195	3,082
Net Revenues	2,234	2,056	2,101	2,038	1,902
Operating and Maintenance Expense	964	950	913	896	885
Operating EBITDA	1,173	1,026	1,093	1,047	923
Depreciation and Amortization Expense	446	437	437	429	434
Operating EBIT	728	589	656	618	489
Interest Expense	291	275	267	257	270
Net Income for Common	299	228	250	245	133
Oper. Maint. Exp. % of Net Revenues	43.2	46.2	43.5	44.0	46.5
Operating EBIT % of Net Revenues	32.6	28.6	31.2	30.3	25.7
Cash Flow					
Cash Flow from Operations	926	724	711	832	682
Change in Working Capital	230	(174)	(129)	(25)	(74)
Funds from Operations	697	898	840	857	755
Dividends	(209)	(187)	(195)	(165)	(7)
Capital Expenditures	(1028)	(746)	(852)	(690)	(550)
Free Cash Flow	(311)	(209)	(336)	(24)	124
Net Other Investment Cash Flow	32	(1395)	5	(1394)	25
Net Change in Debt	49	170	479	303	(297)
Net Change in Equity	368	(8)	(8)	(360)	143
Capital Structure					
Short-Term Debt	529	481	742	369	162
Long-Term Debt	3,771	3,762	3,678	3,577	3,759
Total Debt	4,300	4,243	4,420	3,945	3,921
Preferred and Minority Equity	41	41	41	41	108
Common Equity	3,764	3,297	3,336	3,279	3,195
Total Capital	8,105	7,582	7,797	7,265	7,224
Total Debt/Total Capital (%)	53.1	56.0	56.7	54.3	54.3
Preferred and Minority Eq./Total Capital (%)	0.5	0.5	0.5	0.6	1.5
Common Equity/Total Capital (%)	46.4	43.5	42.8	45.1	44.2

Note: Numbers may not add due to rounding. Numbers are adjusted for interest and principal payments on transition property securitization certificates. Long term debt includes trust preferred securities.LTM – Latest 12 months. Operating EBIT – Operating income plus total reported state and federal income tax expense. Operating EBITDA – Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense. FFO – Funds from operations. CFO – Cash flow from operations. O&M – Operations and maintenance. Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, Va.

STANDARD &POOR'S	RATINGSDIRECT

RESEARCH

Research Update: MidAmerican Upgraded To 'A-', PacifiCorp Ratings Affirmed; All Ratings Off Watch

Publication date: 06-Mar-2006
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Credit Rating: A-/Stable/--

Rationale

On March 6, 2006, Standard & Poor's Ratings Services raised its corporate credit rating on diversified energy company MidAmerican Energy Holdings Co. (MEHC) to 'A-' from 'BBB-'. At the same time, Standard & Poor's raised its rating on MEHC's senior unsecured notes to 'BBB+' from 'BBB-' and its rating on MEHC's CalEnergy Trust preferred stock to 'BBB-' from 'BB'. Standard & Poor's removed all the ratings from CreditWatch with positive implications.

Furthermore, Standard & Poor's affirmed its 'A-' corporate credit rating on PacifiCorp and removed the rating from CreditWatch with negative implications. All the ratings on PacifiCorp's debt were also affirmed and removed from CreditWatch with negative implications.

The outlook is stable.

Des Moines, Iowa-based MEHC is acquiring PacifiCorp from Scottish Power Plc. The upgrade of MEHC and ratings affirmation for PacifiCorp reflect the impending close of the acquisition. MEHC has received the necessary approvals from all six state regulators to acquire PacifiCorp, and the company expects the transaction to be completed later this month.

The ratings on MEHC and PacifiCorp were originally placed on CreditWatch on May 25, 2005, when the acquisition was announced.

MEHC is expected to purchase the equity in PacifiCorp from ScottishPower Plc for approximately $5.1 billion in cash. PacifiCorp's debt and preferred securities of $4.3 billion will remain outstanding. PacifiCorp is expected to account for about 35% of MEHC's operating income.

Following the acquisition of PacifiCorp, MEHC will have about $16.2 billion of consolidated debt and $1.6 billion of trust-preferred securities outstanding at the holding company level.

