

Exhibit No. ___ (SCH-6)
Docket No. UE-03 _____
2003 PP&L Rate Case
Witness: Samuel C. Hadaway

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power & Light
Company,

Respondent.

Docket No. UE-03 _____

**PACIFICORP
EXHIBIT OF SAMUEL C. HADAWAY
Risk Premium Analysis**

December 2003

PacifiCorp Washington Risk Premium Analysis

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.08%	3.36%
2002	7.50%	11.16%	3.66%
2003 (Sept)	6.67%	10.91%	4.24%
AVERAGE	9.77%	12.72%	2.95%

INDICATED COST OF EQUITY

CURRENT MOODY'S AVG UTILITY BOND YIELD	6.63%
MOODY'S AVG ANNUAL YIELD DURING STUDY	9.77%
INTEREST RATE DIFFERENCE	<u>-3.14%</u>
INTEREST RATE CHANGE COEFFICIENT	<u>-41.86%</u>
ADJUSTMENT TO AVG RISK PREMIUM	1.32%
BASIC RISK PREMIUM	2.95%
INTEREST RATE ADJUSTMENT	<u>1.32%</u>
EQUITY RISK PREMIUM	<u>4.26%</u>
CURRENT MOODY'S SINGLE-A UTILITY BOND YIELD	<u>6.64%</u>
INDICATED EQUITY RETURN	<u><u>10.9%</u></u>

Sources:

- (1) Moody's Investors Service
- (2) Regulatory Focus, Regulatory Research Associates, Inc.

PacifiCorp Washington Risk Premium Analysis

