

PacifiCorp Washington
Financial Ratio Analysis
(\$thousands unless otherwise noted)
ICNU Case

		Washington Jurisdictional			
Inputs					
Rate Base		615,154			
Total System OBS Debt		570,000			
Washington Allocator		8.3282%			
Total System Short-Term Debt		145,000			
Total System Imputed Depreciation		16,337			
				Weighted	
WACC		Amount	Weight	Cost	Cost
Long-Term Debt		318,342	51.8%	6.427%	3.326%
Preferred Stock		7,382	1.2%	6.590%	0.079%
Common Equity		289,430	47.1%	9.800%	4.611%
Total		615,154	100.0%		8.016%
				Weighted	
WACC Including Short-Term, OBS Debt		Amount	Weight	Cost	Cost
Long-Term Debt		318,342	47.2%	6.427%	3.032%
Short-Term Debt		12,076	1.8%	4.330%	0.077%
OBS Debt		47,471	7.0%	10.000%	0.704%
Total Debt		377,889	56.0%		3.814%
Preferred Stock		7,382	1.1%	6.590%	0.072%
Common Equity		289,430	42.9%	9.800%	4.204%
Total		674,701	100.0%		8.090%
Funds from Operations (FFO)/Total Debt		Comment			
Net Income to Common		28,364		Rate Base x Weighted Cost of Common Equity	
Depreciation		31,297		Input	
Imputed Depreciation		1,361		Total System Imputed Depreciation x Washington Allocator	
Amortization		5,039		Input	
Deferred Income Tax		13,464		Input	
Funds from Operations (FFO)		79,525			
Long-Term Debt		318,342		Rate Base x Long-Term Debt Ratio	
Short-Term Debt		12,076		Total System Short-Term Debt x Washington Allocator	
OBS Debt		47,471		Total System OBS Debt x Washington Allocator	
Total Debt		377,889		S&P Guideline A rating, BP 5	
FFO/Total Debt		21.0%		22%	30%
<i>Implied S&P Bond Rating (Business Position: 5)</i>		BBB Strong Triple-B			
Funds from Operations (FFO) Interest Coverage					
Funds from Operations (FFO)		79,525		See above	
Long-Term Debt Interest Expense		20,460		Long-Term Debt x Long-Term Debt Cost	
Short-Term Debt Interest Expense		523		Short-Term Debt x Short-Term Debt Cost	
OBS Debt Interest Expense		4,747		OBS Debt x OBS Debt Cost	
Interest Expense		25,730		S&P Guideline A rating, BP 5	
FFO Interest Coverage		4.1		3.8	4.5
<i>Implied S&P Bond Rating (Business Position: 5)</i>		A Average Single-A			
Total Debt/Total Capital					
Total Debt		377,889		See above	
Preferred Stock		7,382		See above	
Equity		289,430		See above	
Total Capital		674,701		S&P Guideline A rating, BP 5	
Total Debt/Total Capital		56.0%		42%	50%
<i>Implied S&P Bond Rating (Business Position: 5)</i>		BBB Average Triple-B			

Standard & Poor's Financial Targets

FFO/Total Debt

Business Position	AA		A		BBB		BB	
1	20	15	15	10	10	5	<5.0	
2	25	20	20	12	12	8	<8	
3	30	25	25	15	15	10	10	5
4	35	28	28	20	20	12	12	8
5	40	30	30	22	22	15	15	10
6	45	35	35	28	28	18	18	12
7	55	45	45	30	30	20	20	15
8	70	55	55	40	40	25	25	15
9	-	-	65	45	45	30	30	20
10	-	-	70	55	55	40	40	25

FFO/Interest Coverage

Business Position	AA		A		BBB		BB	
1	3	2.5	2.5	1.5	1.5	1	<1	
2	4	3	3	2	2	1	<1	
3	4.5	3.5	3.5	2.5	2.5	1.5	1.5	1
4	5	4.2	4.2	3.5	3.5	2.5	2.5	1.5
5	5.5	4.5	4.5	3.8	3.8	2.8	2.8	1.8
6	6	5.2	5.2	4.2	4.2	3	3	2
7	8	6.5	6.5	4.5	4.5	3.2	3.2	2.2
8	10	7.5	7.5	5.5	5.5	3.5	3.5	2.5
9	-	-	10	7	7	4	4	2.8
10	-	-	11	8	8	5	5	3

Total Debt/Total Capital

Business Position	AA		A		BBB		BB	
1	48	55	55	60	60	70	>70	
2	45	52	52	58	58	68	>68	
3	42	50	50	55	55	65	65	70
4	38	45	45	52	52	62	62	68
5	35	42	42	50	50	60	60	65
6	32	40	40	48	48	58	58	62
7	30	38	38	45	45	55	55	60
8	25	35	35	42	42	52	52	58
9	-	-	32	40	40	50	50	55
10	-	-	25	35	35	48	48	52