

**PacifiCorp Washington**  
**Historical Capital Market Costs**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Prime Rate</b>	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%
<b>Consumer Price Index</b>	2.8%	2.9%	2.3%	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%
<b>Long-Term Treasuries</b>	6.9%	6.7%	6.6%	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%	5.1%
<b>Moody's Avg Utility Debt</b>	7.9%	7.7%	7.6%	7.0%	7.6%	8.1%	7.7%	7.5%	6.6%	6.2%
<b>Moody's A Utility Debt</b>	7.9%	7.8%	7.6%	7.0%	7.6%	8.2%	7.8%	7.4%	6.6%	6.2%

**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>
Jan-05	5.78%	5.93%
Feb-05	5.61%	5.64%
Mar-05	5.70%	5.81%
AVERAGE	<u>5.70%</u>	<u>5.79%</u>

Source: Mergent Bond Record

# Trends & Projections

## Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

	Annual % Change			2004				2005				E2006			
	2003	2004	E2005	2003	2004	E2005	3Q	P4Q	1Q	2Q	3Q	4Q	1Q	2Q	
<b>Gross Domestic Product</b>															
GDP (current dollars)	\$11,004.1	\$11,733.5	\$12,432.0	4.9	6.6	6.0	\$11,814.9	\$11,988.9	\$12,198.0	\$12,356.0	\$12,521.0	\$12,654.0	\$12,811.0	\$12,987.0	
Annual rate of increase (%)	4.9	6.6	6.0	-	-	-	5.5	6.0	7.1	5.3	5.5	4.3	5.0	5.6	
Annual rate of increase—real GDP (%)	3.0	4.4	3.8	-	-	-	4.0	3.8	4.1	4.0	3.4	2.4	2.8	3.6	
Annual rate of increase—GDP deflator (%)	1.8	2.2	2.1	-	-	-	1.4	2.1	2.7	1.2	2.0	1.9	2.1	1.9	
<b>* Components of Real GDP</b>															
Personal consumption expenditures	\$7,355.5	\$7,632.3	\$7,894.0	3.3	3.8	3.4	\$7,667.8	\$7,746.2	\$7,811.0	\$7,869.0	\$7,924.0	\$7,972.0	\$8,023.0	\$8,084.0	
% change	3.3	3.8	3.4	-	-	-	5.1	4.2	3.4	3.0	2.8	2.5	2.6	3.0	
Durable goods	1,030.6	1,098.8	1,124.4	7.4	6.6	2.3	1,118.3	1,127.0	1,118.4	1,122.7	1,125.1	1,131.3	1,137.3	1,149.9	
Nondurable goods	2,112.3	2,208.6	2,296.8	3.7	4.6	4.0	2,213.2	2,246.0	2,272.2	2,289.2	2,306.7	2,319.1	2,333.0	2,347.7	
Services	4,220.3	4,338.4	4,484.6	2.2	2.8	3.4	4,352.5	4,389.3	4,432.8	4,469.4	4,503.5	4,532.8	4,563.8	4,597.5	
Nonresidential fixed investment	1,110.8	1,228.2	1,351.2	3.3	10.6	10.0	1,245.3	1,286.7	1,302.5	1,335.5	1,370.5	1,396.1	1,416.4	1,440.8	
% change	3.3	10.6	10.0	-	-	-	13.0	14.0	5.0	10.5	10.9	7.7	5.9	7.1	
Producers durable equipment	879.2	998.3	1,113.0	6.4	13.5	11.5	1,015.6	1,058.5	1,072.8	1,100.5	1,129.2	1,149.5	1,165.4	1,182.1	
Residential fixed investment	503.0	551.1	553.1	8.8	9.6	0.4	556.7	559.5	565.3	561.8	549.2	536.1	528.0	521.9	
