

Exhibit No. \_\_\_ (KLE-7)  
Docket No. UE-051090  
Witness: Kenneth L. Elgin

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

IN THE MATTER OF THE JOINT  
APPLICATION OF MIDAMERICAN  
ENERGY HOLDING COMPANY AND  
PACIFICORP DBA PACIFIC POWER  
& LIGHT COMPANY FOR AN  
ORDER AUTHORIZING PROPOSED  
TRANSACTION

DOCKET NO. UE-051090

EXHIBIT TO  
TESTIMONY OF

Kenneth L. Elgin

STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

*Calculation of Double Leverage for MEHC*

November 18, 2005

1 **Calculation of Double Leverage for MEHC**

2 **MEHC Cost of Capital: Staff Recommendation Docket No. UE-050684<sup>1</sup>**

3				Weighted	pre-tax
4	<u>Sources:</u>	<u>Ratio</u>	<u>Cost %</u>	<u>cost %</u>	<u>cost %</u>
5					
6	LT Debt	51.3%	6.427	3.30	3.30
7	ST Debt	4.0%	3.320	.13	.13
8	Preferred	1.2%	6.590	0.08	.12
9	Common	<u>43.5%</u>	<u>8.950</u>	<u>3.89</u>	<u>5.98</u>
10					
11		100.00%		<u>7.40</u>	9.53
12					
13	<u>Weighted cost of debt</u>			<u>3.43</u>	

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18 **MECH Double leverage calculation with Pacific purchase included**

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21				Weighted	pre-tax
22	<u>Sources:</u>	<u>Ratio</u>	<u>Cost %</u>	<u>cost %</u>	<u>cost %</u>
23					
24	LT Debt	51.3%	6.427	3.30	3.30
25	MEHC Double				
26	Leverage	30.0%	6.000	1.80	1.80
27	ST Debt	4.0%	3.320	0.13	0.13
28	Preferred	1.2%	6.590	0.08	0.12
29	Common	<u>13.5%</u>	<u>8.950</u>	<u>1.21</u>	<u>1.86</u>
30					
31		100.00%		<u>6.52</u>	7.21
32					
33					
34	<u>Weighted cost of debt</u>			<u>5.23</u>	

<sup>1</sup> Exhibit \_\_\_\_ (JAR-3), Docket No. UE-050864