

Application No. 18-04-002  
Exhibit PAC/1504  
Witness: Kurt G. Strunk

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

PACIFICORP

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Exhibit Accompanying Rebuttal Testimony of  
Kurt G. Strunk  
PacifiCorp California Summary of Cost of Equity Estimates

November 2018

**PacifiCorp California**  
**Summary of Cost of Equity Estimates**

Method (a)	Strunk Rebuttal Cost of Equity (b)
DCF Models	
Proxy Group Single-Stage DCF	8.90%
Yield + Growth	10.22%
FERC DCF Method	10.09%
Risk Premium Models	
CAPM	9.16%
Risk Premium	10.09%
Proxy Group Expected Earnings	10.46%
Comparable Earnings Model	
Comparable Earnings (Dow Jones Utilities Index)	9.44%
Comparable Earnings (Dow Jones Industrial Average)	16.62%
Allowed returns for Electric Utilities	
Allowed Returns for Electric Utilities, 2015	9.85%
Allowed Returns for Electric Utilities, 2016	9.77%
Allowed Returns for Electric Utilities, 2017	9.74%
Allowed returns for Vertically Integrated Electric Utilities	
Allowed Returns for Vertically Integrated Electric Utilities, 2015	9.75%
Allowed Returns for Vertically Integrated Electric Utilities, 2016	9.77%
Allowed Returns for Vertically Integrated Electric Utilities, 2017	9.81%
Allowed returns for California Vertically Integrated Electric Utilities	10.25%
Allowed FERC returns	
Average Recent FERC Return on Equity for Electric Transmission	10.09%
Average Recent FERC Return on Equity for Gas Pipelines	14.09%
<b>Average of DCF, CAPM, and HRP</b>	<b>9.38%</b>
<b>Average of All Methods</b>	<b>10.48%</b>
<b>Recommended Rate of Return</b>	<b>10.60%</b>