The ratings on MEHC and PacifiCorp reflect the consolidated company's creditworthiness and incorporate its strong business risk position, fairly aggressive financial profile, and both explicit and implicit support from MEHC's parent, Berkshire Hathaway Inc. (AAA/Stable/A-1+). Absent this support, MEHC's business and financial risk would support a rating in the 'BBB' category. The ratings on MEHC's parent-level debt consider the ring-fenced structure of MEHC's subsidiaries and MEHC's ability to meet its parent-level financial obligations from dividend distributions from its portfolio of energy assets.

The upgrade reflects Standard & Poor's acknowledgement of Berkshire Hathaway's greater support of MEHC, provided by a $3.5 billion equity commitment agreement, which in our view would be called upon, if necessary, to support the rating on MEHC. The upgrade also reflects Berkshire Hathaway's increase in voting interest to 88% from 9.9%, due to a combination of its conversion of non-voting interest to voting interest upon the repeal of the Public Utility Holding Company Act last month and its equity contribution to MEHC for the PacifiCorp acquisition. Comfort is also provided by public statements by Berkshire Hathaway regarding its strategic focus on the regulated side of the utility business.

Furthermore, the higher rating on MEHC reflects its steadily improving credit metrics. In recent years, MEHC's consolidated credit metrics have improved due to the acquisitions of two large pipeline assets. Funds from operations (FFO) to interest has improved to 3.1x for 2004 from 2.3x for 2002, while over the same time period FFO to debt improved to about 12.9% from about 9.3%. Credit metrics should continue to improve following the acquisition of PacifiCorp, as MEHC deleverages that entity through the reinvestment of operating cash flow.

Finally, the upgrade reflects MEHC's declining business risk as it has incorporated more stable regulated businesses and diversified regionally within the U.S. We have revised MEHC's business risk profile score to '4' (strong) from '5' (satisfactory). Business profiles are categorized from '1' (excellent) to '10' (vulnerable). The revision follows a thorough review of the company's business risk, taking into account the substantially smaller concentration in unregulated ventures (less than 10% of operating income going forward) and the substantial regional diversification following the PacifiCorp acquisition. The increased regional diversification will benefit the company on a consolidated basis due to the greater diversification of regulatory, operating, and economic risk factors. The lower business risk profile score also reflects our expectation that MEHC's future acquisitions will be in the regulated utility segment and not in unregulated or commodity-exposed businesses, a concern that we had previously factored into MEHC's business profile score.

As part of agreements reached by MEHC, PacifiCorp, and the regulators in each of the states served by PacifiCorp, MEHC is expected to ring fence PacifiCorp from MEHC. The ring-fencing serves to insulate PacifiCorp in the event that MEHC's consolidated creditworthiness deteriorates due to other businesses in the MEHC family. PacifiCorp will not pay dividends to MEHC from its cash flow unless it maintains a 48.25% common equity layer through 2008, gradually falling to 44% in 2012.

MEHC's acquisition of PacifiCorp reflects a strategic decision to continue to acquire regulated utilities that can benefit from MEHC's established record of enhancing operational and financial performance through a mixture of improved regulatory relationships, cost reductions, and the funding of investment with the use of equity sufficient to maintain roughly a 50-50 capital structure. Acquired by Scottish Power in 1999, PacifiCorp has struggled to generate cash flows commensurate with performance seen before the western energy crisis in 2001, when the utility's purchased power requirements led to large deferrals. FFO levels have only stabilized in the last two fiscal years (ending March 31), and the utility's financial performance has fallen short of Scottish Power's forecasts. Adjusted FFO to total debt over the past three years has ranged from 17%-18%, factoring in PacifiCorp's off-balance-sheet obligations, which reflect sizable power purchases. Adjusted FFO interest coverage has been around 3.5x over the same period. Similar metrics are expected for PacifiCorp's fiscal 2006.

PacifiCorp's future challenges include a $6.4 billion capital program over the next five years, its ongoing inability to earn its authorized rate of return, and pending and expected rate cases in the company's two largest markets, Utah and Oregon, where the company is seeking significant retail rate increases. In addition, the acquisition of PacifiCorp will result in MEHC, through PacifiCorp and MidAmerican Energy Co. (A-/Stable/A-1), having nine state regulators, which will present logistical and performance challenges that are unique.

