

PACIFICORP - WASHINGTON  
EFFECT OF RATE OF RETURN PROPOSAL  
(\$000)

Company Rate Base	(A)	\$ 615,154
Proposed Adjustments	(B)	<u>(48,280)</u>
Proposed Rate Base		\$ 566,874
Company Pre-Tax Rate of Return	(C)	12.167%
Pre-Tax Rate of Return - Public Counsel ROE, Company Cap. Structure	(C)	<u>10.571%</u>
Difference		1.596%
Effect on Pre-Tax Return Requirement		\$ 9,045
Gross-Up for Revenue Sensitive Expenses	(D)	<u>0.9558</u>
Effect on Revenue Requirement		<u>\$ 9,463</u>
Proposed Rate Base	(A)	\$ 566,874
Pre-Tax Rate of Return - Public Counsel ROE, Company Cap. Structure	(C)	10.571%
Pre-Tax Rate of Return - Public Counsel ROE and Capital Structure	(C)	<u>10.009%</u>
Difference		0.562%
Effect on Pre-Tax Return Requirement		\$ 3,188
Gross-Up for Revenue Sensitive Expenses	(D)	<u>0.9558</u>
Effect on Revenue Requirement		<u>\$ 3,335</u>

## Sources:

- (A) PacifiCorp Page 1.1
- (B) Exhibit No. \_\_\_\_ (DJE-3), p. 1
- (C) Exhibit No. \_\_\_\_ (DJE-5), p.2
- (D) Exhibit No. \_\_\_\_ (DJE-3), p.3

PACIFICORP - WASHINGTON  
RATE OF RETURN

## Per Company:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Long Term Debt	49.40%	6.43%	3.175%	3.175%
Preferred Stock	1.10%	6.59%	0.072%	0.117%
Common Equity	<u>49.50%</u>	11.13%	<u>5.507%</u>	<u>8.875%</u>
Total Capital	<u>100.00%</u>		<u>8.754%</u>	<u>12.167%</u>

## With Company Capital Structure and Public Counsel Return on Equity:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Long Term Debt	49.40%	6.43%	3.175%	3.175%
Preferred Stock	1.10%	6.59%	0.072%	0.117%
Common Equity	<u>49.50%</u>	9.13%	<u>4.517%</u>	<u>7.280%</u>
Total Capital	<u>100.00%</u>		<u>7.764%</u>	<u>10.571%</u>

## With Public Counsel Return on Equity and Capital Structure:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Short Term Debt	3.00%	3.00%	0.090%	0.090%
Long Term Debt	52.00%	6.43%	3.342%	3.342%
Preferred Stock	1.00%	6.59%	0.066%	0.106%
Common Equity	<u>44.00%</u>	9.13%	<u>4.015%</u>	<u>6.471%</u>
Total Capital	<u>100.00%</u>		<u>7.513%</u>	<u>10.009%</u>

Sources: PacifiCorp Page 2.1  
Testimony of Mr. Hill