

PacifiCorp

Risk Premium Analysis

(Based on Projected Interest Rates)

	MOODY'S AVERAGE PUBLIC UTILITY BOND YIELD (1)	AUTHORIZED ELECTRIC RETURNS (2)	INDICATED RISK PREMIUM
1980	13.15%	14.23%	1.08%
1981	15.62%	15.22%	-0.40%
1982	15.33%	15.78%	0.45%
1983	13.31%	15.36%	2.05%
1984	14.03%	15.32%	1.29%
1985	12.29%	15.20%	2.91%
1986	9.46%	13.93%	4.47%
1987	9.98%	12.99%	3.01%
1988	10.45%	12.79%	2.34%
1989	9.66%	12.97%	3.31%
1990	9.76%	12.70%	2.94%
1991	9.21%	12.55%	3.34%
1992	8.57%	12.09%	3.52%
1993	7.56%	11.41%	3.85%
1994	8.30%	11.34%	3.04%
1995	7.91%	11.55%	3.64%
1996	7.74%	11.39%	3.65%
1997	7.63%	11.40%	3.77%
1998	7.00%	11.66%	4.66%
1999	7.55%	10.77%	3.22%
2000	8.14%	11.43%	3.29%
2001	7.72%	11.09%	3.37%
2002	7.53%	11.16%	3.63%
2003	6.61%	10.97%	4.36%
2004	6.20%	10.75%	4.55%
2005	5.67%	10.54%	4.87%
2006	6.08%	10.36%	4.28%
2007	6.11%	10.36%	4.25%
2008	6.65%	10.46%	3.81%
AVERAGE	9.15%	12.34%	3.19%

INDICATED COST OF EQUITY

PROJECTED SINGLE-A UTILITY BOND YIELD*	6.95%
MOODY'S AVG ANNUAL YIELD DURING STUDY	9.15%
INTEREST RATE DIFFERENCE	<u>-2.20%</u>

INTEREST RATE CHANGE COEFFICIENT	<u>-41.34%</u>
ADJUSTMENT TO AVG RISK PREMIUM	0.91%

BASIC RISK PREMIUM	3.19%
INTEREST RATE ADJUSTMENT	<u>0.91%</u>
EQUITY RISK PREMIUM	<u>4.10%</u>

PROJECTED SINGLE-A UTILITY BOND YIELD*	6.95%
INDICATED EQUITY RETURN	<u><u>11.05%</u></u>

(1) Moody's Investors Service

(2) Regulatory Focus, Regulatory Research Associates, Inc.

*Projected single-A bond yield is 355 basis points over projected long-term Treasury bond rate of 3.4% from Exhibit No.__(SCH-4), p. 3. The single-A spread is for 3 months ended Dec 2008 from Exhibit No.__(SCH-4), p. 2.

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