

Exhibit No. ___ (KLE-5)
Docket No. UE-050684
Witness: Kenneth L. Elgin

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFICORP, d/b/a Pacific Power &
Light Company,**

Respondent.

DOCKET NO. UE-050684

**EXHIBIT TO
TESTIMONY OF**

Kenneth L. Elgin

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*PacifiCorp and MidAmerica Energy Holdings Company
Consolidated Balance Sheets and Income Statements*

January 27, 2006

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

| | As of | |
|--|----------------------------------|-----------------------------|
| | March 31, 2005 (Unaudited) | December 31, 2004 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 712,146 | \$ 960,903 |
| Restricted cash and short-term investments | 125,922 | 129,316 |
| Accounts receivable, net | 728,804 | 695,761 |
| Amounts held in trust | 158,059 | 111,708 |
| Inventories | 68,908 | 125,079 |
| Other current assets | <u>196,622</u> | <u>166,511</u> |
| Total current assets | <u>1,990,461</u> | <u>2,189,278</u> |
| Properties, plants and equipment, net | 11,679,031 | 11,607,264 |
| Goodwill | 4,285,132 | 4,306,751 |
| Regulatory assets | 413,754 | 451,830 |
| Other investments | 242,079 | 236,258 |
| Equity investments | 212,115 | 210,430 |
| Deferred charges and other assets | <u>899,394</u> | <u>901,751</u> |
| Total assets | <u>\$19,721,966</u> | <u>\$ 19,903,562</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 400,883 | \$ 410,319 |
| Accrued interest | 187,278 | 197,813 |
| Accrued property and other taxes | 157,358 | 166,639 |
| Amounts held in trust | 158,059 | 111,708 |
| Other liabilities | 451,476 | 420,452 |
| Short-term debt | 9,355 | 9,090 |
| Current portion of long-term debt | 638,964 | 1,145,598 |
| Current portion of parent company subordinated debt | <u>188,543</u> | <u>188,543</u> |
| Total current liabilities | <u>2,191,916</u> | <u>2,650,162</u> |
| Other long-term accrued liabilities | 2,233,417 | 2,171,616 |
| Parent company senior debt | 2,773,090 | 2,771,957 |
| Parent company subordinated debt | 1,586,370 | 1,585,810 |
| Subsidiary and project debt | 6,358,792 | 6,304,923 |
| Deferred income taxes | <u>1,320,243</u> | <u>1,281,833</u> |
| Total liabilities | <u>16,463,828</u> | <u>16,766,301</u> |
| Deferred income | 60,592 | 62,443 |
| Minority interest | 14,623 | 14,119 |
| Preferred securities of subsidiaries | 89,246 | 89,540 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity: | | |
| Zero-coupon convertible preferred stock – authorized 50,000 shares, no par value, 41,263 shares issued and outstanding | - | - |
| Common stock – authorized 60,000 shares, no par value, 9,081 shares issued and outstanding | - | - |
| Additional paid-in capital | 1,950,663 | 1,950,663 |
| Retained earnings | 1,309,257 | 1,156,843 |
| Accumulated other comprehensive loss, net | <u>(166,243)</u> | <u>(136,347)</u> |
| Total stockholders' equity | <u>3,093,677</u> | <u>2,971,159</u> |
| Total liabilities and stockholders' equity | <u>\$19,721,966</u> | <u>\$ 19,903,562</u> |

The accompanying notes are an integral part of these financial statements.

MidAmerican Energy Holdings Company
Consolidated Statements of Operations
(Amounts in thousands, unaudited)

