

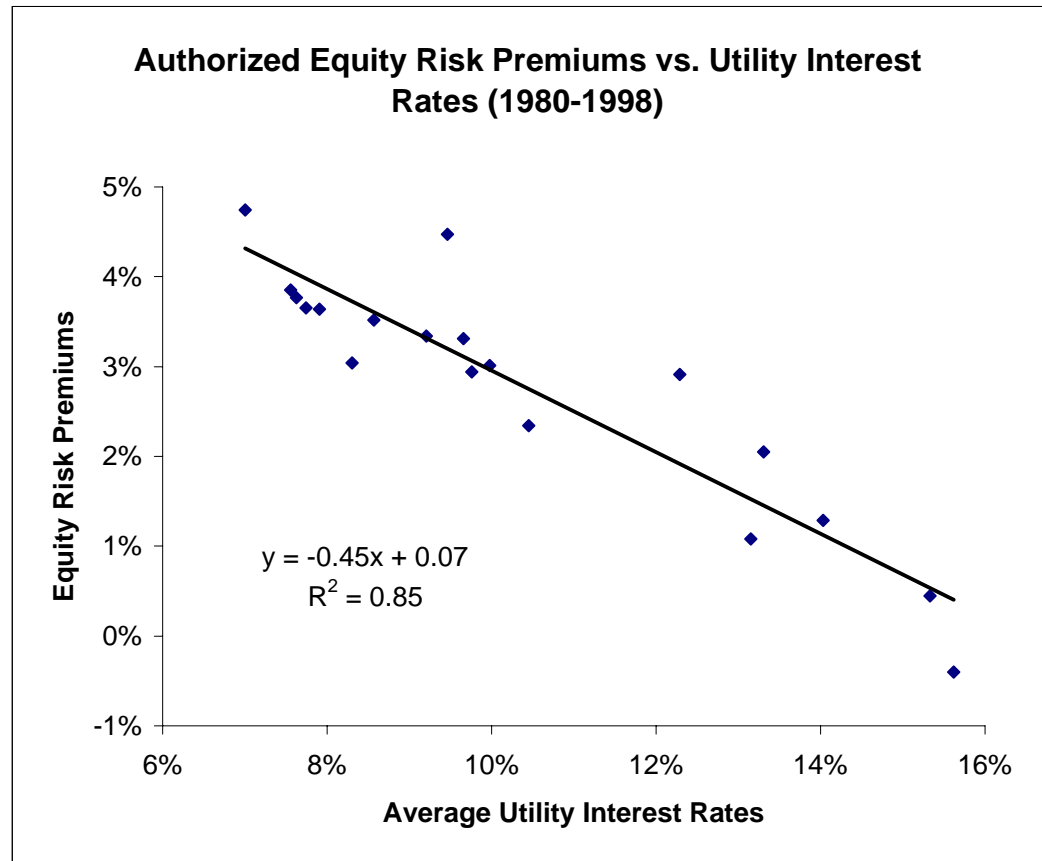
**PACIFICORP WASHINGTON**  
"AUTHORIZED ROE" RISK PREMIUM STUDY

	AVERAGE PUBLIC UTIL BOND YIELD	AUTHORIZED ELECTRIC RETURNS	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%	11.74%	4.74%
AVERAGES	10.37%	13.16%	2.79%

**INDICATED COST OF EQUITY**

CURRENT AVG UTILITY BOND YIELD	7.92%
AVG ANNUAL YIELD DURING STUDY	10.37%
INTEREST RATE DIFFERENCE	-2.45%
INTEREST RATE CHANGE COEFFICIENT	-45.35%
ADJUSTMENT TO AVG RISK PREMIUM	1.11%
BASIC RISK PREMIUM	2.79%
INTEREST RATE ADJUSTMENT	1.11%
EQUITY RISK PREMIUM	3.90%
RECENT SINGLE-A COST OF DEBT	7.97%
<b>INDICATED EQUITY RETURN</b>	<b>11.9%</b>

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SUMMARY OUTPUT

	<i>Coefficients</i>	<i>Std Error</i>	<i>t Stat</i>
Intercept	0.07	0.00	15.03
Slope	-0.45	0.05	-9.74

*Regression Statistics*

R Square	0.85
Adjusted R Square	0.84
Standard Error	0.01
Observations	19



