

Exhibit No. \_\_\_\_ (JAR-4)  
Docket No. UE-050684  
Witness: James A. Rothschild

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP, d/b/a Pacific Power &  
Light Company, Respondent.

DOCKET NO. UE-050684

EXHIBIT TO  
TESTIMONY OF

JAMES A. ROTHSCHILD

For  
STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

*Cost of Equity Summary*

November 3, 2005

PacifiCorp  
COST OF EQUITY SUMMARY

**SIMPLIFIED, OR CONSTANT GROWTH DCF (D/P +g) RESULTS:**  
Based upon Electric Companies

Average for Year ending 6/28/05	As of 6/28/2005
7.87% [A]	7.77% [A]
7.87%	7.77%

**COMPLEX, OR MULTI-STAGE DCF RESULT:**  
Based upon Electric Companies

8.66% [B]	8.52% [C]
8.66%	8.52%

**Risk Premium/CAPM**

	Low end of Range	High end of Range
Average Risk Equity Return Based upon Average Return over inflation In all major sub-periods from 1802 through 2001 (Minor sub-periods are 1802-1870, 1871-1925, and 1926-2001)	9.15% [D]	9.55% [D]
Mid-point	9.35%	

Based upon analysis of historic returns from 1926-2003:  
Adjusted for Electric Specific Risk 7.66% [E]

Average	
Midpoint	8.51%

Recommended Equity Cost Rate	8.75%
Adjustment for Capital Structure	0.20%
Recommended cost of equity	8.95%

Source:

- [A] Exhibit No. \_\_\_\_ (JAR 7)
  - [B] Exhibit No. \_\_\_\_ (JAR-8), Page 2
  - [C] Exhibit No. \_\_\_\_ (JAR-8), Page 1
  - [D] Exhibit \_\_\_\_ (JAR-9)
  - [E] Exhibit \_\_\_\_ (JAR-10), Page 1
- Used premium based upon corporate bonds to be conservatively high.