

Exhibit No. ____ (JAR-8)
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

Multi-stage DCF Method

November 3, 2005

Electric Companies FULL DCF METHOD Based on Market Price on 6/28/2005														
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
	Year End Book	Retention Rate	Dividend	Earnings Per Share	Retained Earnings Per Share	External Rate	Increment from Ext. Fin.	Total Increment to Book	Market Price	Mkt to Book	Expect. Ret. on Equity	Cash Fl. from Stock Trans.	Cash Fl. from Div.	Total Cash Flow
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
First Stage	2005	\$21.44	33.07%	\$1.57	\$2.34	\$0.77								
	2006	\$22.40	33.53%	\$1.62	\$2.44	\$0.82			\$42.75	1.99				\$0.00
	2007	\$23.30	33.63%	\$1.67	\$2.52	\$0.85		\$0.82	\$44.68	1.99	11.11%	(\$44.68)	\$1.62	(\$43.06)
	2008	\$24.20	33.72%	\$1.72	\$2.60	\$0.88		\$0.85	\$46.48	1.99	11.01%		\$1.67	\$1.67
	2009	\$25.11	33.81%	\$1.77	\$2.68	\$0.91		\$0.88	\$48.27	1.99	10.94%		\$1.72	\$1.72
Second Stage	2010	\$26.31	35.41%	\$1.83	\$2.83	\$1.00	0.80%	\$0.20	\$1.20	\$52.47	1.99	11.00%		\$1.83
	2011	\$27.57	35.41%	\$1.91	\$2.96	\$1.05	0.80%	\$0.21	\$1.26	\$54.99	1.99	11.00%		\$1.91
	2012	\$28.90	35.41%	\$2.01	\$3.11	\$1.10	0.80%	\$0.22	\$1.32	\$57.63	1.99	11.00%		\$2.01
	2013	\$30.26	35.41%	\$2.10	\$3.25	\$1.15	0.80%	\$0.23	\$1.39	\$60.40	1.99	11.00%		\$2.10
	2014	\$31.74	35.41%	\$2.20	\$3.41	\$1.21	0.80%	\$0.25	\$1.45	\$63.29	1.99	11.00%		\$2.20
	2015	\$33.26	35.41%	\$2.31	\$3.57	\$1.27	0.80%	\$0.26	\$1.52	\$66.33	1.99	11.00%		\$2.31
	2016	\$34.86	35.41%	\$2.42	\$3.75	\$1.33	0.80%	\$0.27	\$1.60	\$69.52	1.99	11.00%		\$2.42
	2017	\$36.53	35.41%	\$2.54	\$3.93	\$1.39	0.80%	\$0.28	\$1.67	\$72.85	1.99	11.00%		\$2.54
	2018	\$38.28	35.41%	\$2.66	\$4.11	\$1.46	0.80%	\$0.30	\$1.75	\$76.35	1.99	11.00%		\$2.66
	2019	\$40.12	35.41%	\$2.79	\$4.31	\$1.53	0.80%	\$0.31	\$1.84	\$80.01	1.99	11.00%		\$2.79
	2020	\$42.05	35.41%	\$2.82	\$4.52	\$1.60	0.80%	\$0.33	\$1.93	\$83.85	1.99	11.00%		\$2.82
	2021	\$44.06	35.41%	\$3.06	\$4.74	\$1.68	0.80%	\$0.34	\$2.02	\$87.88	1.99	11.00%		\$3.06
	2022	\$46.16	35.41%	\$3.21	\$4.96	\$1.76	0.80%	\$0.36	\$2.11	\$92.09	1.99	11.00%		\$3.21
