

	Jurisdictional Adjusted results		Jurisdictional With PacifiCorp Revenue Change
Revenue	309,161,393	23,209,610	332,371,003
O&M Total	225,752,925	112,528	225,865,453
Depreciation and Amort	32,574,147		32,574,147
Other Taxes	12,766,082	898,908	13,664,990
Fed Tax	2,564,719		10,334,080
Def Tax	5,647,706		5,647,706
Micell Rev.	(399,649)		(399,649)
Opr Rev For Return	30,255,463	22,198,174	44,684,276
Rate Base	554,460,866		554,460,866
Rate of Return on Rate Base	5.46%		8.059%
EBIT	38,467,888	22,198,174	60,666,062
Interest - PacifiCorp	18,311,064		18,311,064
Schedule M Additions	42,128,812		42,128,812
Schedule M Deductions	53,160,562		53,160,562
Taxable Income	9,125,074	22,198,174	31,323,248
MEHC Allocated Interest Expense	#REF!		#REF!
Adjusted Taxable Income	9,125,074	22,198,174	31,323,248
Fed Tax Rate	35.0%	35.0%	35.0%
Income Tax - Calculated	3,193,776	7,769,361	10,963,137
Adjustments To Calculated Tax	(629,057)		(629,057)
Income Tax	2,564,719	-	10,334,080
Operating Income			50,331,982
Rate of Return			9.08%
Income Tax Adjustment Grossed Up			

	Jurisdictional With MEHC Interest Adjusted Tax Expense	
21,295,365	330,456,758	
103,247	225,856,172	0.485%
	32,574,147	
824,769	13,590,851	3.873%
	8,419,835	
	5,647,706	
	(399,649)	1.609
20,367,349	44,767,696	1.538462
		0.070538
	554,460,866	
	8.074%	
60,666,062	60,666,062	
18,311,064	18,311,064	
42,128,812	42,128,812	
53,160,562	53,160,562	
31,323,248	31,323,248	
5,469,271	5,469,271	
25,853,977	25,853,977	
35.0%	35%	
10,963,137	9,048,892	
(629,057)	(629,057)	
10,334,080	8,419,835	
20,989,168		
\$	1,914,245	
\$	2,001,465	

PACIFICORP
Washington - Retail

Income Tax Expense Adjustment

<u>Line</u>	<u>Description</u>	PacifiCorp - Washington Total <u>Adjusted Results</u> (1)	PacifiCorp - Washington Total with MEHC Interest <u>Adjustment</u> (2)
1	Total Operating Revenue	\$ 309,161,393	\$ 309,161,393
2	Total O&M	\$ 225,752,925	\$ 225,752,925
3	Depreciation & Amortization	32,574,147	32,574,147
4	Other Taxes	12,766,082	12,766,082
5	Income Tax	2,564,719	650,474
6	Deferred Tax	5,647,706	5,647,706
7	Miscellaneous	<u>(399,649)</u>	<u>(399,649)</u>
8	Total Operating Expenses	\$ 278,905,930	\$ 276,991,685
9	Revenue For Return	\$ 30,255,463	\$ 32,169,708
10	Rate Base	\$ 554,460,866	\$ 554,460,866
11	Rate of Return on Rate Base	5.457%	5.802%
<hr/>			
12	Earnings Before Interest and Taxes	\$ 38,467,888	\$ 38,467,888
13	Interest - PacifiCorp	\$ 18,311,064	\$ 18,311,064
14	Schedule M Additions	\$ 42,128,812	\$ 42,128,812
15	Schedule M Deductions	\$ 53,160,562	\$ 53,160,562
16	Taxable Income	\$ 9,125,074	\$ 9,125,074
17	MEHC Allocated Interest Expense ¹	\$ -	\$ 5,469,271
18	Adjusted Taxable Income	\$ 9,125,074	\$ 3,655,803
19	Fed Tax Rate	35.0%	35.0%
20	Income Tax - Calculated	\$ 3,193,776	\$ 1,279,531
21	Adjustments To Calculated Tax	<u>\$ (629,057)</u>	<u>\$ (629,057)</u>
22	Income Tax	\$ 2,564,719	\$ 650,474

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PACIFICORP
Washington - Retail

Income Tax Expense Adjustment

<u>Line</u>	<u>Description</u>	<u>Per PacifiCorp Amount (1)</u>	<u>With MEHC Interest Tax Adjustment (2)</u>
1	Rate Base - Washington	\$ 554,460,866	\$ 554,460,866
2	Requested Return on Rate Base	8.06%	8.06%
3	Revenue Required to Earn Requested Return	\$ 44,684,550	\$ 44,684,550
4	Earned Rate of Return (Page 1)	5.457%	5.802%
5	Less Current Operating Revenue	\$ 30,255,463	\$ 32,169,708
6	Increase to Current Operating Revenue	\$ 14,429,086	\$ 12,514,842
7	Net to Gross-Up	1.6086	1.6086
8	Price Change For Requested Return	\$ 23,210,628	\$ 20,131,374
9	Revenue Adjustment		\$ 3,079,254

PACIFICORP
Washington - Retail

Income Tax Expense Adjustment

PacifiCorp Capital Structure

<u>Line</u>	<u>Description</u>	<u>Weight</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Debt	53.00%	6.23%	3.30%
2	Preferred	1.00%	6.46%	0.06%
3	Common	<u>46.00%</u>	10.20%	<u>4.69%</u>
4	Total	100.00%		8.06%

MEHC Equity Capitalization

	<u>MEHC Parent Capital</u>	<u>Ratio</u>	<u>Cost</u>	<u>Weighted Cost</u>
5	Parent Company Debt	34.31%	6.25%	2.144%
6	Common Equity	<u>65.69%</u>		
7	Total	100.00%		

MEHC Debt Interest Supporting PacifiCorp Equity

8	PacifiCorp Washington Rate Base		\$	554,460,866
9	PacifiCorp Common Equity Ratio			46.00%
10	MEHC Parent Debt Ratio			34.31%
11	MEHC Parent Debt Cost			6.25%
12	MEHC Interest Supporting PacifiCorp Equity ¹		\$	5,469,271

¹ Line 8 * Line 9 * line 10 * Line 11