BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision	**))))))))))**	**DOCKET NO. 17-035-40** **Exhibit No. DPU 5.0 D** **Direct Testimony of** **Charles E. Peterson**

THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH

Direct Testimony of

Charles E. Peterson

December 5, 2017

Contents

Direct Testimony of Charles E. Peterson

I. INTRODUCTION

Q. Please state your name, business address and title.

A. My name is Charles E. Peterson. My business address is 160 East 300 South, Salt Lake City, Utah 84114. I am a Technical Consultant at the Utah Division of Public Utilities (Division, or DPU).

Q. On whose behalf are you testifying?

A. The Division.

Q. Would you summarize your background for the record?

A. I am a Technical Consultant for the Division. I have been employed by the Division for over 12 years, during which time I have filed testimony and memoranda with the Public Service Commission of Utah (Commission) involving a variety of economic, financial, and policy topics. I have an M.S. in Economics and Master of Statistics degree, both from the University of Utah. My resume is attached as DPU Exhibit 5.1 D.

Q. What is the purpose of your testimony?

A. I provide testimony discussing my evaluation, pursuant to UCA § 54-17-402(3)(b)(v), of the financial impacts of PacifiCorp's (Company) proposed acquisition of 860 MW (megawatts) of wind resources in eastern Wyoming and the concurrent construction of a transmission line from Aeolus Wyoming to Anticline/Bridger Wyoming, often referred to as the "D2" transmission segment of the Company's larger Energy Gateway transmission plan. These projects are part of the Company's recently announced "Energy Vision 2020" program.

In a separate, concurrent docket, Docket No. 17-035-39, the Company is proposing to repower most of its Company-owned wind project sites at a cost of approximately $1.1 billion. In order to assess the financial impact where the Company is most stressed financially, I have included in my analysis the combined wind repowering, Wyoming wind and Wyoming transmission projects (Combined Projects) as proposed by the Company.

II. FINANCIAL ANALYSIS

Q. Please outline the analyses that you have performed to evaluate the Company's financial capacity to do the Combined Projects that are expected to cost approximately $3.2 billion.

A. I performed an analysis similar to the ones completed three or four times a year by the Division to evaluate the impact on the Company of its dividend declarations. First, I analyze the historical financial results and trends and pay particular attention to the financial ratios of the historical results and capital structure. Next, I review recent credit rating agency reports. Finally, I prepare a financial forecast to estimate the impact of the Combined Projects on the Company's profitability and on its balance sheet.

The financial forecast was made by forecasting accounts not directly affected by the Combined Projects based upon the assumptions set forth in the assumptions tab of the attached work papers. Common dividends assumed to be paid by the Company were manually adjusted in order to keep the Company's capital structure close to 50 percent equity during the period of the repowering construction. In this docket, the primary concern is the impact of the Combined Projects' capital expenditures on the Company.

Q. How does the Company propose to fund the repowering projects?

A. The Company has not given specific plans but has stated that it will use some combination of debt and equity financing.[1] The Division's expectation is that the ratio of debt to equity will be close to the Company's current capital structure, or approximately 50 percent debt and 50 percent equity.

Q. How have you estimated the capital expenditures and related increased operating expenses?

A. I have relied on the exhibits provided by Company witness Mr. Jeffrey K. Larsen.[2] Specifically, I used Exhibit RMP_(JKL-2) and Exhibit RMP_(JKL-3). To show the maximum stress on the Company, I have also included in the analysis the impacts from the Company's proposed wind repowering projects that are the subject of Docket No. 17-035-39.

[1] See Direct Testimony of Cindy A. Crane, page 14, lines 303-310.

[2] The Division understands that Mr. Larsen's testimony may be adopted and presented by another Company employee.

For the wind repowering figures, I also used Mr. Larsen's Exhibits RMP_(JKL-2) and RMP_(JKL-3) found in that docket.

Q. What did you assume for the other line items in your forecast?

A. The remaining elements of the forecast of PacifiCorp's financial statements are based upon assumptions made by the Division that seem reasonable in light of historical results, the expectation of low load growth and generation needs, and the current economic conditions and expectations. The economic assumptions made in the forecast include a benign inflationary environment for the period of the forecast, modest growth in gross domestic product in the United States, and continued relatively low interest rates. The assumptions for the Company include modest growth in revenues and net income. The Company is assumed to maintain approximately the current level of profitability absent the new projects. Work papers filed with my testimony will give the details of the forecast assumptions. Significant departure from these assumptions could, of course, result in significantly different results and any conclusions derived from those results.

