

Exhibit No. ____ (KLE-8)
Docket No. UE-050684
Witness: Kenneth L. Elgin

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**

Kenneth L. Elgin

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Calculation of Double Leverage for PacifiCorp

January 27, 2006

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Calculation of Double Leverage for MEHC

MEHC Cost of Capital: Staff Recommendation Docket No. UE-050684¹

<u>Sources:</u>	<u>Ratio</u>	<u>Cost %</u>	<u>Weighted cost %</u>	<u>pre-tax cost %</u>
LT Debt	51.3%	6.427	3.30	3.30
ST Debt	4.0%	3.320	.13	.13
Preferred	1.2%	6.590	0.08	.12
Common	<u>43.5%</u>	<u>8.950</u>	<u>3.89</u>	<u>5.98</u>
	100.00%		<u>7.40</u>	9.53
<u>Weighted cost of debt</u>			<u>3.43</u>	

MECH Double leverage calculation with Pacific purchase included

<u>Sources:</u>	<u>Ratio</u>	<u>Cost %</u>	<u>Weighted cost %</u>	<u>pre-tax cost %</u>
LT Debt	51.3%	6.427	3.30	3.30
MEHC Double Leverage	15.5%	5.250	0.81	0.81
ST Debt	4.0%	3.320	0.13	0.13
Preferred	1.2%	6.590	0.08	0.12
Common	<u>28.0%</u>	<u>9.600</u>	<u>2.69</u>	<u>4.14</u>
	100.00%		<u>7.01</u>	8.50
<u>Weighted cost of debt</u>			<u>4.24</u>	

¹ Exhibit ____ (JAR-3)