

**PACIFIC POWER & LIGHT COMPANY
MARKET-TO-BOOK RATIO ANALYSIS**

<u>COMPANY</u>	$k = R.O.E.(1-b)/(M/B) + g$ [2014]					=	<u>MARKET-TO-BOOK COST OF EQUITY</u>
NEE	k= 10.5%	(1- 0.4255)/	2.15	+	6.67%	=	9.47%
SO	k= 12.5%	(1- 0.2586)/	1.99	+	4.24%	=	8.91%
TE	k= 08.0%	(1- 0.1200)/	1.57	+	4.02%	=	8.51%
ALE	k= 07.5%	(1- 0.3200)/	1.40	+	5.11%	=	8.75%
LNT	k= 11.0%	(1- 0.4359)/	1.93	+	4.74%	=	7.95%
OGE	k= 12.5%	(1- 0.5095)/	2.25	+	6.28%	=	9.00%
WR	k= 09.5%	(1- 0.4667)/	1.52	+	5.43%	=	8.77%
EIX	k= 10.5%	(1- 0.5948)/	1.72	+	6.00%	=	8.48%
IDA	k= 09.0%	(1- 0.4783)/	1.41	+	4.79%	=	8.11%
NWE	k= 09.0%	(1- 0.3891)/	1.75	+	4.68%	=	7.82%
PNW	k= 09.5%	(1- 0.3821)/	1.40	+	4.25%	=	8.43%
POR	k= 09.0%	(1- 0.4698)/	1.36	+	4.89%	=	8.41%
XEL	k= 09.5%	(1- 0.3854)/	1.54	+	5.02%	=	<u>8.82%</u>
						AVERAGE	8.57%
						STANDARD DEVIATION	0.45%

Note: Equity returns and retention ratios based on Value Line current year projections.

**PACIFIC POWER & LIGHT COMPANY
 MARKET-TO-BOOK RATIO ANALYSIS**

<u>COMPANY</u>	$k = R.O.E.(1-b)/(M/B) + g$ [2017-2019]					<u>MARKET-TO-BOOK COST OF EQUITY</u>
NEE	k= 12.0%	(1-	0.4222)/	2.15	+ 6.67%	= 9.89%
SO	k= 12.5%	(1-	0.2738)/	1.99	+ 4.24%	= 8.82%
TE	k= 11.0%	(1-	0.2963)/	1.57	+ 4.02%	= 8.96%
ALE	k= 09.0%	(1-	0.3867)/	1.40	+ 5.11%	= 9.05%
LNT	k= 11.5%	(1-	0.4074)/	1.93	+ 4.74%	= 8.27%
OGE	k= 12.0%	(1-	0.4600)/	2.25	+ 6.28%	= 9.16%
WR	k= 09.5%	(1-	0.4621)/	1.52	+ 5.43%	= 8.80%
EIX	k= 11.0%	(1-	0.5444)/	1.72	+ 6.00%	= 8.92%
IDA	k= 08.0%	(1-	0.4521)/	1.41	+ 4.79%	= 7.89%
NWE	k= 09.5%	(1-	0.3667)/	1.75	+ 4.68%	= 8.12%
PNW	k= 09.5%	(1-	0.3529)/	1.40	+ 4.25%	= 8.63%
POR	k= 08.5%	(1-	0.4400)/	1.36	+ 4.89%	= 8.40%
XEL	k= 10.5%	(1-	0.4200)/	1.54	+ 5.02%	= <u>8.98%</u>
						AVERAGE 8.76%
						STANDARD DEVIATION 0.52%

Note: Equity returns and retention ratios based on Value Line three- to five-year projections.