DPU Exhibit 5.2 D sets forth the Division's financial forecast made under the assumptions outlined above.

Q. What are the results of your analyses and forecast?

A. Based upon the information from Mr. Larsen's exhibits and the assumptions contained in the forecast, the Company should be able to handle the additional capital expenditures and related increase in operation and maintenance expense. The forecast results suggest that the Company will briefly experience a decline in its return on equity to an estimated low of 8.5 percent and would have to cut back on its dividend payments between 2019 and 2023 (alternatively, but functionally equivalent, the Company could maintain its dividend payments and receive additional capital contributions from its parent). The estimated equity capital contribution that will be required is about $1.2 billion, which will either come from reduced dividends or direct contributions from the parent. The minimum annual dividend amount of $50 million occurs in 2020 of the forecast. After 2023 the Company could probably resume normal dividend payments.

Over the 2013-2016 period, the Company has paid annual dividends averaging $762.5 million. It appears that the Company will pay $600 million in dividends in 2017.

Q. Does your forecast represent the only way the Company could achieve approximately the same result?

A. No, the forecast I am presenting is just one of several ways the Company could achieve similar results.

Q. Could the Company finance the Combined Projects with 100 percent debt?

A. Yes. I analyzed this possibility by assuming that the Company continued to pay dividends as the Division has forecast through 2023 assuming these projects were not built. This dividend forecast was made by the Division in its memorandum filed with the Commission reviewing the Company's latest dividend declaration. This filing was based upon the Company's third quarter financial information and assumed the Company continued to have the modest growth and profitability it has enjoyed the last few years.[3] This analysis shows that the Company could probably fund all of these projects completely with debt.[4] However, in the Division's forecast the equity portion of the Company's capital structure would fall below 44 percent, which would trigger the notification clause in General Commitment 18 that the Company made when it was acquired by Berkshire Hathaway Energy.[5] The Division's analysis of 100 percent debt financing is set forth on DPU Exhibit 5.3 D.

Q. Do you think the Company will use 100 percent debt financing?

A. I do not think it likely. The Company has indicated that it would finance some portion of these projects with equity. Furthermore, if 100 percent debt financing resulted in seriously negative reactions by the bond rating agencies and the debt markets, then such a course might not be considered prudent.

[3] See the Division's recent analysis and forecast in Docket No. 17-999-01 where the Division commented on the Company's most recent dividend declaration.
[4] One assumption change in this 100 percent debt financing forecast was to assume that the cost of debt for the new debt acquired by the Company would be 50 basis points higher due to the decrease in the equity portion of the capital structure. Leaving the cost of debt unchanged would still result in the equity portion dipping below 44 percent.
[5] Docket No. 05-035-54. The Company's commitments are attached to the Commission's Report and Order dated June 6, 2006. General Commitment 18 is found on page 11 of that document.

III. CONCLUSIONS

Q. What is your conclusion?

A. I conclude that it is likely well within the Company's financial capacity to construct the Wyoming wind and transmission projects and the wind repowering projects that are the subject of a separate docket.

Q. Does that conclude your testimony?

A. Yes.

DPU Exhibit 5.1D, Resume of Charles E. Peterson

CHARLES E. PETERSON

EXPERIENCE

Technical Consultant, Division of Public Utilities Utah Department of Commerce, May 2006 to Present.

Responsibilities: PacifiCorp and Dominion Energy Utah (formerly known as Questar Gas Company) General Rate Cases: Cost of Capital Studies; PacifiCorp avoided cost issues; Lead on PacifiCorp ECAM application; PacifiCorp 2006 General Rate Case Team leader—cost of capital, coal and natural gas contract teams; PacifiCorp 2006/2007 IRP lead; Special Contracts lead; various Economic, Financial, and Statistical Analyses.

Utility Analyst, Division of Public Utilities, Utah Department of Commerce, January 2005 to May 2006.

Responsibilities: Overall DPU Team Management of PacifiCorp Acquisition by MidAmerican Energy Holdings Company; Division Lead on a Forecasting Task Force; Principal Author of Technical Paper on "Ring-Fencing;" Economic and Statistical Analysis, Cost of Capital Studies on Questar Gas and PacifiCorp.