| | Year ended December 31, 2004 | Less: Three Months' Ended March 31, 2004 | Plus: Three Months' Ended March 31, 2005 | TOTAL: Twelve Months' Ended March 31, 2005 |
|--|------------------------------------|--|--|--|
| Operating revenue | \$ 6,553,388 | \$ 1,762,582 | \$ 1,804,233 | \$ 6,595,039 |
| Costs and expenses: | | | | |
| Cost of sales | \$ 2,751,858 | \$ 748,632 | \$ 812,152 | \$ 2,815,876 |
| Operating expense | \$ 1,637,922 | \$ 375,563 | \$ 407,843 | \$ 1,668,702 |
| Depreciation and amortization | \$ 838,209 | \$ 169,787 | \$ 159,818 | \$ 828,040 |
| Total costs and expenses | \$ 5,027,987 | \$ 1,293,982 | \$ 1,379,113 | \$ 5,113,118 |
| Operating income | \$ 1,525,401 | \$ 468,600 | \$ 425,120 | \$ 1,461,921 |
| Operating income (expense): | | | | |
| Interest expense | \$ (803,217) | \$ (225,792) | \$ (231,695) | \$ (908,020) |
| Capitalized interest | \$ 20,040 | \$ 3,608 | \$ 3,815 | \$ 20,047 |
| Interest and dividend income | \$ 38,889 | \$ 7,168 | \$ 8,414 | \$ 40,135 |
| Other income | \$ 128,205 | \$ 8,367 | \$ 20,863 | \$ 140,821 |
| Other expense | \$ (10,125) | \$ (2,950) | \$ (3,885) | \$ (11,051) |
| Total other income (expense) | \$ (725,299) | \$ (209,699) | \$ (202,469) | \$ (719,068) |
| Income from continuing operations before income tax expense, minority interest and preferred dividends of subsidiaries and equity income | \$ 798,183 | \$ 258,991 | \$ 222,651 | \$ 762,853 |
| Income tax expense | \$ 284,986 | \$ 88,957 | \$ 73,851 | \$ 240,590 |
| Minority interest and preferred dividends of subsidiaries | \$ 13,301 | \$ 2,763 | \$ 2,851 | \$ 19,399 |
| Income from continuing operations before equity income | \$ 520,908 | \$ 157,881 | \$ 145,849 | \$ 508,874 |
| Equity income | \$ 16,861 | \$ 9,488 | \$ 4,891 | \$ 18,284 |
| Income from continuing operations | \$ 537,767 | \$ 161,349 | \$ 150,740 | \$ 527,158 |
| Income (loss) from discontinued operations, net of tax | \$ (387,561) | \$ (14,159) | \$ 1,874 | \$ (381,728) |
| Net income available to common and preferred stockholders | \$ 170,206 | \$ 147,190 | \$ 152,414 | \$ 175,430 |

**PACIFICORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Millions of dollars)

| ASSETS | March 31, | |
|---|--------------------|--------------------|
| | 2005 | 2004 |
| Current assets: | | |
| Cash and cash equivalents | \$ 199.3 | \$ 58.5 |
| Accounts receivable less allowance for doubtful accounts of \$11.6/2005 and \$23.3/2004 | 293.0 | 235.1 |
| Unbilled revenue | 143.8 | 127.8 |
| Amounts due from affiliates | 36.5 | 2.4 |
| Inventories at average costs: | | |
| Materials and supplies | 114.7 | 101.0 |
| Fuel | 58.5 | 56.0 |
| Current derivative contract asset | 252.7 | 118.9 |
| Current deferred tax asset | - | 31.5 |
| Other | 115.8 | 25.2 |
| Total current assets | 1,214.3 | 756.4 |
| Property, plant and equipment: | | |
| Generation | 5,238.7 | 5,135.7 |
| Transmission | 2,507.7 | 2,439.2 |
| Distribution | 4,308.7 | 4,104.7 |
| Intangible plant | 607.0 | 599.5 |
| Other | 1,596.9 | 1,533.7 |
| Construction work-in-progress | 593.4 | 345.4 |
| Total | 14,852.4 | 14,158.2 |
| Accumulated depreciation and amortization | (5,361.8) | (5,121.7) |
| Total property, plant and equipment - net | 9,490.6 | 9,036.5 |
| Other assets: | | |
| Regulatory assets | 972.8 | 1,032.3 |
| Derivative contract regulatory asset | 170.0 | 422.2 |
| Non-current derivative contract asset | 360.3 | 110.3 |
| Deferred charges and other | 312.9 | 319.4 |
| Total other assets | 1,816.0 | 1,884.2 |
| Total assets | \$ 12,520.9 | \$ 11,677.1 |