% change	8.8	9.6	0.4	-	-	-	1.5	2.1	4.2	(2.4)	(8.7)	(9.2)	(6.0)	(4.5)	
Net change in business inventories	(0.7)	46.7	54.0	-	-	-	34.5	51.0	58.6	56.7	55.3	45.4	37.4	33.9	
Gov't purchases of goods & services	1,909.4	1,947.0	1,992.0	2.8	2.0	2.3	1,949.9	1,955.6	1,974.7	1,985.7	1,999.1	2,008.7	2,018.6	2,028.4	
Federal	689.6	721.9	749.9	6.6	4.7	3.9	726.6	729.7	742.1	747.9	752.8	757.0	760.5	763.2	
State & local	1,219.9	1,224.9	1,241.9	0.7	0.4	1.4	1,223.2	1,225.7	1,232.4	1,237.6	1,246.1	1,251.8	1,255.0	1,265.0	
Net exports	(518.5)	(584.3)	(607.3)	-	-	-	(583.2)	(623.4)	(626.0)	(610.5)	(601.0)	(591.8)	(574.4)	(553.4)	
Exports	1,031.8	1,119.8	1,192.2	1.9	8.5	6.5	1,131.1	1,137.8	1,154.3	1,176.7	1,204.4	1,233.4	1,265.4	1,298.3	
Imports	1,550.3	1,704.0	1,799.5	4.4	9.9	5.6	1,714.3	1,761.2	1,780.2	1,787.3	1,805.4	1,825.1	1,839.8	1,851.7	
<b>** Income &amp; Profits</b>															
Personal income	\$9,161.8	\$9,671.3	\$10,227.0	3.2	5.6	5.7	\$9,700.4	\$9,947.2	\$10,018.0	\$10,158.0	\$10,300.0	\$10,431.0	\$10,585.0	\$10,733.0	
Disposable personal income	8,159.9	8,632.4	9,091.0	4.2	5.8	5.3	8,651.5	8,877.6	8,958.0	9,047.0	9,138.0	9,222.0	9,346.0	9,471.0	
Savings rate (%)	1.4	1.2	0.9	-	-	-	0.7	1.5	1.1	1.0	0.9	0.7	0.9	1.0	
Corporate profits before taxes	874.5	979.1	1,316.6	15.4	12.0	34.5	932.8	1,033.0	1,352.7	1,314.3	1,312.4	1,287.0	1,275.0	1,294.3	
Corporate profits after taxes	639.6	713.0	972.4	11.4	11.5	36.4	679.5	749.4	1,002.0	971.2	968.2	948.2	933.4	946.7	
Earnings per share (S&P 500)	48.73	58.94	70.00	76.6	21.0	18.5	57.77	58.94	61.46	64.01	67.93	69.90	73.20	76.20	
<b>† Prices &amp; Interest Rates</b>															
Consumer price index	2.3	2.7	2.2	-	-	-	1.6	3.6	2.4	1.0	1.5	1.8	1.7	2.1	
Treasury bills	1.0	1.4	3.2	-	-	-	1.5	2.0	2.5	2.9	3.4	3.7	3.8	3.8	
10-yr notes	4.0	4.3	4.7	-	-	-	4.3	4.2	4.3	4.6	4.9	5.1	5.2	5.2	
30-yr bonds	5.1	5.1	5.3	-	-	-	5.1	4.9	5.0	5.2	5.4	5.6	5.7	5.7	
New issue rate—corporate bonds	5.7	5.6	5.8	-	-	-	5.6	5.5	5.3	5.6	5.9	6.2	6.2	6.2	
<b>Other Key Indicators</b>															
Housing starts (1,000 units SAAR)	1,852.5	1,952.4	1,880.0	8.3	5.4	(3.6)	1,969.3	1,977.7	2,050.0	1,890.0	1,820.0	1,770.0	1,740.0	1,720.0	
Auto & truck sales (1,000,000 units)	16.6	16.8	16.7	(0.9)	0.9	(0.3)	17.1	17.0	16.5	16.9	16.8	16.7	16.6	16.7	
Unemployment rate (%)	6.0	5.5	5.1	-	-	-	5.4	5.4	5.3	5.2	5.1	5.1	5.1	5.1	
\$U.S. dollar	(12.2)	(8.2)	(9.4)	-	-	-	(6.8)	(19.7)	(5.4)	(14.3)	(5.1)	(10.7)	(4.8)	(11.1)	

