

Exhibit No.\_\_(SCH-9)  
Docket UE-13\_\_\_\_  
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 UE-13\_\_\_\_

**PACIFICORP**

**EXHIBIT OF SAMUEL C. HADAWAY**

**Capital Asset Pricing Model (CAPM) Analysis**

**January 2013**

**PacifiCorp**  
**Capital Asset Pricing Model (CAPM) Analysis**  
**Projected Risk-Free Rate**

Company	(1) Projected Risk-Free Rate ( $R_f$ )	(2) Beta $\beta$	(3) Market Risk Premium ( $R_m - R_f$ )	(4) Indicated Cost of Equity (COE)
1 ALLETE	3.39%	0.70	6.70%	8.08%
2 Alliant Energy Co.	3.39%	0.70	6.70%	8.08%
3 Avista Corp.	3.39%	0.70	6.70%	8.08%
4 Black Hills Corp	3.39%	0.80	6.70%	8.75%
5 DTE Energy Co.	3.39%	0.75	6.70%	8.42%
6 IDACORP	3.39%	0.70	6.70%	8.08%
7 Integrys Energy	3.39%	0.90	6.70%	9.42%
8 Portland General	3.39%	0.75	6.70%	8.42%
9 Sempra Energy	3.39%	0.80	6.70%	8.75%
10 Southern Co.	3.39%	0.55	6.70%	7.08%
11 Teco Energy, Inc.	3.39%	0.85	6.70%	9.09%
12 Westar Energy	3.39%	0.70	6.70%	8.08%
13 Wisconsin Energy	3.39%	0.60	6.70%	7.41%
14 Xcel Energy Inc.	3.39%	0.65	6.70%	7.75%
<b>GROUP AVERAGE</b>	3.39%	0.73	6.70%	<b>8.25%</b>
<b>GROUP MEDIAN</b>	3.39%	0.70	6.70%	<b>8.08%</b>

Columns Sources:

- (1) Projected 2014 yield on 30-year Treasury bond, Bloomberg Forward Curve, Jan 3, 2013.
- (2) Value Line Investment Survey, Electric Utility (East), Nov 23, 2012;  
(Central), Dec 21, 2012; (West), Nov 2, 2012.
- (3) Arithmetic Market Risk Premium, Morningstar, Ibbotson SBBI 2011  
Valuation Yearbook, p. 23.
- (4) Column 1 plus column 2 times column 3.

**PacifiCorp**  
**Capital Asset Pricing Model (CAPM) Analysis**  
**Current Risk-Free Rate**

Company	(1) Current Risk-Free Rate ( $R_f$ )	(2) Beta $\beta$	(3) Market Risk Premium ( $R_m - R_f$ )	(4) Indicated Cost of Equity (COE)
1 ALLETE	2.86%	0.70	6.70%	7.55%
2 Alliant Energy Co.	2.86%	0.70	6.70%	7.55%
3 Avista Corp.	2.86%	0.70	6.70%	7.55%
4 Black Hills Corp	2.86%	0.80	6.70%	8.22%
5 DTE Energy Co.	2.86%	0.75	6.70%	7.89%
6 IDACORP	2.86%	0.70	6.70%	7.55%
7 Integrys Energy	2.86%	0.90	6.70%	8.89%
8 Portland General	2.86%	0.75	6.70%	7.89%
9 Sempra Energy	2.86%	0.80	6.70%	8.22%
10 Southern Co.	2.86%	0.55	6.70%	6.55%
11 Teco Energy, Inc.	2.86%	0.85	6.70%	8.56%
12 Westar Energy	2.86%	0.70	6.70%	7.55%
13 Wisconsin Energy	2.86%	0.60	6.70%	6.88%
14 Xcel Energy Inc.	2.86%	0.65	6.70%	7.22%
GROUP AVERAGE	2.86%	0.73	6.70%	<b>7.72%</b>
GROUP MEDIAN	2.86%	0.70	6.70%	<b>7.55%</b>

Columns Sources:

- (1) Average yield on 30-year Treasury bond, Oct-Dec 2012.
- (2) Value Line Investment Survey, Electric Utility (East), Nov 23, 2012; (Central), Dec 21, 2012; (West), Nov 2, 2012.
- (3) Arithmetic Market Risk Premium, Morningstar, Ibbotson SBBI 2011 Valuation Yearbook, p. 23.
- (4) Column 1 plus column 2 times column 3.