

Exhibit No. \_\_ (SCH-3)  
Docket No. UE-03 \_\_\_\_\_  
2003 PP&L Rate Case  
Witness: Samuel C. Hadaway

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light  
Company,

Respondent.

Docket No. UE-03 \_\_\_\_\_

**PACIFICORP  
EXHIBIT OF SAMUEL C. HADAWAY  
Historical Capital Market Costs**

**December 2003**

**PacifiCorp Washington  
Historical Capital Market Costs**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
<b>Prime Rate</b>	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.2%
<b>Consumer Price Index</b>	2.6%	2.8%	2.9%	2.3%	1.6%	2.2%	3.4%	2.8%	1.6%	2.4%
<b>Long-Term Treasuries</b>	7.4%	6.9%	6.7%	6.6%	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%
<b>Moody's Avg Utility Debt</b>	8.3%	7.9%	7.7%	7.6%	7.0%	7.6%	8.1%	7.7%	7.5%	6.7%
<b>Moody's Baa Utility Debt</b>	8.6%	8.3%	8.2%	8.0%	7.3%	7.9%	8.4%	8.0%	8.0%	6.9%

\*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 Washington Three-Month Average Moody's Utility Bond Yields

<u>MONTH</u>	<u>MOODY'S SINGLE-A UTILITY BOND YIELD</u>	<u>MOODY'S AVERAGE UTILITY BOND YIELD</u>
Jul-03	6.57%	6.54%
Aug-03	6.78%	6.78%
Sep-03	6.56%	6.58%
AVERAGE	6.64%	6.63%