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					
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>GROSS DOMESTIC PRODUCT AND ITS COMPONENTS</b>										
<b>(2000 CHAIN WEIGHTED \$) BILLIONS OF DOLLARS</b>										
Final Sales	9760	9921	10063	10380	<b>10790</b>	<b>11161</b>	<b>11530</b>	<b>11899</b>	<b>12291</b>	<b>12709</b>
Total Consumption	6739	6910	7123	7356	<b>7635</b>	<b>7891</b>	<b>8128</b>	<b>8372</b>	<b>8615</b>	<b>8856</b>
Nonresidential Fixed Investment	1232	1180	1076	1111	<b>1226</b>	<b>1342</b>	<b>1435</b>	<b>1543</b>	<b>1659</b>	<b>1791</b>
Structures	313	306	252	237	<b>240</b>	<b>249</b>	<b>269</b>	<b>283</b>	<b>300</b>	<b>318</b>
Equipment & Software	919	874	826	879	<b>997</b>	<b>1109</b>	<b>1164</b>	<b>1245</b>	<b>1339</b>	<b>1446</b>
Residential Fixed Investment	447	448	470	511	<b>560</b>	<b>560</b>	<b>537</b>	<b>526</b>	<b>532</b>	<b>542</b>
Exports	1096	1037	1012	1032	<b>1115</b>	<b>1181</b>	<b>1304</b>	<b>1448</b>	<b>1600</b>	<b>1752</b>
Imports	1476	1436	1484	1550	<b>1702</b>	<b>1801</b>	<b>1873</b>	<b>1958</b>	<b>2046</b>	<b>2148</b>
Federal Government	579	601	647	690	<b>722</b>	<b>744</b>	<b>758</b>	<b>764</b>	<b>771</b>	<b>777</b>
State & Local Governments	1143	1179	1211	1220	<b>1225</b>	<b>1240</b>	<b>1263</b>	<b>1284</b>	<b>1306</b>	<b>1329</b>
Gross Domestic Product	9817	10128	10487	11004	<b>11728</b>	<b>12366</b>	<b>12994</b>	<b>13689</b>	<b>14449</b>	<b>15264</b>
Real GDP (2000 Chain Weighted \$)	9817	9891	10075	10381	<b>10837</b>	<b>11218</b>	<b>11589</b>	<b>11983</b>	<b>12390</b>	<b>12824</b>
<b>PRICES AND WAGES-ANNUAL RATES OF CHANGE</b>										
GDP Deflator	2.2	2.4	1.7	1.8	<b>2.1</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>
CPI-All Urban Consumers	3.4	2.8	1.6	2.3	<b>2.7</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>
PPI-Finished Goods	3.7	2.0	-1.3	3.2	<b>3.6</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>	<b>1.6</b>	<b>1.8</b>
Employment Cost Index—Total Comp.	4.6	4.1	3.8	4.0	<b>3.8</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>3.8</b>	<b>4.0</b>
Productivity	2.7	2.2	4.9	4.5	<b>4.0</b>	<b>1.9</b>	<b>2.2</b>	<b>2.5</b>	<b>2.7</b>	<b>2.8</b>
<b>PRODUCTION AND OTHER KEY MEASURES</b>										
Industrial Prod. (% Change)	4.4	-3.4	-0.6	0.0	<b>4.1</b>	<b>3.1</b>	<b>3.0</b>	<b>3.5</b>	<b>3.8</b>	<b>4.0</b>
Factory Operating Rate (%)	81.1	75.4	73.9	73.7	<b>76.7</b>	<b>78.3</b>	<b>78.7</b>	<b>79.0</b>	<b>79.5</b>	<b>80.0</b>
Nonfarm Inven. Chg. (2000 Chain Weighted \$)	57.8	-31.8	13.5	-1.1	<b>41.7</b>	<b>50.0</b>	<b>35.0</b>	<b>45.0</b>	<b>50.0</b>	<b>55.0</b>
Housing Starts (Mill. Units)	1.57	1.60	1.71	1.85	<b>1.95</b>	<b>1.88</b>	<b>1.75</b>	<b>1.73</b>	<b>1.72</b>	<b>1.70</b>
Existing House Sales (Mill. Units)	5.16	5.29	5.59	6.10	<b>6.61</b>	<b>6.36</b>	<b>6.10</b>	<b>6.00</b>	<b>5.90</b>	<b>5.80</b>
Total Light Vehicle Sales (Mill. Units)	17.4	17.1	16.8	16.6	<b>16.8</b>	<b>16.9</b>	<b>17.0</b>	<b>17.3</b>	<b>17.5</b>	<b>17.7</b>
National Unemployment Rate (%)	4.0	4.8	5.8	6.0	<b>5.5</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>