Manager, centrally assessed utility and transportation company valuations section, Property Tax Division, Utah State Tax Commission, September 1992 to December 2004.

Responsibilities: supervision of the annual appraisal of 100 utility, railroad, and airline companies; securities analysis, cost of capital studies, financial forecast models and other appraisal methods, settlement negotiations; expert testimony.

EDUCATION

M.S., Economics. University of Utah, 1990.
Master of Statistics (M.Stat.). Graduate School of Business, University of Utah, 1980.
B.A., Mathematics. University of Utah, 1978.

PROFESSIONAL MEMBERSHIP

Society of Utility and Regulatory Financial Analysts (SURFA)
Received **Certified Rate of Return Analyst (CRRA)** from SURFA in 2007.

EXPERT

Utah Public Service Commission, Utah State Tax Commission; Federal

TESTIMONY	District and Bankruptcy Courts; Utah State District Courts; Utah State Industrial Commission; Wyoming State Court
PUBLICATIONS	"Accounting Challenges for Regulated Public Utilities," The Journal Entry, April 2014. Co-author with Matthew A. Croft and J. Robert Malko.
	"The Utah Test: Defining a test period to overcome controversies and inaccuracies," Public Utilities Fortnightly, May 2010. Co-authored with Joni S. Zenger and J. Robert Malko.
	"Ring Fencing in Utah," Public Utilities Fortnightly, February 2008. Co-author with J. Robert Malko.
	"Applying CAPM: Issues and Activities in Utah," The NRRI Journal of Applied Regulation, December 2005. Co-author with Dr. Robert Malko.
ADDITIONAL EXPERIENCE	Associate, (part-time), Houlihan Valuation Advisors**,** 1998 to 2005. Economic and financial analysis, business appraisal work.
	Owner and Consultant, July 1991 to 1998. Economic Consulting and litigation support.
	Utility Analyst, Utah State Tax Commission, March 1991 to September 1992.
	Associate, Houlihan, Dorton, Jones, Nicolatus and Stuart, August 1989 to March 1991.
	Partner, Stuart, Nicolatus and Peterson, 1989.
	Associate, Frank Stuart & Associates, 1980 to 1985; 1986 to 1989.
	Senior Consultant, Grant Thornton International, 1985 to 1986.

TEACHING

Instructor, Unitary Valuation School held at Utah State University sponsored by the Western States Association of Tax Administrators (WSATA), 1999 to 2007, 2009, 2011, and 2014.

Education Chairman, WSATA Committee on Unitary Assessment, 2000 to 2004.

Instructor, business calculus, Salt Lake Community College, Spring 1990.

SKILLS

Financial analysis, including cost of capital and financial statement analysis.
Securities analysis, financial forecasting and business appraisal.
Economic and statistical analysis.
Expert testimony.
Project management and team supervision.
Negotiation.
Research and report writing.

LICENSE

Certified General Appraiser, State of Utah, License Number CG00039924 (lapsed).

HONORS

Several incentive awards for work at the Division of Public Utilities and the Property Tax Division

Elected to Phi Kappa Phi (general scholastic honorary). Bachelor's degree awarded Magna cum Laude.

SERVICE

Centerville City ad hoc committee member on master plan zoning matters, 1995.
Docent, Hansen Planetarium, Salt Lake City, Utah, 1992 to 1994.
President of a 200 unit condominium association, 1983 to 1984.
Various church service positions

DPU Exhibit 5.2D, Forecast Financial Statements of PacifiCorp, Forecast Prepared by the Utah Division of Public Utilities using Information provided by the Company