Source: Mergent Bond Record

# Trends & Projections

Economic Indicators Seasonally Adjusted Annual Rates — Dollar Figures in Billions	Annual % Change				2003				E2004					
	2002	E2003	E2004	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Gross Domestic Product</b>														
GDP (current dollars)	\$10,446.3	\$10,908.1	\$11,552.8	3.6	4.4	5.9	\$10,688.4	\$10,802.7	\$10,997.4	\$11,144.0	\$11,293.6	\$11,461.1	\$11,642.9	\$11,813.7
Annual rate of increase (%)	3.6	4.4	5.9	-	-	-	3.8	4.3	7.4	5.4	5.5	6.1	6.5	6.0
Annual rate of increase—real GDP (%)	2.4	2.8	4.4	-	-	-	1.4	3.3	5.6	4.6	3.9	4.5	4.8	4.2
Annual rate of increase—GDP deflator (%)	1.1	1.6	1.4	-	-	-	2.4	1.0	1.7	0.8	1.5	1.5	1.6	1.7
<b>* Components of Real GDP</b>														
Personal consumption expenditures	\$6,576.0	\$6,778.5	\$7,054.5	3.1	3.1	4.1	\$6,670.9	\$6,733.9	\$6,837.1	\$6,871.9	\$6,928.6	\$7,016.1	\$7,097.3	\$7,176.1
% change	3.1	3.1	4.1	-	-	-	2.0	3.8	6.3	2.1	3.3	5.1	4.7	4.5
Durable goods	999.9	1072.5	1138.2	7.3	7.3	6.1	1005.4	1061.5	1124.9	1098.4	1102.3	1126.1	1151.8	1172.6
Nondurable goods	1929.5	2004.2	2083.4	3.2	3.9	4.0	1978.9	1985.6	2016.7	2035.5	2052.6	2074.8	2092.9	2113.4
Services	3675.6	3744.9	3884.1	2.2	1.9	3.7	3714.9	3728.0	3751.5	3785.1	3819.5	3864.4	3906.0	3946.5
Nonresidential fixed investment	1183.4	1207.9	1315.1	(5.7)	2.1	8.9	1172.1	1193.0	1218.8	1247.8	1274.9	1298.1	1328.0	1359.4
% change	-5.7	2.1	8.9	-	-	-	-4.4	7.3	8.9	9.8	9.0	7.5	9.5	9.8
Producers durable equipment	971.1	1018.8	1133.6	(1.7)	4.9	11.3	979.9	999.5	1031.2	1084.7	1092.6	1117.5	1148.2	1176.2
Residential fixed investment	388.2	415.2	404.2	3.9	7.0	(2.7)	405.5	412.0	422.6	420.7	410.1	405.6	401.0	399.9
% change	3.9	3.9	-1.6	-	-	-	10.1	6.6	10.7	-1.8	-9.7	-4.3	-4.5	-1.1
Net change in business inventories	5.2	-4.0	60.9	-	-	-	4.8	-17.6	-26.2	23.1	52.2	62.1	64.6	64.9
Gov't purchases of goods & services	1712.8	1765.3	1806.3	4.4	3.1	2.3	1736.7	1772.6	1770.7	1781.1	1791.3	1802.6	1814.4	1817.0
Federal	613.3	662.4	697.5	7.5	8.0	5.3	632.5	669.5	669.2	678.2	686.4	695.2	703.7	704.7
State & local	1099.7	1103.8	1110.2	2.8	0.4	0.6	1104.6	1104.1	1102.5	1103.9	1106.1	1108.8	1112.1	1113.7
Net exports	-488.5	-535.6	-566.4	-	-	-	-510.3	-546.1	-542.0	-544.1	-556.2	-570.5	-568.2	-570.6
Imports	1058.8	1077.1	1171.4	(1.6)	1.7	8.8	1058.1	1055.5	1088.4	1106.2	1126.0	1151.7	1187.2	1209.9
Exports	1547.4	1612.7	1737.8	3.7	4.2	7.8	1568.4	1601.7	1630.4	1650.3	1682.2	1722.2	1755.4	1791.5
<b>** Income &amp; Profits</b>														
Personal income	\$8,922.2	\$9,213.2	\$9,703.9	2.7	3.3	5.3	\$9,080.2	\$9,156.0	\$9,251.5	\$9,365.1	\$9,506.0	\$9,630.4	\$9,771.0	\$9,908.4
Disposable personal income	7810.3	8170.8	8677.4	5.6	4.6	6.2	8006.6	8073.4	8263.4	8339.9	8517.2	8620.6	8729.8	8842.1
Savings rate (%)	3.7	3.4	4.1	-	-	-	3.5	3.2	3.4	3.5	4.2	4.5	3.9	3.6
Corporate profits before taxes	665.2	741.3	818.4	(0.7)	11.4	10.4	728.1	700.2	763.1	773.9	788.6	809.7	837.8	837.7
Corporate profits after taxes	451.9	494.2	543.0	(4.0)	9.4	9.9	480.2	465.9	506.4	514.4	523.4	537.6	555.4	555.8
Earnings per share (S&P 500)	27.59	44.24	55.55	11.7	60.4	25.6	30.32	34.67	37.14	44.24	45.42	47.99	51.66	55.55
<b>† Prices &amp; Interest Rates</b>														
Consumer price index	1.6	2.3	1.2	-	-	-	3.9	0.6	2.1	1.0	0.8	0.9	1.9	2.1
Treasury bills	1.6	1.0	1.0	-	-	-	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.1
10-yr notes	4.6	4.0	4.7	-	-	-	3.9	3.6	4.3	4.2	4.4	4.6	4.8	4.9
30-yr bonds	5.4	5.0	5.5	-	-	-	5.0	4.7	5.3	5.2	5.3	5.5	5.6	5.7
New issue rate—corporate bonds	6.5	5.7	6.1	-	-	-	6.0	5.3	5.7	5.6	5.8	6.0	6.2	6.3
<b>Other Key Indicators</b>														
Housing starts (1,000,000 units SAAR)	1.71	1.77	1.68	6.9	3.5	-5.3	1.736.7	1.738.7	1.838.7	1.770.6	1.707.60	1.691.51	1.661.01	1.648.73
Auto & truck sales (1,000,000 units)	16.8	16.6	17.2	-2.0	-1.0	3.4	15.9	16.3	17.6	16.6	16.9	17.0	17.2	17.5
Unemployment rate (%)	5.8	6.0	6.0	-	-	-	5.8	6.2	6.1	6.1	6.1	6.1	5.9	5.8
U.S. dollar (% change)	(1.34)	(11.64)	(4.73)	-	-	-	(17.16)	(17.02)	(11.10)	(14.14)	(1.39)	(0.95)	(0.53)	(0.57)

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. \*1992 Chain-weighted dollars. \*\*Current dollars. †Trailing 4 quarters. †Average for period. †Quarterly % changes at quarterly rates. This forecast prepared by Standard & Poor's.