	2023	\$48.40	35.41%	\$3.36	\$5.20	\$1.84	0.80%	\$0.37	\$2.22	\$96.51	1.99	11.00%		\$3.36
	2024	\$50.72	35.41%	\$3.52	\$5.45	\$1.93	0.80%	\$0.39	\$2.32	\$101.15	1.99	11.00%		\$3.52
	2025	\$53.15	35.41%	\$3.69	\$5.71	\$2.02	0.80%	\$0.41	\$2.43	\$106.00	1.99	11.00%		\$3.69
	2026	\$55.70	35.41%	\$3.87	\$5.99	\$2.12	0.80%	\$0.43	\$2.55	\$111.09	1.99	11.00%		\$3.87
	2027	\$58.38	35.41%	\$4.05	\$6.27	\$2.22	0.80%	\$0.45	\$2.67	\$116.42	1.99	11.00%		\$4.05
	2028	\$61.18	35.41%	\$4.25	\$6.58	\$2.33	0.80%	\$0.47	\$2.80	\$122.01	1.99	11.00%		\$4.25
	2029	\$64.11	35.41%	\$4.45	\$6.89	\$2.44	0.80%	\$0.50	\$2.94	\$127.86	1.99	11.00%		\$4.45
	2030	\$67.19	35.41%	\$4.66	\$7.22	\$2.56	0.80%	\$0.52	\$3.08	\$134.00	1.99	11.00%		\$4.66
	2031	\$70.42	35.41%	\$4.89	\$7.57	\$2.68	0.80%	\$0.55	\$3.22	\$140.43	1.99	11.00%		\$4.89
	2032	\$73.80	35.41%	\$5.12	\$7.93	\$2.81	0.80%	\$0.57	\$3.38	\$147.17	1.99	11.00%		\$5.12
	2033	\$77.34	35.41%	\$5.37	\$8.31	\$2.94	0.80%	\$0.60	\$3.54	\$154.24	1.99	11.00%		\$5.37
2034	\$81.05	35.41%	\$5.63	\$8.71	\$3.08	0.80%	\$0.63	\$3.71	\$161.64	1.99	11.00%		\$5.63	
2035	\$84.94	35.41%	\$5.90	\$9.13	\$3.23	0.80%	\$0.66	\$3.89	\$169.40	1.99	11.00%		\$5.90	
2036	\$89.02	35.41%	\$6.18	\$9.57	\$3.39	0.80%	\$0.69	\$4.08	\$177.53	1.99	11.00%		\$6.18	
2037	\$93.29	35.41%	\$6.48	\$10.03	\$3.55	0.80%	\$0.72	\$4.27	\$186.05	1.99	11.00%		\$6.48	
2038	\$97.77	35.41%	\$6.79	\$10.51	\$3.72	0.80%	\$0.76	\$4.48	\$194.98	1.99	11.00%		\$6.79	
2039	\$102.46	35.41%	\$7.11	\$11.01	\$3.90	0.80%	\$0.79	\$4.69	\$204.33	1.99	11.00%		\$7.11	
2040	\$107.38	35.41%	\$7.45	\$11.54	\$4.09	0.80%	\$0.83	\$4.92	\$214.14	1.99	11.00%		\$7.45	
2041	\$112.53	35.41%	\$7.81	\$12.09	\$4.28	0.80%	\$0.87	\$5.15	\$224.42	1.99	11.00%		\$7.81	
2042	\$117.93	35.41%	\$8.19	\$12.68	\$4.49	0.80%	\$0.91	\$5.40	\$235.19	1.99	11.00%		\$8.19	
2043	\$123.59	35.41%	\$8.58	\$13.28	\$4.70	0.80%	\$0.96	\$5.66	\$246.48	1.99	11.00%		\$8.58	
2044	\$129.52	35.41%	\$8.99	\$13.92	\$4.93	0.80%	\$1.00	\$5.93	\$258.31	1.99	11.00%		\$8.99	
2045	\$135.74	35.41%	\$9.42	\$14.59	\$5.17	0.80%	\$1.05	\$6.22	\$270.71	1.99	11.00%	\$270.71	\$9.42	\$280.13
Internal Rate of Return													8.52%	

