

Exhibit No. \_\_\_\_ (SCH-13)  
Docket No. UE-100749  
Witness: Samuel C. Hadaway

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

vs.

PACIFICORP dba Pacific Power

Respondent.

Docket No. UE-100749

**PACIFICORP**

**EXHIBIT OF SAMUEL C. HADAWAY**

**Summary of Updated PacifiCorp Risk Premium Results**

**November 2010**

## 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%
2009	6.28%	10.48%	4.20%
AVERAGE	9.05%	12.28%	3.23%

#### **INDICATED COST OF EQUITY**

PROJECTED SINGLE-A UTILITY BOND YIELD*	4.74%
MOODY'S AVG ANNUAL YIELD DURING STUDY	9.05%
INTEREST RATE DIFFERENCE	-4.31%
INTEREST RATE CHANGE COEFFICIENT	-41.13%
ADJUSTMENT TO AVG RISK PREMIUM	1.77%
BASIC RISK PREMIUM	3.23%
INTEREST RATE ADJUSTMENT	1.77%
EQUITY RISK PREMIUM	5.00%
PROJECTED SINGLE-A UTILITY BOND YIELD*	4.74%
<b>INDICATED EQUITY RETURN</b>	<b>9.74%</b>

(1) Moody's Investors Service

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

\*Projected single-A bond yield is 124 basis points over projected long-term Treasury bond rate of 3.5% from Exhibit No.\_\_\_\_(SCH-9), p. 2. The single-A spread is for 3 months ended Sep 2010 from Exhibit No.\_\_\_\_(SCH-9), p. 1.

## PacifiCorp

### Risk Premium Analysis

(Based on Current 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%
2009	6.28%	10.48%	4.20%
AVERAGE	9.05%	12.28%	3.23%

#### **INDICATED COST OF EQUITY**

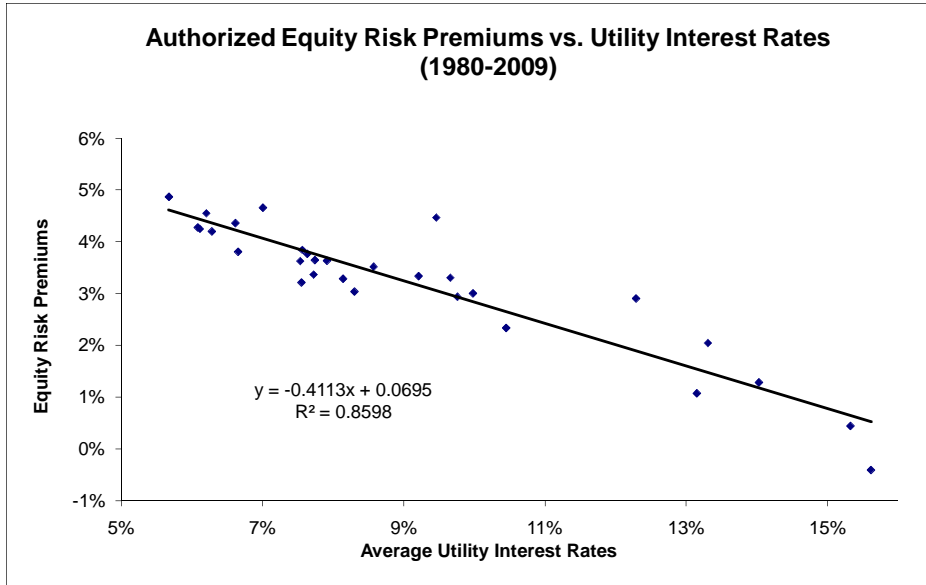
CURRENT SINGLE-A UTILITY BOND YIELD*	5.09%
MOODY'S AVG ANNUAL YIELD DURING STUDY	9.05%
INTEREST RATE DIFFERENCE	<u>-3.96%</u>
INTEREST RATE CHANGE COEFFICIENT	<u>-41.13%</u>
ADJUSTMENT TO AVG RISK PREMIUM	<u>1.63%</u>
BASIC RISK PREMIUM	3.23%
INTEREST RATE ADJUSTMENT	<u>1.63%</u>
EQUITY RISK PREMIUM	<u>4.85%</u>
CURRENT SINGLE-A UTILITY BOND YIELD*	<u>5.09%</u>
<b>INDICATED EQUITY RETURN</b>	<b><u>9.94%</u></b>

(1) Moody's Investors Service

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

\*Current single-A utility bond yield is three month average of Moody's Single-A Public Utility Bond Yield Average through Sep 2010 from Exhibit No.\_\_\_\_(SCH-9), p. 1.

**PacifiCorp**  
Risk Premium Analysis  
Regression Analysis & Interest Rate Change Coefficient



SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.927242552
R Square	0.85977875
Adjusted R Square	0.854770848
Standard Error	0.0047873
Observations	30

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.003934704	0.003934704	171.6844276	1.82118E-13
Residual	28	0.000641711	2.29182E-05		
Total	29	0.004576415			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.069475479	0.002972433	23.373272	6.55788E-20	0.063386727	0.075564232	0.063386727	0.075564232
X Variable 1	-0.411331263	0.031392526	-13.10284044	1.82118E-13	-0.475635937	-0.347026589	-0.475635937	-0.347026589