PacifiCorp
Forecast Balance Sheets
11/27/2017 15:18

Account Name	Historical 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Avg. Annual Pct. Change
Current Assets:									
Cash & Equivalents	$17	$17	$18	$18	$18	$19	$20	$20	2.49%
Surplus Cash	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Accounts Receivable	$728	$731	$741	$750	$775	$812	$830	$847	2.18%
Material, Supplies, Fuel	$443	$451	$458	$466	$474	$482	$490	$498	1.70%
Other Current Assets	$166	$187	$190	$192	$194	$196	$198	$200	2.71%
Total Current Assets	**$1,354**	**$1,386**	**$1,407**	**$1,426**	**$1,461**	**$1,509**	**$1,538**	**$1,565**	**2.09%**
Plant & Equipment:									
Plant in Service	$27,298	$27,820	$28,352	$29,706	$30,349	$31,007	$31,679	$32,365	2.46%
Repower Projects	$0	$0	$0	$950	$1,085	$1,087	$1,090	$1,090	
860 MW New Wind & Transmission	$0	$0	$0	$0	$2,065	$2,087	$2,087	$2,087	
Construction Work in Progress	$657	$630	$635	$650	$700	$700	$700	$700	0.91%
Total Plant & Equipment:	**$27,955**	**$28,450**	**$28,987**	**$31,305**	**$34,199**	**$34,881**	**$35,556**	**$36,242**	**3.78%**
Depreciation Repower Projects	$0	$0	$0	$8	$40	$76	$113	$149	
Depreciation 860 MW New Wind & Transmission	$0	$0	$0	$0	$10	$68	$127	$186	
Accumulated Depreciation & Amort.	$8,793	$8,930	$9,069	$9,760	$10,127	$10,508	$10,903	$11,139	3.44%
Net Plant & Equipment	**$19,162**	**$19,520**	**$19,917**	**$21,538**	**$24,023**	**$24,229**	**$24,414**	**$24,769**	**3.73%**
Other Assets:									
Regulatory Assets	$1,490	$1,518	$1,557	$1,596	$1,637	$1,679	$1,722	$1,765	2.45%
Financial Assets/Derivatives	$0	$3	$3	$3	$3	$3	$3	$3	
Deferred Charges and Other	$388	$392	$400	$404	$408	$412	$416	$420	1.15%
Total Other Assets	**$1,878**	**$1,913**	**$1,959**	**$2,003**	**$2,048**	**$2,094**	**$2,141**	**$2,189**	**2.21%**
Total Non-Current Assets	$21,040	$21,432	$21,876	$23,541	$26,071	$26,323	$26,555	$26,958	3.60%
Total Assets	**$22,394**	**$22,818**	**$23,283**	**$24,966**	**$27,532**	**$27,833**	**$28,093**	**$28,523**	**3.52%**
Current Liabilities:									
Current Maturities LTD	$58	$135	$133	$130	$128	$125	$123	$120	11.00%
Short-term Debt	$270	$59	$61	$65	$72	$73	$73	$74	-16.83%
Accounts Payable	$408	$475	$481	$489	$496	$504	$512	$521	3.54%
Accrued Expenses	$245	$260	$265	$285	$314	$317	$320	$325	4.12%
Derivative Contacts	$0	$0	$0	$0	$0	$0	$0	$0	
Other	$218	$259	$264	$283	$313	$316	$319	$324	5.81%
Total Current Liabilities	**$1,199**	**$1,189**	**$1,204**	**$1,252**	**$1,322**	**$1,335**	**$1,348**	**$1,364**	**1.86%**
Long-Term Debt	$7,021	$6,963	$6,828	$6,695	$6,564	$6,437	$6,311	$6,189	-1.79%
Deferred Income Taxes	$4,880	$4,971	$5,072	$5,485	$6,118	$6,170	$6,217	$6,308	3.73%
Derivative Contracts	$0	$0	$0	$0	$0	$0	$0	$0	
Other Long-term Liabilities	$1,904	$1,924	$1,963	$2,014	$2,067	$2,121	$2,177	$2,234	2.31%
Additonal Loans	$0	$156	$449	$1,325	$2,578	$2,594	$2,651	$2,852	
Total LTD & Deferrals	**$13,805**	**$14,014**	**$14,311**	**$15,519**	**$17,327**	**$17,322**	**$17,356**	**$17,582**	**3.52%**
Total Liabilities	$15,004	$15,203	$15,516	$16,770	$18,649	$18,658	$18,704	$18,946	3.39%
Preferred Stock	$2	$2	$2	$2	$2	$2	$2	$2	0.00%
Common Equity:									
Common Stock	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	0.00%
Retained Earnings	$2,909	$3,134	$3,287	$3,715	$4,402	$4,694	$4,908	$5,095	8.34%
Total Common Equity	**$7,388**	**$7,613**	**$7,766**	**$8,194**	**$8,881**	**$9,173**	**$9,387**	**$9,574**	**3.77%**
Total Liabilities & Equity	**$22,394**	**$22,818**	**$23,283**	**$24,966**	**$27,532**	**$27,832**	**$28,092**	**$28,522**	**3.52%**

