

PacifiCorp. - Washington

Rate of Return Reduction Impact

1. Proposed Capital Structure¹

<u>Line</u>	<u>Description</u>	<u>Weight</u> (2)	<u>Cost</u> (3)	<u>Weighted</u> <u>Cost</u> (4)	<u>Pre-Tax</u> <u>Weighted</u> <u>Cost</u> (5)
1	Common Stock	46.00%	10.20%	4.692%	7.55%
2	Preferred Stock	1.00%	6.46%	0.065%	0.10%
4	Long-Term Debt	<u>53.00%</u>	6.23%	<u>3.302%</u>	<u>3.30%</u>
5	Total	100.00%		8.059%	10.96%
6	Tax Conversion Factor				1.61

2. Proposed Capital Structure with ROE Reduction of 0.3%

<u>Line</u>	<u>Description</u>	<u>Weight</u> (2)	<u>Cost</u> (3)	<u>Weighted</u> <u>Cost</u> (4)	<u>Pre-Tax</u> <u>Weighted</u> <u>Cost</u> (5)
7	Common Stock	46.00%	9.90%	4.554%	7.33%
8	Preferred Stock	1.00%	6.46%	0.065%	0.10%
10	Long-Term Debt	<u>53.00%</u>	6.23%	<u>3.302%</u>	<u>3.30%</u>
11	Total	100.00%		7.921%	10.73%
12	Pre-Tax ROR Impact with ROE reduction of 1.3%				0.22%
13	Retail Rate Base				\$ 554,460,866
14	Revenue Impact with ROE Reduction of 1.3%				<u>\$ 1,231,136</u>

Source:

¹ Exhibit No. ____ (PMW-4)