

Exhibit No. \_\_\_\_ (SCH-10)  
Docket No. UE-100749  
Witness: Samuel C. Hadaway

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power

Respondent.

Docket No. UE-100749

**PACIFICORP**

**EXHIBIT OF SAMUEL C. HADAWAY**

**WUTC Staff Witness K. Elgin Workpapers**

**November 2010**

# PacifiCorp Payout

# Growth Estimate

Exhibit No. (SCH-10)  
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		<u>BV</u> 2015 - 2015	<u>DPS</u>	<u>EPS</u>
Alliant	55%	26.15 31.05 18.75% / 3.75%	1.50-1.92 28%	2.70-3.60
Avista	70%	19.00-21.50 13.16 / 21.63%	1.00-1.12 129%	1.60-1.75
DPL	50%	9.50-10.80 13.68 / 2.73%	1.21-1.50 24%	2.40-2.90
Ida	50%	31.00-36.00 16.13 / 3.22	1.20-1.40 16.67%	2.40-2.75
PGE	60%	21.30-23.75 11.5 / 2.30	1.01-1.20 18.81%	1.40-2.00
WISC	50%	32.45-40.25 24.04 / 4.80	1.60-2.40 50%	3.20-4.75
Excel	55%	16.55-19.25 16.31 / 3.26	.97-1.10 13.4%	1.49-2.00

## Value Line Growth 07 to 15

	<u>DPS</u>	<u>BV</u>	<u>BV</u>	<u>bkr</u>
LNT	5.5	3.5	3.75	(.45) (11.5) = 5.20
Ava	11.5 * (5.00)	3.5	2.63	(.8) (10.5) = 3.15
DPL	5.5	4.0	2.73	(.5) (10.0)* = 5.00
IDA	2.5	5.0	3.22	(.5) (10.0)* = 5.00
PGE	5.5	2.5	2.30	(.4) (10.0)* = 4.00
WEL	13.0 * (6.00)	6.0	4.80	(.5) (12.0) = 6.00
XCL	3.0	4.5	3.26	(.45) (0.5) = 4.75
	4.71	4.14	3.24	4.75

(\*) Adjusted DPS

\* Adjusted P/E - 10%

(17)

# EPS estimates

Pack Corp  
UE-100741  
K. Egin  
7/20/10

CO	ZACKS	THOMPSON
Actiant	4.0	5.6
DPL	5.00	4.5
IDA	5.00	5.00
PGE	5.80	6.00
WISC	8.7	9.9
Xcel	5.7	6.2
AVA	5.0	5.0 (IBES)
U	5.6	6.0
U (WISC)	5.1	5.4

## B's Valuation

- Actiant 0.70
- DPL 0.60
- IDA 0.70
- PGE 0.75
- WISC 0.65
- XCEL 0.65
- AVA 0.70

## Appendix

## A

## CBO's Economic Projections for 2009 to 2019

The tables in this appendix expand on the information in the body of the report by showing the Congressional Budget Office's (CBO's) year-by-year economic projections for 2009 to 2019 (by calendar year in **Table A-1** and by fiscal year in **Table A-2**). CBO does not forecast cyclical fluctuations in its projections for years after 2011. Instead, the projected values shown in the tables for 2012 to 2019 reflect CBO's assessment of average values for that period. That assessment takes into account economic and demographic trends but does not attempt to forecast the frequency and size of ups and downs in the business cycle.

**Table A-1.****CBO's Year-by-Year Forecast and Projections for Calendar Years 2009 to 2019**

	Estimated 2008 <sup>a</sup>	Forecast			Projected							
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nominal GDP (Billions of dollars)	14,257	14,047	14,576	15,233	15,950	16,684	17,421	18,138	18,873	19,624	20,381	21,164
Nominal GDP (Percentage change)	3.3	-1.5	3.8	4.5	4.7	4.6	4.4	4.1	4.1	4.0	3.9	3.8
Real GDP (Percentage change)	1.1	-3.0	2.9	4.0	4.1	4.0	3.5	2.7	2.5	2.4	2.3	2.2
GDP Price Index (Percentage change)	2.2	1.5	0.8	0.5	0.6	0.6	0.9	1.4	1.5	1.6	1.6	1.6
PCE Price Index <sup>b</sup> (Percentage change)	3.3	-0.1	1.1	1.0	0.8	0.8	1.1	1.4	1.6	1.6	1.6	1.6
Core PCE Price Index <sup>c</sup> (Percentage change)	2.2	1.0	0.8	0.7	0.5	0.6	1.0	1.4	1.6	1.6	1.6	1.6
Consumer Price Index <sup>d</sup> (Percentage change)	3.8	-0.7	1.4	1.2	1.0	1.0	1.2	1.6	1.9	1.9	1.9	1.9
Core Consumer Price Index <sup>e</sup> (Percentage change)	2.3	1.5	1.1	0.9	0.7	0.8	1.2	1.6	1.9	1.9	1.9	1.9
Unemployment Rate (Percent)	5.8	8.8	9.0	7.7	6.6	5.7	5.1	4.9	4.8	4.8	4.8	4.8
Three-Month Treasury Bill Rate (Percent)	1.4	0.3	0.9	1.8	3.0	3.9	4.4	4.7	4.7	4.8	4.8	4.8
Ten-Year Treasury Note Rate (Percent)	3.7	2.9	3.4	4.0	4.6	5.0	5.3	5.4	5.5	5.6	5.6	5.6
Tax Bases (Billions of dollars)												
Economic profits	1,496	1,269	1,386	1,547	1,656	1,764	1,812	1,822	1,859	1,884	1,915	1,940
Wages and salaries	6,543	6,496	6,743	6,953	7,338	7,662	7,990	8,315	8,651	8,997	9,347	9,709
Tax Bases (Percentage of GDP)												