Source:

- [A] First Stage is average from Value Line. Second stage is prior years' book plus value from Col.[8]
- [B] First Stage is (Col. [4]-Col.[3])/Col.[4]. First year of second stage computed by 1-dividends/earnings. Subsequent years uses same retention rate as first year.
- [C] First Stage is from Value Line. First year of second stage equal to same dividend growth rates as in last year of first stage. Subsequent years of second stage is Col. [4] x (1-Col. [2])
- [D] First Stage is from Value line. Second stage is average of current and prior year's value from Col. [1] x Col. [11]
- [E] Col. [4] - Col. [3]
- [F] Exhibit (JAR-6), Page 6
- [G] Col. [5] + Col. [7]
- [H] Col. [7] + Col. [8]
- [I] Col. [1] x Col. [10]
- [J] Exhibit No. (JAR-8), Page 1
- [K] First stage is Col. [4]/Avg. of Current and prior year's Col. [1]. Second stage is from
- [L] - Col. [9] for year of purchase, + Col. [9] for year of sale.
- [M] Col. [3]
- [N] Col. [12] + Col. [13]

Exhibit No. (JAR 7)

Electric Companies
FULL DCF METHOD

Based on Market Price for Year Ended

6/28/2005

	[1] Year	[2] Year End Book	[3] Retentio: Rate	[4] Dividend Per Share	[5] Earnings Per Share	[6] Retained Earnings Per Share	[7] External Financing Rate	[8] Increment to book from Ext. Fin.	[9] Total Increment to Book	[10] Market Price	[11] Mkt to Book	[11] Expect. Ret. on Equity	[12] Cash Fl. from Stock Trans.	[13] Cash Fl. from Div.	[14] Total Cash Flow
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	
First Stage	2005	\$21.44	33.07%	\$1.57	\$2.34	\$0.77									
	2006	\$22.40	33.53%	\$1.62	\$2.44	\$0.82									\$0.00
	2007	\$23.30	33.63%	\$1.67	\$2.52	\$0.85			\$0.82	\$42.20	1.88	11.11%	(\$42.20)	\$1.62	(\$40.58)
	2008	\$24.20	33.72%	\$1.72	\$2.60	\$0.88			\$0.85	\$43.90	1.88	11.01%		\$1.67	\$1.67
	2009	\$25.11	33.81%	\$1.77	\$2.68	\$0.91			\$0.88	\$45.59	1.88	10.94%		\$1.72	\$1.72
								\$0.91	\$47.29	1.88	10.87%		\$1.77	\$1.77	
Second Stage	2010	\$26.29	35.38%	\$1.83	\$2.83	\$1.00	0.80%	\$0.18	\$1.18	\$49.51	1.88	11.00%		\$1.83	\$1.83
	2011	\$27.52	35.38%	\$1.91	\$2.96	\$1.05	0.80%	\$0.19	\$1.24	\$51.84	1.88	11.00%		\$1.91	\$1.91
	2012	\$28.82	35.38%	\$2.00	\$3.10	\$1.10	0.80%	\$0.20	\$1.29	\$54.28	1.88	11.00%		\$2.00	\$2.00
	2013	\$30.17	35.38%	\$2.10	\$3.24	\$1.15	0.80%	\$0.21	\$1.36	\$56.83	1.88	11.00%		\$2.10	\$2.10
	2014	\$31.59	35.38%	\$2.20	\$3.40	\$1.20	0.80%	\$0.22	\$1.42	\$59.51	1.88	11.00%		\$2.20	\$2.20
	2015	\$33.08	35.38%	\$2.30	\$3.56	\$1.26	0.80%	\$0.23	\$1.49	\$62.31	1.88	11.00%		\$2.30	\$2.30
	2016	\$34.63	35.38%	\$2.41	\$3.72	\$1.32	0.80%	\$0.24	\$1.56	\$65.24	1.88	11.00%		\$2.41	\$2.41
	2017	\$36.28	35.38%	\$2.52	\$3.90	\$1.38	0.80%	\$0.25	\$1.63	\$68.31	1.88	11.00%		\$2.52	\$2.52