PacifiCorp
Forecast Income Statements
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	Historical 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Avg. Annual Pct. Change
Operating Sales and Revenues:									
Revenues	$5,201	$5,265	$5,332	$5,400	$5,567	$5,709	$5,855	$6,004	2.07%
Revenue from Wind/Trans Porjects	$0	$0	$0	$0	$30	$279	$261	$247	
Revenue from Repower Projects	$0	$0	$0	$27	$131	$140	$129	$117	
Utah EBA Carrying Charges	$0	$0	$0	($0)	$0	$2	$5	$5	
Est. Wholesale Wheeling Revenues	$0	$0	$0	$0	($1)	($11)	($10)	($10)	
Reduction for PTC Credits	$0	$0	$0	($31)	($150)	($276)	($263)	($268)	
Total Revenues	**$5,201**	**$5,265**	**$5,332**	**$5,396**	**$5,577**	**$5,844**	**$5,976**	**$6,095**	**2.34%**
Operating Expenses:									
Energy Costs	$1,751	$1,754	$1,798	$1,844	$1,879	$1,853	$2,002	$1,919	1.32%
Other operations and maintenance	$1,064	$1,000	$1,009	$1,022	$1,042	$1,069	$1,095	$1,123	0.77%
Op Exp Wind & Transmission Projects	$0	$0	$0	$0	$3	$20	$21	$21	
Op. Exp Repower Projects	$0	$0	$0	$4	$12	$13	$10	$10	
Depreciation and amortization	$770	$799	$800	$838	$856	$875	$894	$913	2.46%
Depreciation Repower/ Wyo Wind/Transmission	$0	$0	$0	$8	$42	$95	$97	$97	
Taxes, other than income taxes	$190	$200	$197	$214	$239	$241	$242	$247	3.80%
Total Operating Expenses	$3,775	$3,753	$3,804	$3,930	$4,073	$4,164	$4,360	$4,329	**1.98%**
Earnings From Operations	$1,426	$1,512	$1,528	$1,467	$1,504	$1,680	$1,616	$1,766	**3.10%**
Interest expense (net)	$365	$373	$351	$344	$338	$331	$325	$319	-1.92%
Interest income	($15)	($17)	($0)	($0)	($0)	($0)	($0)	($0)	-46.03%
Loss (Gain) on Sale of Assets	$0	$0	$0	$0	$0	$0	$0	$0	
Interest Expense (Income) on Additional Loans (Surplus Cash)	$0	$5	$18	$53	$117	$155	$157	$165	
Other (Income) Expense	($27)	($44)	($31)	($31)	($32)	($33)	($34)	($35)	3.57%
Total Other (Income)/Expense	$323	$317	$338	$366	$423	$453	$448	$449	**4.82%**
Earnings Before Taxes	**$1,103**	**$1,195**	**$1,190**	**$1,100**	**$1,081**	**$1,226**	**$1,167**	**$1,317**	**2.56%**
Extraordinary Items	$0	$0	$0	$0	$0	$0	$0	$1	
Income Taxes	$340	$370	$372	$347	$344	$394	$379	$427	3.30%
Net Income	$763	$825	$818	$753	$737	$832	$789	$889	**2.20%**
Preferred Stock Dividends	$0	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13	$1.13	
Common Stock Dividends	$875	$600	$665	$325	$50	$540	$575	$700	-3.14%
Est. Common Divids w/o Projects		$600	$665	$665	$675	$675	$675	$700	

