

Rocky Mountain Power
Exhibit RMP__(SCH-2)
Docket No. 08-035-38
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

July 2008

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%	8.1%
Consumer Price Index	1.6%	2.7%	3.4%	1.6%	2.4%	1.8%	3.4%	3.4%	2.6%	4.1%
Long-Term Treasuries	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%	5.1%	4.7%	5.0%	4.9%
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%

SOURCES:

Prime Interest Rate - Federal Reserve Bank of St. Louis website
 Consumer Price Index For All Urban Consumers: All Items (Seasonally Adjusted, December to December) - 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 A Utility Debt - Moody's (Mergent) Bond Record

Rocky Mountain Power Long-Term Interest Rate Trends

Month	Interest Rates			Single-A Utility Spreads	
	Single-A Utility	30-Year Treasury Bond	10-Year Treasury Note	Single-A Utility Minus: 30-Year Treasury	10-Year Treasury
Jan-06	5.75	ND	4.42	ND	1.33
Feb-06	5.82	5.54	4.57	0.28	1.25
Mar-06	5.98	4.73	4.72	1.25	1.26
Apr-06	6.29	5.06	4.99	1.23	1.30
May-06	6.42	5.20	5.11	1.22	1.31
Jun-06	6.40	5.15	5.11	1.25	1.29
Jul-06	6.37	5.13	5.09	1.24	1.28
Aug-06	6.20	5.00	4.88	1.20	1.32
Sep-06	6.00	4.85	4.72	1.15	1.28
Oct-06	5.98	4.85	4.73	1.13	1.25
Nov-06	5.80	4.69	4.60	1.11	1.20
Dec-06	5.81	4.68	4.56	1.13	1.25
Jan-07	5.96	4.85	4.76	1.11	1.20
Feb-07	5.90	4.82	4.72	1.08	1.18
Mar-07	5.85	4.72	4.56	1.13	1.29
Apr-07	5.97	4.87	4.69	1.10	1.28
May-07	5.99	4.90	4.75	1.09	1.24
Jun-07	6.30	5.20	5.10	1.10	1.20
Jul-07	6.25	5.11	5.00	1.14	1.25
Aug-07	6.24	4.93	4.67	1.31	1.57
Sep-07	6.18	4.79	4.52	1.39	1.66
Oct-07	6.11	4.77	4.53	1.34	1.58
Nov-07	5.97	4.52	4.15	1.45	1.82
Dec-07	6.16	4.53	4.10	1.63	2.06
Jan-08	6.02	4.33	3.74	1.69	2.28
Feb-08	6.22	4.52	3.74	1.70	2.48
Mar-08	6.21	4.39	4.45	1.82	1.76
Apr-08	6.29	4.44	3.68	1.85	2.61
May-08	6.28	4.60	3.88	1.68	2.40
Jun-08	6.38	4.69	4.10	1.69	2.28