The rating reflects the expectation that PacifiCorp's credit metrics will improve, MEHC will fund its substantial near-term capital needs primarily with equity, and the company will achieve stronger returns on the newly invested capital. The rating also reflects the expectation of reasonable regulatory outcomes in the general rate cases, although the application of SB408 in Oregon is an ongoing concern.

Standard & Poor's continues to expect stable performances from MEHC's regulated U.S. assets. The pipelines, Kern River Gas Transmission Co.

(A-/Watch Neg/--) and Northern Natural Gas Co. (A-/Watch Pos/--), and electric utility MidAmerican Energy continue to support holding-company debt and offset lower returns from the company's U.K. investments in CE Electric U.K. Funding Co. (BBB-/Stable/A-3). Unregulated ventures continue to perform well for the most part, but will be fairly insignificant following the PacifiCorp acquisition.

Short-term credit factors

MEHC's relationship to Berkshire Hathaway and its $3.5 billion equity commitment agreement provide it with substantial liquidity. In addition, each subsidiary maintains liquidity for its own needs. At the parent level, MEHC has adequate liquidity and access to capital to meet ongoing financial obligations. MEHC maintains $400 million revolving, unsecured credit facilities to support liquidity needs and LOCs. As of Sept. 30, 2005, its borrowings totaled $55 million, and an additional $49.5 million of capacity was taken with LOCs. The revolver matures in August 2010. Total unrestricted cash at the parent and subsidiaries was $594.8 million as of Sept. 30, 2005, which is sufficient, given MEHC's stable distribution profile and limited equity commitments.

In acquiring PacifiCorp, MEHC will purchase all of PacifiCorp's outstanding common shares for about $5.1 billion in cash. MEHC expects to fund the acquisition from an investment by Berkshire Hathaway of about $3.4 billion in common stock and the issuance by MEHC to third parties of about $1.7 billion of long-term senior notes.

PacifiCorp is expected to continue to provide for its own liquidity needs. Its cash and cash equivalent position was $164 million as of Dec. 31, 2005, relative to $199 million as of year-end fiscal 2005. The utility maintains an $800 million commercial paper program, which had $215 million outstanding as of Dec. 31, 2005. The program is backstopped by a revolving credit agreement that terminates in August 2010. PacifiCorp has a sizable capital expenditure program and expects to spend about $1 billion annually in the coming years. PacifiCorp's maturities over the next five years are manageable, typically in the range of $200 million, with $216 million due in 2007. A sizable maturity of $412 million is due in 2009.

MEHC will need to maintain its access to capital markets, as it has some large maturities to fund in the coming years. Maturities at the parent over the next five years include trust-preferred redemptions of $234 million each year through 2009. MEHC repaid a $260 million maturity in September 2005, and has no maturities in 2006, $550 million in 2007, $1 billion in 2008, and none in 2009. MEHC has no ratings triggers embedded in its financing documents.

Outlook

The stable outlook on PacifiCorp reflects MEHC's consolidated creditworthiness. Both entities benefit from Berkshire Hathaway ownership. Standard & Poor's expects MEHC to improve PacifiCorp's financial performance and capital structure over time. In addition, we expect MEHC to continue to focus on its regulated business strategy. To date, Berkshire Hathaway's investments have given MEHC financial flexibility, with excellent access to capital to pursue opportune acquisitions, which are strengthening MEHC's credit profile.

With the repeal of the Public Utility Holding Company Act, Standard & Poor's expects further acquisitions of regulated utilities in a manner that will continue to support the 'A-' rating. If MEHC's financial performance is weaker than forecast, or our view of parent support from Berkshire-Hathaway changes, a downgrade could result. The rating has limited upside, as improving financial metrics and a successful integration of PacifiCorp have been assumed.