PacifiCorp
Forecast Financial Ratios
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Ratio Group And Name	Historical Average	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast Period Average
Short-term Liquidity Ratios:									
Current	1.14	1.17	1.17	1.14	1.11	1.13	1.14	1.15	1.14
Quick	0.59	0.63	0.63	0.61	0.60	0.62	0.63	0.64	0.62
Days Revenues Cash	3.08	1.19	1.20	1.20	1.19	1.18	1.20	1.20	1.19
Days Revenues Receivable	50.66	50.90	50.70	50.70	50.70	50.70	50.70	50.70	50.73
Long-term Solvency Ratios:									
Net Worth/Total Debt	0.53	0.50	0.50	0.49	0.48	0.49	0.50	0.51	0.49
Net Worth/Non Current Debt	0.58	0.54	0.54	0.53	0.51	0.53	0.54	0.54	0.53
Net Worth/Fixed Assets	0.41	0.39	0.39	0.38	0.37	0.38	0.38	0.39	0.38
Times Interest Earned	3.61	4.16	4.22	3.77	3.38	3.52	3.42	3.72	3.74
Times Interest Earned plus Depr.	5.56	6.28	6.39	5.88	5.26	5.32	5.27	5.61	5.72
Profitability Ratios:									
Return On Total Assets	4.18%	4.80%	4.65%	4.25%	3.99%	4.20%	3.99%	4.29%	4.31%
Return On Total Capital	6.24%	7.32%	7.02%	6.25%	5.58%	5.77%	5.46%	5.91%	6.19%
Return On Common Equity	8.66%	11.00%	10.63%	9.44%	8.63%	9.22%	8.50%	9.36%	9.54%
Asset-Utilization Ratios:									
Revenues/Fixed Assets	0.28	0.27	0.27	0.26	0.24	0.24	0.25	0.25	0.25
Revenues/Total Assets	0.23	0.23	0.23	0.22	0.21	0.21	0.21	0.22	0.22
Regulatory Capital Structure									
Common Equity	52.34%	51.20%	51.17%	50.13%	48.92%	50.04%	50.81%	51.10%	50.48%
Preferred Stock	0.11%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Long Term Debt (incl. current portion)	47.56%	48.79%	48.82%	49.86%	51.07%	49.95%	49.18%	48.89%	49.51%
Total Capital ($ millions)		$14,870	$15,177	$16,346	$18,153	$18,331	$18,474	$18,737	

DPU Exhibit 5.3D, Forecast Financial Statements of PacifiCorp, Forecast Prepared by the Utah Division of Public Utilities using Information provided by the Company