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## Minutes of the Federal Open Market Committee

[Print](#)

April 27-28, 2010

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In conjunction with the April 27-28, 2010, FOMC meeting, the members of the Board of Governors and the presidents of the Federal Reserve Banks, all of whom participate in deliberations of the FOMC, submitted projections for output growth, unemployment, and inflation for the years 2010 to 2012 and over the longer run. The projections were based on information available through the end of the meeting and on each participant's assumptions about factors likely to affect economic outcomes, including his or her assessment of appropriate monetary policy. "Appropriate monetary policy" is defined as the future path of policy that the participant deems most likely to foster outcomes for economic activity and inflation that best satisfy his or her interpretation of the Federal Reserve's dual objectives of maximum employment and stable prices. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge over time under appropriate monetary policy and in the absence of further shocks.

FOMC participants' forecasts for economic activity and inflation were broadly similar to their previous projections, which were made in conjunction with the January 2010 FOMC meeting. As depicted in figure 1, the economic recovery was expected to be gradual, with real gross domestic product (GDP) expanding at a rate only moderately above the participants' assessment of its longer-run sustainable growth rate and unemployment declining slowly over the next few years. Most participants also anticipated that inflation would remain subdued over this period. As indicated in table 1, participants generally made modest upward revisions to their projections for real GDP growth in 2010. Beyond 2010, however, the contours of participants' projections for economic activity and inflation were little changed. Participants continued to expect the pace of the economic recovery to be restrained by household and business uncertainty, only gradual improvement in labor market conditions, and slow easing of credit conditions in the banking sector. Participants generally expected that it would take some time for the economy to converge fully to its longer-run path—characterized by a sustainable rate of output growth and by rates of employment and inflation consistent with participants' interpretation of the Federal Reserve's dual objectives—but only a minority anticipated that the convergence process would take more than five to six years. As in January, most participants judged the risks to their growth outlook as balanced, and most also saw balanced risks surrounding their inflation projections. Participants in general continued to judge the uncertainty surrounding their projections for economic activity and inflation as unusually high relative to historical norms.

Table 1. Economic projections of Federal Reserve Governors and Reserve Bank presidents, April 2010  
Percent

Variable	Central tendency <sup>1</sup>				Range <sup>2</sup>			
	2010	2011	2012	Longer run	2010	2011	2012	Longer run
Change in real GDP	3.2 to 3.7	3.4 to 4.5	3.5 to 4.5	2.5 to 2.8	2.7 to 4.0	3.0 to 4.6	2.8 to 5.0	2.4 to 3.0
January projection	2.8 to 3.5	3.4 to 4.5	3.5 to 4.5	2.5 to 2.8	2.3 to 4.0	2.7 to 4.7	3.0 to 5.0	2.4 to 3.0
Unemployment rate	9.1 to 9.5	8.1 to 8.5	6.6 to 7.5	5.0 to 5.3	8.6 to 9.7	7.2 to 8.7	6.4 to 7.7	5.0 to 6.3
January projection	9.5 to 9.7	8.2 to 8.5	6.6 to 7.5	5.0 to 5.2	8.6 to 10.0	7.2 to 8.8	6.1 to 7.6	4.9 to 6.3
PCE inflation	1.2 to 1.5	1.1 to 1.9	1.2 to 2.0	1.7 to 2.0	1.1 to 2.0	0.9 to 2.4	0.7 to 2.2	1.5 to 2.0
January projection	1.4 to 1.7	1.1 to 2.0	1.3 to 2.0	1.7 to 2.0	1.2 to 2.0	1.0 to 2.4	0.8 to 2.0	1.5 to 2.0
Core PCE inflation <sup>3</sup>	0.9 to 1.2	1.0 to 1.5	1.2 to 1.6		0.7 to 1.6	0.6 to 2.4	0.6 to 2.2	
January projection	1.1 to 1.7	1.0 to 1.9	1.2 to 1.9		1.0 to 2.0	0.9 to 2.4	0.8 to 2.0	

Note: Projections of change in real gross domestic product (GDP) and in inflation are from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The January projections were made in conjunction with the meeting of the Federal Open Market Committee on January 26-27, 2010.