

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	Docket No. UE-130043
)	
PACIFICORP D/B/A PACIFIC POWER &)	
LIGHT COMPANY,)	
)	
Respondent.)	
_____)	

EXHIBIT NO.__(MPG-4)

RATE OF RETURN IMPACT

June 21, 2013

PacifiCorp

Rate of Return Reduction Impact

1. Proposed Capital Structure¹

<u>Line</u>	<u>Description</u>	<u>Amount (Million) (1)</u>	<u>Weight (2)</u>	<u>Cost (3)</u>	<u>Weighted Cost (4)</u>	<u>Pre-Tax Weighted Cost (5)</u>
1	Long-Term Debt	6,872	47.21%	5.37%	2.54%	2.54%
2	Preferred Stock	41	0.28%	5.43%	0.02%	0.02%
3	Common Equity	<u>7,644</u>	<u>52.51%</u>	10.00%	<u>5.25%</u>	<u>8.49%</u>
4	Total	\$ 14,557	100.00%		7.80%	11.04%
5	Tax Conversion Factor ²					1.616005

2. Proposed ROE³

<u>Line</u>	<u>Description</u>	<u>Amount (Million) (1)</u>	<u>Weight (2)</u>	<u>Cost (3)</u>	<u>Weighted Cost (4)</u>	<u>Pre-Tax Weighted Cost (5)</u>
6	Long-Term Debt	6,872	47.21%	5.37%	2.54%	2.54%
7	Preferred Stock	41	0.28%	5.43%	0.02%	0.02%
8	Common Equity	<u>7,644</u>	<u>52.51%</u>	9.20%	<u>4.83%</u>	<u>7.81%</u>
9	Total	\$ 14,557	100.00%		7.38%	10.36%

3. Adjusted Capital Structure with ROE Reduction³

<u>Line</u>	<u>Description</u>	<u>Amount (Million) (1)</u>	<u>Weight (2)</u>	<u>Cost (3)</u>	<u>Weighted Cost (4)</u>	<u>Pre-Tax Weighted Cost (5)</u>
10	Long-Term Debt	7,369	50.62%	5.37%	2.72%	2.72%
11	Preferred Stock	41	0.28%	5.43%	0.02%	0.02%
12	Common Equity	<u>7,147</u>	<u>49.10%</u>	9.20%	<u>4.52%</u>	<u>7.30%</u>
13	Total	\$ 14,557	100.00%		7.25%	10.04%
14	Pre-Tax ROR Impact with ROE Reduction					0.68%
15	Pre-Tax ROR Impact with Capital Structure Adjustment					<u>0.32%</u>
16	Total					1.00%
17	Rate Base (WA) ⁴					\$ 828,428,814
18	Revenue Impact with ROE Reduction					\$ 5,623,888.21
19	Revenue Impact with Capital Structure Adjustment					<u>\$ 2,683,798.97</u>
20	Total					<u>\$ 8,307,687</u>

Source:

¹ Exhibit No.____(BNW-1T) at 2 and 22.

² Exhibit No.__(SRM-3) pg 2.1.

³ Exhibit No.__(MPG-3).

⁴ Exhibit No.__(SRM-3) pg 2.2.