100 Percent Debt Financing Scenario

PacifiCorp

Forecast Balance Sheets
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Account Name	Historical 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Avg. Annual Pct. Change
Current Assets:									
Cash & Equivalents	$17	$17	$18	$18	$18	$19	$20	$20	2.49%
Surplus Cash	$0	$0	$0	$0	$0	$0	$0	$0	0.00%
Accounts Receivable	$728	$731	$741	$750	$775	$812	$830	$847	2.18%
Material, Supplies, Fuel	$443	$451	$458	$466	$474	$482	$490	$498	1.70%
Other Current Assets	$166	$187	$190	$192	$194	$196	$198	$200	2.71%
Total Current Assets	**$1,354**	**$1,386**	**$1,407**	**$1,426**	**$1,461**	**$1,509**	**$1,538**	**$1,565**	**2.09%**
Plant & Equipment:									
Plant in Service	$27,298	$27,820	$28,352	$29,706	$30,349	$31,007	$31,679	$32,365	2.46%
Repower Projects	$0	$0	$0	$950	$1,085	$1,087	$1,090	$1,090	
860 MW New Wind & Transmission	$0	$0	$0	$0	$2,065	$2,087	$2,087	$2,087	
Construction Work in Progress	$657	$630	$635	$650	$700	$700	$700	$700	0.91%
Total Plant & Equipment:	**$27,955**	**$28,450**	**$28,987**	**$31,305**	**$34,199**	**$34,881**	**$35,556**	**$36,242**	**3.78%**
Depreciation Repower Projects	$0	$0	$0	$8	$40	$76	$113	$149	
Depreciation 860 MW New Wind & Transmission	$0	$0	$0	$0	$10	$68	$127	$186	
Accumulated Depreciation & Amort.	$8,793	$8,930	$9,069	$9,760	$10,127	$10,508	$10,903	$11,139	3.44%
Net Plant & Equipment	**$19,162**	**$19,520**	**$19,917**	**$21,538**	**$24,023**	**$24,229**	**$24,414**	**$24,769**	**3.73%**
Other Assets:									
Regulatory Assets	$1,490	$1,518	$1,557	$1,596	$1,637	$1,679	$1,722	$1,765	2.45%
Financial Assets/Derivatives	$0	$3	$3	$3	$3	$3	$3	$3	
Deferred Charges and Other	$388	$392	$400	$404	$408	$412	$416	$420	1.15%
Total Other Assets	**$1,878**	**$1,913**	**$1,959**	**$2,003**	**$2,048**	**$2,094**	**$2,141**	**$2,189**	**2.21%**
Total Non-Current Assets	$21,040	$21,432	$21,876	$23,541	$26,071	$26,323	$26,555	$26,958	3.60%
Total Assets	**$22,394**	**$22,818**	**$23,283**	**$24,966**	**$27,532**	**$27,833**	**$28,093**	**$28,523**	**3.52%**
Current Liabilities:									
Current Maturities LTD	$58	$135	$133	$130	$128	$125	$123	$120	11.00%
Short-term Debt	$270	$59	$61	$65	$72	$73	$73	$74	-16.83%
Accounts Payable	$408	$475	$481	$489	$496	$504	$512	$521	3.54%
Accrued Expenses	$245	$260	$265	$285	$314	$317	$320	$325	4.12%
Derivative Contacts	$0	$0	$0	$0	$0	$0	$0	$0	
Other	$218	$259	$264	$283	$313	$316	$319	$324	5.81%
Total Current Liabilities	**$1,199**	**$1,189**	**$1,204**	**$1,252**	**$1,322**	**$1,335**	**$1,348**	**$1,364**	**1.86%**
Long-Term Debt	$7,021	$6,963	$6,828	$6,695	$6,564	$6,437	$6,311	$6,189	-1.79%
Deferred Income Taxes	$4,880	$4,971	$5,072	$5,485	$6,118	$6,170	$6,217	$6,308	3.73%
Derivative Contracts	$0	$0	$0	$0	$0	$0	$0	$0	
Other Long-term Liabilities	$1,904	$1,924	$1,963	$2,014	$2,067	$2,121	$2,177	$2,234	2.31%
Additonal Loans	$0	$157	$450	$1,677	$3,592	$3,801	$4,024	$4,296	
Total LTD & Deferrals	**$13,805**	**$14,015**	**$14,313**	**$15,871**	**$18,341**	**$18,529**	**$18,729**	**$19,026**	**4.69%**
Total Liabilities	$15,004	$15,203	$15,517	$17,123	$19,664	$19,865	$20,077	$20,390	4.48%
Preferred Stock	$2	$2	$2	$2	$2	$2	$2	$2	0.00%
Common Equity:									
Common Stock	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	$4,479	0.00%
Retained Earnings	$2,909	$3,134	$3,285	$3,363	$3,387	$3,487	$3,535	$3,651	3.30%
Total Common Equity	**$7,388**	**$7,613**	**$7,764**	**$7,842**	**$7,866**	**$7,966**	**$8,014**	**$8,130**	**1.38%**
Total Liabilities & Equity	**$22,394**	**$22,818**	**$23,283**	**$24,966**	**$27,532**	**$27,832**	**$28,093**	**$28,523**	**3.52%**