	2018	\$37.97	35.38%	\$2.64	\$4.08	\$1.44	0.80%	\$0.26	\$1.71	\$71.52	1.88	11.00%		\$2.64	\$2.64
	2019	\$39.75	35.38%	\$2.76	\$4.27	\$1.51	0.80%	\$0.27	\$1.79	\$74.88	1.88	11.00%		\$2.76	\$2.76
	2020	\$41.62	35.38%	\$2.89	\$4.48	\$1.58	0.80%	\$0.29	\$1.87	\$78.40	1.88	11.00%		\$2.89	\$2.89
	2021	\$43.58	35.38%	\$3.03	\$4.69	\$1.66	0.80%	\$0.30	\$1.96	\$82.09	1.88	11.00%		\$3.03	\$3.03
	2022	\$45.63	35.38%	\$3.17	\$4.91	\$1.74	0.80%	\$0.31	\$2.05	\$85.95	1.88	11.00%		\$3.17	\$3.17
	2023	\$47.78	35.38%	\$3.32	\$5.14	\$1.82	0.80%	\$0.33	\$2.15	\$90.00	1.88	11.00%		\$3.32	\$3.32
	2024	\$50.03	35.38%	\$3.48	\$5.38	\$1.90	0.80%	\$0.34	\$2.25	\$94.23	1.88	11.00%		\$3.48	\$3.48
	2025	\$52.38	35.38%	\$3.64	\$5.63	\$1.99	0.80%	\$0.36	\$2.35	\$98.66	1.88	11.00%		\$3.64	\$3.64
	2026	\$54.84	35.38%	\$3.81	\$5.90	\$2.09	0.80%	\$0.38	\$2.46	\$103.30	1.88	11.00%		\$3.81	\$3.81
	2027	\$57.42	35.38%	\$3.99	\$6.17	\$2.18	0.80%	\$0.40	\$2.58	\$108.16	1.88	11.00%		\$3.99	\$3.99
	2028	\$60.12	35.38%	\$4.18	\$6.46	\$2.29	0.80%	\$0.41	\$2.70	\$113.25	1.88	11.00%		\$4.18	\$4.18
	2029	\$62.95	35.38%	\$4.37	\$6.77	\$2.39	0.80%	\$0.43	\$2.83	\$118.57	1.88	11.00%		\$4.37	\$4.37
	2030	\$65.91	35.38%	\$4.58	\$7.09	\$2.51	0.80%	\$0.45	\$2.96	\$124.15	1.88	11.00%		\$4.58	\$4.58
	2031	\$69.01	35.38%	\$4.80	\$7.42	\$2.63	0.80%	\$0.47	\$3.10	\$129.99	1.88	11.00%		\$4.80	\$4.80
	2032	\$72.26	35.38%	\$5.02	\$7.77	\$2.75	0.80%	\$0.50	\$3.25	\$136.10	1.88	11.00%		\$5.02	\$5.02
	2033	\$75.65	35.38%	\$5.26	\$8.14	\$2.88	0.80%	\$0.52	\$3.40	\$142.50	1.88	11.00%		\$5.26	\$5.26
	2034	\$79.21	35.38%	\$5.50	\$8.52	\$3.01	0.80%	\$0.55	\$3.56	\$149.21	1.88	11.00%		\$5.50	\$5.50
2035	\$82.94	35.38%	\$5.76	\$8.92	\$3.15	0.80%	\$0.57	\$3.73	\$156.22	1.88	11.00%		\$5.76	\$5.76	
2036	\$86.84	35.38%	\$6.03	\$9.34	\$3.30	0.80%	\$0.60	\$3.90	\$163.57	1.88	11.00%		\$6.03	\$6.03	
2037	\$90.92	35.38%	\$6.32	\$9.78	\$3.46	0.80%	\$0.63	\$4.08	\$171.27	1.88	11.00%		\$6.32	\$6.32	
2038	\$95.20	35.38%	\$6.62	\$10.24	\$3.62	0.80%	\$0.66	\$4.28	\$179.32	1.88	11.00%		\$6.62	\$6.62	
2039	\$99.68	35.38%	\$6.93	\$10.72	\$3.79	0.80%	\$0.69	\$4.48	\$187.76	1.88	11.00%		\$6.93	\$6.93	
2040	\$104.37	35.38%	\$7.25	\$11.22	\$3.97	0.80%	\$0.72	\$4.69	\$196.59	1.88	11.00%		\$7.25	\$7.25	
2041	\$109.27	35.38%	\$7.59	\$11.75	\$4.16	0.80%	\$0.75	\$4.91	\$205.83	1.88	11.00%		\$7.59	\$7.59	
2042	\$114.41	35.38%	\$7.95	\$12.30	\$4.35	0.80%	\$0.79	\$5.14	\$215.51	1.88	11.00%		\$7.95	\$7.95	
2043	\$119.80	35.38%	\$8.32	\$12.88	\$4.56	0.80%	\$0.82	\$5.38	\$226.65	1.88	11.00%		\$8.32	\$8.32	
2044	\$125.43	35.38%	\$8.72	\$13.49	\$4.77	0.80%	\$0.86	\$5.63	\$236.26	1.88	11.00%		\$8.72	\$8.72	
2045	\$131.33	35.38%	\$9.13	\$14.12	\$5.00	0.80%	\$0.90	\$5.90	\$247.38	1.88	11.00%	\$247.38	\$9.13	\$256.50	