Ratings List

Ratings Raised, Off Watch Pos

MidAmerican Energy Holdings Co.		
Corporate credit rating	A-/Stable/--	BBB-/Watch Pos/--
Senior unsecured debt	BBB+	BBB-/Watch Pos
Preferred stock	BBB-	BB/Watch Pos

Ratings Affirmed, Off Watch Neg

	To	From
PacifiCorp		
Long-term corp credit rtg	A-/Stable	A-/Watch Neg
Senior secured debt	A-	A-/Watch Neg
Senior unsecured debt	BBB+	BBB+/Watch Neg
Preferred stock	BBB	BBB/Watch Neg

Ratings Affirmed

PacifiCorp	
Short-term corp credit rtg	A-2
Commercial paper	A-2

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings referenced herein 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.

Moody's Investors Service

Global Credit Research
Credit Opinion
1 MAR 2006

Credit Opinion: PacifiCorp

PacifiCorp

Portland, Oregon, United States

Ratings

Category	Moody's Rating
Outlook	Stable
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	Stable
Preferred Stock	Baa3

Contacts

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Key Indicators

PacifiCorp

	LTM Q3 2006	2005	2004	2003
Funds from Operations / Adjusted Debt [1]	18.9%	18.2%	20.7%	17.7%
Retained Cash Flow / Adjusted Debt [1]	14.2%	14.0%	16.8%	17.7%
Common Dividends / Net Income Available for Common	69%	77%	66%	0%
Adjusted Funds from Operations + Adjusted Interest / Adjusted Interest [2]	3.83	3.97	4.12	3.54
Adjusted Debt / Adjusted Capitalization [1][3]	54.0%	57.6%	55.4%	56.6%
Net Income Available for Common / Common Equity	7.9%	7.5%	7.5%	4.2%

[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

Rating Rationale

The Baa1 senior unsecured rating of PacifiCorp reflects expected credit metrics that are consistent with a Baa1 rating for a vertically integrated utility with PacifiCorp's risk profile under Moody's industry rating methodology (please refer to Rating Methodology: Global Regulated Electric Utilities, March 2005) and in comparison to similar companies. Key financial metrics include the ratio of adjusted funds from operations (FFO) to total adjusted debt that has averaged about 19% for the past three years, and the ratio of FFO to interest expense that has averaged about 4.0x during the same period.

The rating incorporates the belief that, following the acquisition of PacifiCorp by MidAmerican Energy Holding Company's (MEHC) from Scottish Power plc, 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. The rating also considers MEHC's longer-term investment horizon, and recognizes its experience in operating several regulated utility systems in different geographic regions.

Of additional importance to PacifiCorp's ratings are the legal and regulatory factors that are expected to significantly insulate the credit quality of PacifiCorp from the credit quality of MEHC as its new parent. In this regard, key provisions include the appointment of an independent director, the regulatory requirement that a minimum common equity level that ranges between 44.0% and 48.25% be maintained to allow distributions, and a prohibition on the payment of dividends if PacifiCorp's senior unsecured debt ratings fall below investment grade.

The rating incorporates the expectation 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. PacifiCorp's relatively stable financial performance has been aided by generally supportive regulatory decisions for capital investment and for recovery of power procurement costs. However, PacifiCorp has numerous remaining regulatory challenges in several of its key jurisdictions, the outcome of which could impact future credit quality at the utility. Of particular near-term importance is the outcome of several outstanding regulatory and legislative issues in Oregon. Operating revenues from Oregon jurisdictional customers represent about 30% of PacifiCorp's operating revenues. These issues include the rehearing of PacifiCorp's September 2005 Oregon general rate case (GRC), which substantially reduced the recommended rate increase by incorporating terms of the recently enacted tax-related legislation (Senate Bill 408) into the decision, the outcome of permanent rulemaking concerning the implementation of Senate Bill 408, and a final decision of the company's recently filed GRC.

The rating recognizes that the major regulatory impediments to the acquisition of PacifiCorp by MEHC appear to have been satisfied and that the acquisition is now expected to take place in the next 30 days. The transaction has been formally approved by the regulators of all six states that regulate PacifiCorp's utility operations. The transaction has also been approved by the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission and the Department of Justice. Each of the state regulatory authorities has an opportunity for final review, particularly for "most favored states" consideration of approval conditions that were imposed by other jurisdictions.

Rating Outlook

The rating outlook is stable reflecting an expectation of fairly supportive regulatory decisions and a conservatively financed capital investment program

The rating outlook also recognizes that the acquisition, when completed, will eliminate an overhang of uncertainty that resulted from Scottish Power's clear intention to divest PacifiCorp.