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

Trends & Projections

Economic Indicators

Seasonally Adjusted Annual Rates Dollar Figures in Billions

	2007				2008				E2009						
	P2007	E2008	E2009	Annual % Change	2007	E2008	E2009	Annual % Change	2007	E2008	E2009	Annual % Change			
Gross Domestic Product															
GDP (current dollars)	\$13,841.0	\$14,321.8	\$14,737.5	4.9	3.5	2.9			\$13,971.0	\$14,074.0	\$14,195.6	\$14,381.1	\$14,468.5	\$14,511.6	\$14,640.8
Annual rate of increase (%)	4.9	3.5	2.9	-	-	-			6.0	3.0	3.5	4.0	2.5	1.2	3.6
Annual rate of increase—real GDP (%)	2.2	1.4	0.9	-	-	-			4.9	0.6	0.9	0.2	(0.1)	(1.1)	2.5
Annual rate of increase—GDP deflator (%)	2.7	2.1	2.0	-	-	-			1.0	2.4	2.6	1.1	2.6	2.3	1.0
* Components of Real GDP															
Personal consumption expenditures	\$8,278.0	\$8,389.2	\$8,441.2	2.9	1.3	0.6			\$8,302.0	\$8,349.0	\$8,369.7	\$8,379.0	\$8,419.4	\$8,388.7	\$8,419.1
% change	2.9	1.3	0.6	-	-	-			2.8	2.3	1.0	0.4	1.9	(1.5)	1.8
Durable goods	1,235.4	1,213.4	1,190.6	4.7	(1.8)	(1.9)			1,241.9	1,248.1	1,228.2	1,211.2	1,223.6	1,190.8	1,171.2
Nondurable goods	2,392.8	2,400.3	2,401.9	2.4	0.3	0.1			2,398.8	2,404.2	2,402.2	2,404.0	2,403.9	2,385.5	2,396.1
Services	4,674.8	4,787.8	4,850.9	2.8	2.4	1.3			4,689.5	4,722.4	4,757.4	4,776.1	4,806.1	4,811.7	4,823.6
Nonresidential fixed investment	1,368.4	1,406.1	1,363.9	4.7	2.8	(3.0)			1,387.3	1,407.8	1,406.9	1,406.3	1,393.0	1,418.2	1,362.0
% change	4.7	2.8	(3.0)	-	-	-			9.4	6.0	(0.3)	(0.2)	(3.7)	7.4	(0.2)
Producers durable equipment	1,064.5	1,079.4	1,081.2	1.3	1.4	0.2			1,073.5	1,081.7	1,079.3	1,070.5	1,065.6	1,102.1	1,055.4
Residential fixed investment	463.7	355.9	328.8	(17.2)	(23.3)	(7.6)			454.3	422.1	391.7	384.5	343.0	324.4	315.0
% change	(17.2)	(23.3)	(7.6)	-	-	-			(20.8)	(25.5)	(25.8)	(25.0)	(21.6)	(20.0)	(11.1)
Net change in business inventories	4.5	(29.7)	(17.6)	-	-	-			30.6	(18.3)	(14.4)	(41.0)	(39.6)	(23.9)	(29.1)
Gov't purchases of goods & services	2,021.6	2,061.3	2,059.4	2.0	2.0	(0.1)			2,033.6	2,043.4	2,053.3	2,059.5	2,065.2	2,067.3	2,065.8
Federal	755.1	783.2	793.3	1.7	3.7	1.3			764.0	785.0	773.2	780.3	787.1	792.2	794.7
State & local	1,266.4	1,278.7	1,267.3	2.2	1.0	(0.9)			1,269.6	1,278.2	1,280.2	1,279.6	1,278.9	1,276.0	1,272.3
Net exports	(555.6)	(430.0)	(319.5)	-	-	-			(533.1)	(503.2)	(480.2)	(433.4)	(407.5)	(398.9)	(357.3)
Exports	1,409.9	1,517.7	1,638.3	8.1	7.6	7.9			1,441.2	1,464.1	1,474.1	1,497.3	1,534.2	1,565.3	1,620.9
Imports	1,965.5	1,947.7	1,957.8	1.9	(0.9)	0.5			1,974.3	1,967.3	1,954.3	1,930.7	1,941.7	1,964.2	1,944.5
** Income & Profits															
Personal income	\$11,860.0	\$12,185.0	\$12,571.0	6.2	4.5	3.2			\$11,735.0	\$11,857.0	\$12,018.4	\$12,214.9	\$12,211.0	\$12,295.6	\$12,403.8
Disposable personal income	10,177.0	10,736.2	11,019.9	5.7	5.4	2.6			10,245.0	10,349.0	10,502.3	10,934.1	10,738.4	10,770.1	10,884.8
Savings rate (%)	0.4	0.9	0.6	-	-	-			0.4	0.0	0.6	3.5	(0.2)	0.5	0.6
Corporate profits before taxes	1,876.7	1,898.8	1,747.9	3.9	(9.5)	2.9			1,879.7	1,879.9	1,746.6	1,742.5	1,715.7	1,590.5	1,720.3
Corporate profits after taxes	1,410.1	1,296.5	1,316.9	4.3	(8.1)	1.6			1,410.2	1,425.5	1,329.1	1,330.8	1,309.9	1,216.1	1,309.1
# Earnings per share (S&P 500)	66.20	72.31	70.13	(18.8)	9.2	(3.0)			78.60	66.20	60.20	57.45	62.08	72.31	75.59
† Prices & Interest Rates															
Consumer price index	2.9	4.8	2.2	-	-	-			2.8	5.0	4.3	5.0	8.0	2.9	0.8
Treasury bills	4.4	1.8	2.4	-	-	-			4.4	3.4	2.2	1.5	1.8	1.9	2.0
10-yr notes	4.6	3.9	4.4	-	-	-			4.7	4.0	3.7	3.8	3.9	4.0	4.2
30-yr bonds	4.8	4.5	5.0	-	-	-			4.9	4.6	4.4	4.5	4.6	4.6	4.7
New issue rate—corporate bonds	5.6	5.6	6.1	-	-	-			5.8	5.5	5.5	5.5	5.6	5.6	5.8
Other Key Indicators															
Housing starts (1,000 units SAAR)	1,340.0	923.1	1,030.2	(25.8)	(31.1)	11.6			1,300.0	1,150.0	1,041.7	972.1	853.0	825.7	882.2
Auto & truck sales (1,000,000 units)	16.1	14.6	14.5	(2.4)	(9.6)	(0.6)			15.9	16.1	15.2	14.3	14.5	14.2	14.1
Unemployment rate (%)	4.6	5.4	6.2	-	-	-			4.7	4.8	4.9	5.3	5.5	5.7	6.0
\$ U.S. dollar	(5.6)	(8.4)	(1.5)	-	-	-			(11.4)	(17.9)	(6.9)	(7.4)	4.1	0.5	(2.0)

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.