Source:

- [A] First Stage is average from Value Line. Second stage is prior years' book plus value from Col.[8]
- [B] First Stage is (Col. [4]-Col.[3])/Col.[4]. First year of second stage computed by 1-dividends/ea/ Exhibit No. ___(JAR 7)
- [C] First Stage is from Value Line. First year of second stage equal to same dividend growth rates as in last year of first stage. Subsequent years of second stage is Col. [4] x (1-Col. [2])
- [D] First Stage is from Value line. Second stage is average of current and prior year's value from Col. [1] x Col. [11]
- [E] Col. [4] - Col. [3]
- [F] Exhibit ___(JAR-6), Page 6
- [G] Col. [5] + Col. [7]
- [H] Col. [7] + Col. [8]
- [I] Col. [1] x Col. [10]
- [J] Exhibit No. ___(JAR-6), Page 1
- [K] First stage is Col. [4]/Avg. of Current and prior year's Col. [1]. Second stage is from
- [L] - Col. [9] for year of purchase, + Col. [9] for year of sale.
- [M] Col. [3]
- [N] Col. [12] + Col. [13]

Exhibit No. ___(JAR 7)

Internal Rate of Return 8.66%

Electric Companies
VALUE LINE'S EARNINGS PROJECTIONS

Earnings Per Share Forecast by Value Line

	2005	2006	2007	2008	2009
Ameren Corp.	\$3.00	\$3.10	\$3.12	\$3.13	\$3.15
Alliant Energy	\$1.95	\$1.95	\$2.00	\$2.05	\$2.10
CH Energy Group	\$2.60	\$2.65	\$2.77	\$2.88	\$3.00
Cleco Corporation	\$1.35	\$1.40	\$1.43	\$1.47	\$1.50
Consl. Edison	\$2.85	\$2.90	\$2.93	\$2.97	\$3.00
Empire District	\$1.35	\$1.50	\$1.58	\$1.67	\$1.75
Energy East Corp	\$1.80	\$1.80	\$1.87	\$1.93	\$2.00
Exelon Corp	\$3.05	\$3.20	\$3.35	\$3.50	\$3.65
Entergy Corp	\$4.60	\$4.80	\$5.00	\$5.20	\$5.40
FPL Group	\$2.50	\$2.65	\$2.75	\$2.85	\$2.95
MGE Energy	\$1.90	\$2.00	\$2.15	\$2.30	\$2.45
NSTAR	\$1.85	\$1.90	\$1.93	\$1.97	\$2.00
Xcel Energy Inc.	\$1.20	\$1.30	\$1.37	\$1.43	\$1.50
Progress Energy	\$3.10	\$3.25	\$3.30	\$3.35	\$3.40
SCANA Corp.	\$2.85	\$3.00	\$3.08	\$3.17	\$3.25
Southern Co.	\$2.07	\$2.15	\$2.27	\$2.38	\$2.50
Vectren	\$1.75	\$1.85	\$1.88	\$1.92	\$1.95
AVERAGE	\$2.34	\$2.44	\$2.52	\$2.60	\$2.68

*No data in Value Line for 2006 so assumed 2006 would be same as 2005

Source: Most Current Value Line at Time of Prep.

The value for 2006 AND 2007 are extrapolated from Value Line's 2005 and 2008 Values where the 2007-2009 single number is interpreted as the number for 2008.

Electric Companies
VALUE LINE'S BOOK VALUE PROJECTIONS

Book Value Per Share Forecast by Value Line

	2005	2006	2007	2008	2009
Ameren Corp.	\$31.05	\$31.75	\$32.45	\$33.15	\$33.85
Alliant Energy	\$23.15	\$24.00	\$24.77	\$25.53	\$26.30
CH Energy Group	\$31.75	\$32.25	\$32.75	\$33.25	\$33.75
Cleco Corporation	\$11.40	\$11.95	\$12.55	\$13.15	\$13.75
Consl. Edison	\$29.75	\$30.50	\$31.20	\$31.90	\$32.60
Empire District	\$14.90	\$15.20	\$15.63	\$16.07	\$16.50
Energy East Corp	\$18.60	\$19.25	\$19.75	\$20.25	\$20.75
Exelon Corp	\$15.60	\$17.40	\$19.28	\$21.17	\$23.05
Entergy Corp	\$40.45	\$42.65	\$45.03	\$47.42	\$49.80
FPL Group	\$20.50	\$21.75	\$22.98	\$24.22	\$25.45
MGE Energy	\$15.45	\$17.40	\$17.88	\$18.37	\$18.85
NSTAR	\$14.20	\$14.85	\$15.57	\$16.28	\$17.00
Xcel Energy Inc.	\$13.35	\$13.70	\$14.05	\$14.40	\$14.75
Progress Energy	\$31.70	\$32.55	\$33.45	\$34.35	\$35.25
SCANA Corp.	\$23.20	\$24.75	\$26.33	\$27.92	\$29.50
Southern Co.	\$14.40	\$15.30	\$16.33	\$17.37	\$18.40
Vectren	\$15.00	\$15.60	\$16.15	\$16.70	\$17.25
AVERAGE	\$21.44	\$22.40	\$23.30	\$24.20	\$25.11

*No data in Value Line for 2006 so assumed 2006 would be same as 2005

Source: Most Current Value Line at Time of Prep:

The value for 2006 AND 2007 are extrapolated from Value Line's 2005 and 2008 Values