Rocky Mountain Power
Exhibit RMP___(SCH-2)
Docket No. 07-
Witness: Samuel C. Hadaway

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Samuel C. Hadaway

Historical Capital Market Costs, Trends and Projections

December 2007

Rocky Mountain Power
Historical Capital Market Costs

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Prime Rate	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	8.2%
Consumer Price Index	1.6%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.3%	2.4%
Long-Term Treasuries	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%	5.1%	4.7%	5.0%	5.0%
Moody's Avg Utility Debt	7.0%	7.6%	8.1%	7.7%	7.5%	6.6%	6.2%	5.7%	6.1%	6.1%
Moody's A Utility Debt	7.0%	7.6%	8.2%	7.8%	7.4%	6.6%	6.2%	5.7%	6.1%	6.1%

*Data through September 2007.

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

Rocky Mountain Power
Long-Term Interest Rate Trends

Month	Single-A Utility Rates	Average Utility Rates	Long-Term Treasury Rates	10-Year Treasury Rates
Jun-05	5.40%	5.39%	4.35%	4.00%
Jul-05	5.51%	5.50%	4.48%	4.18%
Aug-05	5.50%	5.51%	4.53%	4.26%
Sep-05	5.52%	5.54%	4.51%	4.20%
Oct-05	5.79%	5.79%	4.74%	4.46%
Nov-05	5.88%	5.88%	4.83%	4.54%
Dec-05	5.80%	5.83%	4.73%	4.47%
Jan-06	5.75%	5.77%	4.65%	4.42%
Feb-06	5.82%	5.83%	4.73%	4.57%
Mar-06	5.98%	5.98%	4.91%	4.72%
Apr-06	6.29%	6.28%	5.22%	4.99%
May-06	6.42%	6.39%	5.35%	5.11%
Jun-06	6.43%	6.39%	5.29%	5.11%
Jul-06	6.39%	6.37%	5.25%	5.09%
Aug-06	6.20%	6.20%	5.08%	4.88%
Sep-06	6.00%	6.03%	4.93%	4.72%
Oct-06	5.98%	6.01%	4.94%	4.73%
Nov-06	5.80%	5.82%	4.78%	4.60%
Dec-06	5.81%	5.83%	4.78%	4.56%
Jan-07	5.96%	5.97%	4.95%	4.76%
Feb-07	5.90%	5.91%	4.93%	4.72%
Mar-07	5.85%	5.87%	4.81%	4.56%
Apr-07	5.97%	6.01%	4.95%	4.69%
May-07	5.99%	6.03%	4.98%	4.75%
Jun-07	6.30%	6.35%	5.29%	5.10%
Jul-07	6.25%	6.28%	5.19%	5.00%
Aug-07	6.24%	6.29%	5.00%	4.67%
Sep-07	6.18%	6.24%	4.84%	4.52%
Oct-07	6.11%	6.17%	4.79%	4.48%

Sources: Mergent Bond Record (Utility Rates);
www.federalreserve.gov (Treasury Rates).

Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

Annual			Annual % Change				2007				E2008			
2006	E2007	E2008	2006	E2007	E2008		1Q	2Q	E3Q	E4Q	1Q	2Q	3Q	4Q
						Gross Domestic Product								
$13,195.0	$13,803.0	$14,332.0	6.1	4.6	3.8	GDP (current dollars)	$13,552.0	$13,769.0	$13,891.0	$14,001.0	$14,114.0	$14,246.0	$14,404.0	$14,563.0
6.1	4.6	3.8	-	-	-	Annual rate of increase (%)	4.9	6.6	3.6	3.2	3.2	3.8	4.5	4.5
2.9	2.0	2.1	-	-	-	Annual rate of increase–real GDP (%)	0.6	3.8	2.7	1.5	1.4	2.0	2.8	2.8
3.2	2.6	1.7	-	-	-	Annual rate of increase–GDP deflator (%)	4.2	2.6	0.9	1.7	1.8	1.7	1.7	1.7
						***Components of Real GDP**								
$8,044.0	$8,282.0	$8,466.0	3.1	3.0	2.2	Personal consumption expenditures	$8,216.0	$8,244.0	$8,313.0	$8,355.0	$8,391.0	$8,436.0	$8,492.0	$8,545.0
3.1	3.0	2.2	-	-	-	% change	3.7	1.4	3.4	2.1	1.7	2.2	2.7	2.5
1,180.5	1,235.7	1,255.4	3.8	4.7	1.6	Durable goods	1,223.2	1,228.4	1,241.7	1,249.7	1,243.5	1,243.1	1,263.4	1,271.4
2,337.6	2,394.8	2,449.4	3.7	2.4	2.3	Nondurable goods	2,386.6	2,383.8	2,397.8	2,411.0	2,425.4	2,442.5	2,457.1	2,472.5
4,545.5	4,676.7	4,784.7	2.7	2.9	2.3	Services	4,630.7	4,656.7	4,698.7	4,720.5	4,744.6	4,771.1	4,796.7	4,826.3
1,306.8	1,357.2	1,391.3	6.6	3.9	2.5	Nonresidental fixed investment	1,321.7	1,356.6	1,365.7	1,384.8	1,387.3	1,386.0	1,390.8	1,401.3
6.6	3.9	2.5	-	-	-	% change	2.1	11.0	2.7	5.7	0.7	(0.4)	1.4	3.1
1,050.6	1,061.6	1,098.8	5.9	1.0	3.5	Producers durable equipment	1,045.3	1,057.4	1,062.6	1,080.9	1,086.2	1,089.1	1,101.2	1,118.7
560.0	464.6	388.2	(4.7)	(17.0)	(16.4)	Residental fixed investment	497.1	481.6	458.0	421.6	392.3	383.6	387.3	389.4
(4.7)	(17.0)	(16.4)	-	-	-	% change	(16.6)	(11.9)	(18.2)	(28.2)	(25.0)	(8.6)	3.9	2.1
40.3	5.2	16.9	-	-	-	Net change in business inventories	0.1	5.8	5.2	9.7	17.8	15.2	14.5	20.1
1,981.4	2,018.5	2,060.1	1.8	1.9	2.1	Gov't purchases of goods & services	1,994.7	2,014.8	2,025.6	2,039.1	2,051.8	2,057.6	2,062.5	2,068.3
742.3	754.1	777.8	2.2	1.6	3.1	Federal	740.2	751.0	759.6	765.8	774.5	777.1	779.0	780.7
1,239.0	1,264.2	1,282.4	1.6	2.0	1.4	State & local	1,254.2	1,263.5	1,265.9	1,273.2	1,277.5	1,280.6	1,283.7	1,287.7
(624.5)	(573.2)	(509.4)	-	-	-	Net exports	(612.1)	(573.9)	(556.5)	(550.4)	(534.9)	(512.1)	(499.1)	(491.7)
1,304.1	1,399.8	1,532.7	8.4	7.3	9.5	Exports	1,354.7	1,379.5	1,418.4	1,446.6	1,483.0	1,515.7	1,549.0	1,583.1
1,928.6	1,973.0	2,042.1	5.9	2.3	3.5	Imports	1,966.8	1,953.4	1,974.9	1,997.1	2,017.9	2,027.7	2,048.1	2,074.8
						****Income & Profits**								
$10,983.0	$11,695.0	$12,267.0	6.6	6.5	4.9	Personal income	$11,469.0	$11,619.0	$11,776.0	$11,914.0	$12,058.0	$12,195.0	$12,333.0	$12,483.0
9,629.0	10,204.0	10,707.0	5.9	6.0	4.9	Disposable personal income	10,015.0	10,134.0	10,276.0	10,392.0	10,510.0	10,643.0	10,769.0	10,905.0
0.4	0.8	1.5	-	-	-	Savings rate (%)	1.0	0.6	0.8	0.9	1.2	1.5	1.6	1.8
1,805.8	1,862.4	1,838.7	14.3	3.1	(1.3)	Corporate profits before taxes	1,815.8	1,931.5	1,862.9	1,839.2	1,815.3	1,832.0	1,845.5	1,862.1
1,351.9	1,395.7	1,386.6	13.9	3.2	(0.6)	Corporate profits after taxes	1,363.3	1,441.4	1,395.4	1,382.7	1,367.2	1,381.8	1,392.8	1,404.9
81.50	86.50	91.60	16.6	6.1	5.9	‡Earnings per share (S&P 500)	83.10	85.40	85.60	86.50	88.50	89.60	90.90	91.60
						†Prices & Interest Rates								
3.2	2.7	1.8	-	-	-	Consumer price index	3.8	6.0	1.8	1.6	1.5	1.6	1.6	1.3
4.7	4.4	4.0	-	-	-	Treasury bills	5.0	4.8	4.3	3.7	3.9	4.0	4.1	4.2
4.8	4.7	5.1	-	-	-	10-yr notes	4.7	4.9	4.7	4.6	4.9	5.0	5.1	5.3
4.9	4.9	5.3	-	-	-	30-yr bonds	4.8	5.0	4.9	4.9	5.1	5.2	5.3	5.5
5.6	5.6	6.2	-	-	-	New issue rate–corporate bonds	5.4	5.6	5.8	5.8	6.0	6.1	6.3	6.5
						Other Key Indicators								
1,810.0	1,340.0	1,160.0	(12.6)	(25.9)	(13.3)	Housing starts (1,000 units SAAR)	1,460.0	1,460.0	1,310.0	1,140.0	1,060.0	1,150.0	1,200.0	1,250.0
16.5	16.1	16.0	(2.6)	(2.2)	(1.0)	Auto & truck sales (1,000,000 units)	16.4	16.0	15.9	16.2	15.9	15.7	16.1	16.2
4.6	4.6	4.9	-	-	-	Unemployment rate (%)	4.5	4.5	4.6	4.8	4.9	5.0	5.0	5.0
(1.5)	(5.6)	(7.5)	-	-	-	§U.S. dollar	1.5	(11.9)	(11.4)	(17.8)	(6.9)	(0.9)	0.7	1.6

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.

Rocky Mountain Power
Exhibit RMP___(SCH-2) Page 3 of 3
Docket No. 07-
Witness: Samuel C. Hadaway