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PacifiCorp
Forecast Income Statements
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	Historical 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Avg. Annual Pct. Change
Operating Sales and Revenues:									
Revenues	$5,201	$5,265	$5,332	$5,400	$5,567	$5,709	$5,855	$6,004	2.07%
Revenue from Wind/Trans Porjects	$0	$0	$0	$0	$30	$279	$261	$247	
Revenue from Repower Projects	$0	$0	$0	$27	$131	$140	$129	$117	
Utah EBA Carrying Charges	$0	$0	$0	($0)	$0	$2	$5	$5	
Est. Wholesale Wheeling Revenues	$0	$0	$0	$0	($1)	($11)	($10)	($10)	
Reduction for PTC Credits	$0	$0	$0	($31)	($150)	($276)	($263)	($268)	
Total Revenues	**$5,201**	**$5,265**	**$5,332**	**$5,396**	**$5,577**	**$5,844**	**$5,976**	**$6,095**	**2.34%**
Operating Expenses:									
Energy Costs	$1,751	$1,754	$1,798	$1,844	$1,879	$1,853	$2,002	$1,919	1.32%
Other operations and maintenance	$1,064	$1,000	$1,009	$1,022	$1,042	$1,069	$1,095	$1,123	0.77%
Op Exp Wind & Transmission Projects	$0	$0	$0	$0	$3	$20	$21	$21	
Op. Exp Repower Projects	$0	$0	$0	$4	$12	$13	$10	$10	
Depreciation and amortization	$770	$799	$800	$838	$856	$875	$894	$913	2.46%
Depreciation Repower/ Wyo Wind/Transmission	$0	$0	$0	$8	$42	$95	$97	$97	
Taxes, other than income taxes	$190	$200	$197	$214	$239	$241	$242	$247	3.80%
Total Operating Expenses	$3,775	$3,753	$3,804	$3,930	$4,073	$4,164	$4,360	$4,329	**1.98%**
Earnings From Operations	$1,426	$1,512	$1,528	$1,467	$1,504	$1,680	$1,616	$1,766	**3.10%**
Interest expense (net)	$365	$373	$351	$344	$338	$331	$325	$319	-1.92%
Interest income	($15)	($17)	($0)	($0)	($0)	($0)	($0)	($0)	-46.03%
Loss (Gain) on Sale of Assets	$0	$0	$0	$0	$0	$0	$0	$0	
Interest Expense (Income) on Additional Loans (Surplus Cash)	$0	$5	$20	$69	$171	$240	$254	$270	
Other (Income) Expense	($27)	($44)	($31)	($31)	($32)	($33)	($34)	($35)	3.57%
Total Other (Income)/Expense	$323	$317	$340	$382	$477	$539	$545	$554	**8.02%**
Earnings Before Taxes	**$1,103**	**$1,195**	**$1,188**	**$1,085**	**$1,027**	**$1,141**	**$1,071**	**$1,211**	**1.35%**
Extraordinary Items	$0	$0	$0	$0	$0	$0	$0	$1	
Income Taxes	$340	$370	$372	$342	$327	$367	$347	$393	2.08%
Net Income	$763	$825	$817	$742	$700	$774	$723	$818	**0.99%**
Preferred Stock Dividends	$0	$0.13	$0.13	$0.13	$0.13	$0.13	$0.13	$1.13	
Common Stock Dividends	$875	$600	$665	$665	$675	$675	$675	$700	-3.14%
Est. Common Divids w/o Projects		$600	$665	$665	$675	$675	$675	$700	

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Forecast Financial Ratios
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Ratio Group And Name	Historical Average	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast Period Average
Short-term Liquidity Ratios:									
Current	1.14	1.17	1.17	1.14	1.11	1.13	1.14	1.15	1.14
Quick	0.59	0.63	0.63	0.61	0.60	0.62	0.63	0.64	0.62
Days Revenues Cash	3.08	1.19	1.20	1.20	1.19	1.18	1.20	1.20	1.19
Days Revenues Receivable	50.66	50.90	50.70	50.70	50.70	50.70	50.70	50.70	50.73
Long-term Solvency Ratios:									
Net Worth/Total Debt	0.53	0.50	0.50	0.46	0.40	0.40	0.40	0.40	0.44
Net Worth/Non Current Debt	0.58	0.54	0.54	0.49	0.43	0.43	0.43	0.43	0.47
Net Worth/Fixed Assets	0.41	0.39	0.39	0.36	0.33	0.33	0.33	0.33	0.35
Times Interest Earned	3.61	4.16	4.21	3.62	3.02	3.00	2.85	3.06	3.42
Times Interest Earned plus Depr.	5.56	6.27	6.36	5.65	4.70	4.53	4.39	4.61	5.22
Profitability Ratios:									
Return On Total Assets	4.18%	4.80%	4.65%	4.25%	3.99%	4.20%	3.99%	4.29%	4.31%
Return On Total Capital	6.24%	7.32%	7.01%	6.18%	5.37%	5.46%	5.10%	5.53%	6.00%
Return On Common Equity	8.66%	11.00%	10.62%	9.51%	8.91%	9.78%	9.05%	10.12%	9.86%
Asset-Utilization Ratios:									
Revenues/Fixed Assets	0.28	0.27	0.27	0.26	0.24	0.24	0.25	0.25	0.25
Revenues/Total Assets	0.23	0.23	0.23	0.22	0.21	0.21	0.21	0.22	0.22
Regulatory Capital Structure									
Common Equity	52.34%	51.20%	51.16%	47.97%	43.33%	43.45%	43.38%	43.39%	46.27%
Preferred Stock	0.11%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Long Term Debt (incl. current portion)	47.56%	48.79%	48.83%	52.01%	56.65%	56.53%	56.61%	56.60%	53.72%
Total Capital ($ millions)		$14,870	$15,177	$16,346	$18,153	$18,331	$18,474	$18,737	