What Could Change the Rating - UP

While the size of the company's capital expenditures limits the prospects for a rating upgrade at PacifiCorp in the near-term, the rating could be upgraded if reasonably regulatory support and a conservatively financed capital expenditure program results in a sustained improvement in credit metrics. This would include PacifiCorp's FFO to total adjusted debt being in excess of 20% and its FFO to adjusted interest expense being in excess of 4.0x both on a sustainable basis.

What Could Change the Rating - DOWN

The rating could be downgraded if reasonable regulatory support does not continue or in the unlikely event that the acquisition by MEHC is not consummated resulting in substantial uncertainty about the future ownership of PacifiCorp, given SP's stated desire to sell the utility.

Moody's Investors Service

Global Credit Research
Rating Action
28 FEB 2006

Rating Action: PacifiCorp

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

Approximately $4.5 Billion of Debt Securities Affected

New York, February 28, 2006 -- Moody's Investors Service affirmed the debt ratings of PacifiCorp (Baa1 senior unsecured debt) and changed the rating outlook to stable from developing. The action follows regulatory approvals in all of the six states needed to allow MidAmerican Energy Holdings Company's (MEHC) acquisition of PacifiCorp from Scottish Power plc for $9.4 billion.

The rating affirmation reflects expected credit metrics that are consistent with a Baa1 rating for a vertically integrated utility with PacifiCorp's risk profile under Moody's industry rating methodology and in comparison to similar companies. Key financial metrics include the ratio of adjusted funds from operations (FFO) to total adjusted debt that has averaged about 19% for the past three years, and the ratio of FFO to interest expense that has averaged about 4.0x during the same period. The rating affirmation 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. The rating action also recognizes that the acquisition will eliminate an overhang of uncertainty that resulted from Scottish Power's clear intention to divest PacifiCorp. The rating and outlook consider MEHC's longer-term investment horizon, and recognize its experience in operating several regulated utility systems in different geographic regions.

PacifiCorp's ratings consider legal and regulatory factors that are expected to significantly insulate the credit quality of PacifiCorp from the credit quality of MEHC as its new parent. In this regard, key provisions include the appointment of an independent director, the regulatory requirement to maintain a minimum common equity level that ranges between 44.0% and 48.25% to allow distributions, and a prohibition on the payment of dividends if PacifiCorp's senior unsecured debt ratings fall below investment grade.

The rating affirmation incorporates the expectation 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. PacifiCorp's relatively stable financial performance has been aided by generally supportive regulatory decisions for capital investment and for recovery of power procurement costs. However, PacifiCorp has numerous remaining regulatory challenges in several of its key jurisdictions, the outcome of which could impact future credit quality at the utility. Of particular near-term importance is the outcome of several outstanding regulatory and legislative issues in Oregon. Operating revenues from Oregon jurisdictional customers represent about 30% of PacifiCorp's operating revenues. These issues include the rehearing of PacifiCorp's September 2005 Oregon general rate case (GRC), which substantially reduced the recommended rate increase by incorporating terms of the recently enacted tax-related legislation (Senate Bill 408) into the decision, the outcome of permanent rulemaking concerning the implementation of Senate Bill 408, and a final decision of the company's recently filed GRC.

The rating outlook is stable, reflecting an expectation of fairly supportive regulatory decisions and conservative financing of PacifiCorp's fairly large capital investment program. While the size of the company's capital expenditures limits the prospects for a rating upgrade in the near-term, the rating could be upgraded if reasonable regulatory support and a conservatively financed capital expenditure program results in a sustained improvement in credit metrics. This would include achieving ratios of FFO to total adjusted debt in excess of 20% and FFO to adjusted interest expense in excess of 4.0x, on a sustainable basis. The rating could be downgraded if reasonable regulatory support does not continue, or in the unlikely event that the acquisition by MEHC is not consummated and there is substantial uncertainty about the future ownership of PacifiCorp for a substantial period of time.

Ratings affirmed include:

Senior secured debt; A3,

Issuer Rating and senior unsecured debt; Baa1,

Preferred stock; Baa3, and