Federal Budget Surplus (Unified, FY, \$Bill)	236.9	127.3	-157.8	-377.0	<b>-412.0</b>	<b>-350.0</b>	<b>-315.0</b>	<b>-300.0</b>	<b>-295.0</b>	<b>-270.0</b>
Price of Oil (\$Bbl., U.S. Refiners' Cost)	28.21	22.95	24.00	28.60	<b>37.03</b>	<b>41.00</b>	<b>33.50</b>	<b>32.25</b>	<b>31.75</b>	<b>31.75</b>
<b>MONEY AND INTEREST RATES</b>										
3-Month Treasury Bill Rate (%)	5.8	3.4	1.6	1.0	<b>1.4</b>	<b>3.0</b>	<b>3.4</b>	<b>3.5</b>	<b>3.7</b>	<b>3.8</b>
Federal Funds Rate (%)	6.2	3.9	1.7	1.1	<b>1.4</b>	<b>2.9</b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>	<b>4.3</b>
10-Year Treasury Note Rate (%)	6.0	5.0	4.6	4.0	<b>4.3</b>	<b>4.6</b>	<b>5.1</b>	<b>5.4</b>	<b>5.5</b>	<b>5.7</b>
Long-Term Treasury Bond Rate (%)	5.9	5.5	5.4	5.0	<b>5.1</b>	<b>5.1</b>	<b>5.7</b>	<b>6.0</b>	<b>6.1</b>	<b>6.3</b>
AAA Corporate Bond Rate (%)	7.6	7.1	6.5	5.7	<b>5.6</b>	<b>5.7</b>	<b>6.2</b>	<b>6.5</b>	<b>6.6</b>	<b>6.8</b>
Prime Rate (%)	9.2	6.9	4.7	4.1	<b>4.3</b>	<b>5.9</b>	<b>6.3</b>	<b>6.5</b>	<b>7.0</b>	<b>7.5</b>
<b>INCOMES</b>										
Personal Income (% Change)	8.0	3.5	1.8	3.2	<b>5.4</b>	<b>4.1</b>	<b>5.0</b>	<b>5.3</b>	<b>5.6</b>	<b>5.8</b>
Real Disp. Inc. (% Change)	4.8	1.9	3.1	2.3	<b>3.4</b>	<b>2.8</b>	<b>3.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.3</b>
Personal Savings Rate (%)	2.4	1.8	2.0	1.4	<b>1.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>	<b>1.0</b>	<b>1.3</b>
Pretax Corporate Profits (\$Bill)	773.0	708.0	758.0	874.0	<b>973.0</b>	<b>1235.0</b>	<b>1321.0</b>	<b>1427.0</b>	<b>1541.0</b>	<b>1680.0</b>
Aftertax Corporate Profits (\$Bill)	508.0	504.0	574.0	640.0	<b>709.0</b>	<b>803.0</b>	<b>859.0</b>	<b>928.0</b>	<b>1002.0</b>	<b>1092.0</b>
Yr-to-Yr % Change	-1.7	-0.9	14.0	11.4	<b>10.8</b>	<b>13.2</b>	<b>7.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>
<b>COMPOSITION OF REAL GDP-ANNUAL RATES OF CHANGE</b>										
Gross Domestic Product	3.7	0.8	1.9	3.0	<b>4.4</b>	<b>3.5</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>	<b>3.5</b>
Final Sales	3.8	1.6	1.4	3.2	<b>4.0</b>	<b>3.4</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>
Total Consumption	4.7	2.5	3.1	3.3	<b>3.8</b>	<b>3.4</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>
Nonresidential Fixed Investment	8.7	-4.2	-8.8	3.3	<b>10.3</b>	<b>9.5</b>	<b>7.0</b>	<b>7.5</b>	<b>7.5</b>	<b>8.0</b>
Structures	6.8	-2.2	-17.6	-5.6	<b>1.0</b>	<b>4.1</b>	<b>8.0</b>	<b>5.0</b>	<b>6.0</b>	<b>6.0</b>
Equipment & Software	9.4	-4.9	-5.5	6.4	<b>13.4</b>	<b>11.2</b>	<b>5.0</b>	<b>7.0</b>	<b>7.5</b>	<b>8.0</b>
Residential Fixed Investment	0.7	0.2	4.9	8.7	<b>9.5</b>	<b>0.0</b>	<b>-4.0</b>	<b>-2.0</b>	<b>1.0</b>	<b>2.0</b>
Exports	8.7	-5.4	-2.4	2.0	<b>8.1</b>	<b>5.9</b>	<b>10.4</b>	<b>11.0</b>	<b>10.5</b>	<b>9.5</b>
Imports	13.2	-2.7	3.3	4.4	<b>9.8</b>	<b>5.9</b>	<b>4.0</b>	<b>4.5</b>	<b>4.5</b>	<b>5.0</b>
Federal Government	0.9	3.8	7.7	6.6	<b>4.6</b>	<b>3.1</b>	<b>1.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>
State & Local Governments	2.7	3.1	2.7	0.7	<b>0.4</b>	<b>1.3</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>