PACIFICORP

MARKET-TO-BOOK RATIO ANALYSIS

k = R.O.E.(1-b)/(M/B) + g
[2005]

COMPANY								MARKET-TO-BOOI COST OF EQUITY
CV	k= nmf	(1- nmf	)/ 1.10	+	3.57%	=		nmf
FPL	k= 11.5%	(1- 0.4204	)/ 2.16	+	6.52%	=		9.60%
FE	k= 10.5%	(1- 0.5797	)/ 1.86	+	5.86%	=		8.23%
GMP	k= 10.0%	(1- 0.5349	)/ 1.44	+	6.00%	=		9.24%
PGN	k= 10.0%	(1- 0.2323	)/ 1.37	+	3.37%	=		8.96%
SO	k= 14.0%	(1- 0.2952	)/ 2.41	+	5.31%	=		9.40%
AEE	k= 09.5%	(1- 0.1806	)/ 1.74	+	4.61%	=		9.08%
CNL	k= 12.0%	(1- 0.3077	)/ 2.05	+	4.78%	=		8.82%
EDE	k= 10.0%	(1- #####	)/ 1.57	+	4.86%	=		11.37%
ETR	k= 12.0%	(1- 0.5196	)/ 1.87	+	6.28%	=		9.36%
HE	k= 10.5%	(1- 0.1733	)/ 1.73	+	3.89%	=		8.90%
PNM	k= 08.5%	(1- 0.5188	)/ 1.40	+	6.30%	=		9.22%
PNW	k= 09.0%	(1- 0.3567	)/ 1.29	+	4.76%	=		9.23%
							AVERAGE	**9.30%**
							STANDARD DEVIATION	**0.82%**

Note: Equity returns and retention ratios based on Value Line current year projections.

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MARKET-TO-BOOK RATIO ANALYSIS

COMPANY	k = R.O.E.(1-b)/(M/B) + g [2008-2010]		MARKET-TO-BOOI COST OF EQUITY
CV	k= 09.5% (1- 0.4250)/ 1.10 + 3.57%	=	8.55%
FPL	k= 12.0% (1- 0.3831)/ 2.16 + 6.52%	=	9.94%
FE	k= 11.5% (1- 0.5000)/ 1.86 + 5.86%	=	8.95%
GMP	k= 10.0% (1- 0.4612)/ 1.44 + 6.00%	=	9.75%
PGN	k= 09.5% (1- 0.2647)/ 1.37 + 3.37%	=	8.46%
SO	k= 13.5% (1- 0.3020)/ 2.41 + 5.31%	=	9.22%
AEE	k= 09.0% (1- 0.2063)/ 1.74 + 4.61%	=	8.71%
CNL	k= 11.0% (1- 0.4000)/ 2.05 + 4.78%	=	7.99%
EDE	k= 10.5% (1- 0.2686)/ 1.57 + 4.86%	=	9.74%
ETR	k= 11.0% (1- 0.4527)/ 1.87 + 6.28%	=	9.50%
HE	k= 10.5% (1- 0.2914)/ 1.73 + 3.89%	=	8.19%
PNM	k= 08.5% (1- 0.4410)/ 1.40 + 6.30%	=	9.69%
PNW	k= 08.5% (1- 0.2603)/ 1.29 + 4.76%	=	9.62%
		AVERAGE	**9.00%**
		STANDARD DEVIATION	**0.67%**

Note: Equity returns and retention ratios based on Value Line three- to five-year projections.