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, continued

(Millions of dollars)

| | March 31, | |
|---|--------------------|--------------------|
| | 2005 | 2004 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 350.4 | \$ 262.6 |
| Amounts due to affiliates | 3.9 | 2.6 |
| Accrued employee expenses | 134.3 | 131.5 |
| Taxes payable | 39.8 | 54.2 |
| Interest payable | 64.8 | 66.1 |
| Current derivative contract liability | 136.7 | 76.9 |
| Current deferred tax liability | 2.0 | - |
| Long-term debt and capital lease obligations, currently maturing | 269.9 | 240.0 |
| Preferred stock subject to mandatory redemption, currently maturing | 3.7 | 3.7 |
| Notes payable and commercial paper | 468.8 | 124.9 |
| Other | 123.4 | 111.8 |
| Total current liabilities | 1,597.7 | 1,074.3 |
| Deferred credits: | | |
| Deferred income taxes | 1,629.0 | 1,564.6 |
| Investment tax credits | 75.6 | 83.5 |
| Regulatory liabilities | 806.0 | 807.5 |
| Non-current derivative contract liability | 630.5 | 567.1 |
| Pension liability | 422.4 | 398.9 |
| Other | 304.8 | 284.7 |
| Total deferred credits | 3,868.3 | 3,706.3 |
| Long-term debt and capital lease obligations, net of current maturities | 3,629.0 | 3,520.2 |
| Preferred stock subject to mandatory redemption, net of current maturities | 48.8 | 56.3 |
| Total liabilities | 9,143.8 | 8,357.1 |
| Commitments, contingencies and guarantees (See Notes 10 and 11) | | |
| Shareholders' equity: | | |
| Preferred stock | 41.3 | 41.3 |
| Common equity: | | |
| Common shareholder's capital | 2,894.1 | 2,892.1 |
| Retained earnings | 446.4 | 390.1 |
| Accumulated other comprehensive income (loss): | | |
| Unrealized gain on available-for-sale securities, net of tax of \$2.6/2005 and \$2.7/2004 | 4.3 | 4.5 |
| Minimum pension liability, net of tax of \$(5.5)/2005 and \$(4.9)/2004 | (9.0) | (8.0) |
| Total common equity | 3,335.8 | 3,278.7 |
| Total shareholders' equity | 3,377.1 | 3,320.0 |
| Total liabilities and shareholders' equity | \$ 12,520.9 | \$ 11,677.1 |

The accompanying notes are an integral part of these consolidated financial statements.

PACIFICORP AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

| (Millions of dollars) | Years Ended March 31, | | |
|--|-----------------------|-----------------|-----------------|
| | 2005 | 2004 | 2003 |
| Revenues: | | | |
| Residential | \$ 1,004.6 | \$ 994.5 | \$ 914.7 |
| Commercial | 833.1 | 792.9 | 763.4 |
| Industrial | 774.8 | 725.6 | 699.2 |
| Other retail | 36.3 | 34.0 | 31.4 |
| Wholesale sales and other | 400.0 | 647.5 | 673.7 |
| Total | 3,048.8 | 3,194.5 | 3,082.4 |
| Operating expenses: | | | |
| Purchased electricity | 448.0 | 672.8 | 698.5 |
| Fuel | 500.0 | 483.9 | 482.2 |
| Operations and maintenance | 913.1 | 895.8 | 885.1 |
| Depreciation and amortization | 436.9 | 428.8 | 434.3 |
| Taxes, other than income taxes | 94.4 | 95.3 | 93.4 |
| Total | 2,392.4 | 2,576.6 | 2,593.5 |
| Income from operations | 656.4 | 617.9 | 488.9 |
| Interest expense and other (income) expense: | | | |
| Interest expense | 267.4 | 256.5 | 270.3 |
| Interest income | (9.1) | (13.8) | (21.6) |
| Interest capitalized | (14.8) | (19.9) | (18.0) |
| Minority interest and other | (7.3) | 1.6 | 19.0 |
| Total | 236.2 | 224.4 | 249.7 |
| Income from operations before income tax expense and cumulative effect of accounting change | 420.2 | 393.5 | 239.2 |
| Income tax expense | 168.5 | 144.5 | 97.2 |
| Income before cumulative effect of accounting change | 251.7 | 249.0 | 142.0 |
| Cumulative effect of accounting change (less applicable income tax benefit of \$(0.6)/2004 and \$(1.1)/2003 | - | (0.9) | (1.9) |
| Net income | 251.7 | 248.1 | 140.1 |
| Preferred dividend requirement | (2.1) | (3.3) | (7.3) |
| Earnings on common stock | \$ 249.6 | \$ 244.8 | \$ 132.8 |

The accompanying notes are an integral part of these consolidated financial statements.