

Exhibit No. KGS-25
Docket UE-152253
Witness: Kurt G. Strunk

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT
COMPANY,

Respondent.

DOCKET UE-152253

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF KURT G. STRUNK

Sustainable Growth Inputs

April 2016

Pacific Power & Light Company
Proxy Group
BR + SV

Company	Ticker ⁶	R ¹ Estimated Return on Common Equity	D _e Estimated Dividend per Share	V _e Estimated Book Value/Share	V Book Value/Share	R _{av} ² Return on Average Equity	B ³	B*R ⁴	S*V ⁵	B*R+S*V
		2018-2020 (a)	2018-2020 (b)	2018-2020 (c)	2015 (d)	2016 (e)	(g)	(h)	(f)	(j)
Electric Proxy Group										
1 Ameren Corporation	AEE	* 9.5%	\$2.02	\$34.00	\$28.63	\$29.45	0.37	3.6%	0.1%	3.69%
2 American Electric Power Company, Inc.	AEP	* 10.0%	\$2.75	\$44.25	\$36.45	\$37.95	0.38	3.9%	0.2%	4.04%
3 Avista Corporation	AVA	* 8.5%	\$1.56	\$27.25	\$24.40	\$25.25	0.33	2.8%	0.7%	3.51%
4 CenterPoint Energy, Inc.	CNP	* 14.5%	\$1.19	\$9.50	\$8.00	\$8.30	0.14	2.0%	0.2%	2.18%
5 Consolidated Edison, Inc.	ED	* 9.0%	\$3.00	\$52.25	\$44.25	\$45.75	0.36	3.3%	0.0%	3.35%
6 Dominion Resources, Inc.	D	* 19.0%	\$3.80	\$27.25	\$21.25	\$23.70	0.27	5.3%	0.4%	5.70%
7 DTE Energy Company	DTE	* 9.5%	\$3.70	\$60.25	\$48.80	\$51.00	0.35	3.4%	0.5%	3.96%
8 Edison International	EIX	* 12.0%	\$2.45	\$44.00	\$34.55	\$36.55	0.54	6.6%	0.0%	6.61%
9 El Paso Electric Company	EE	* 9.5%	\$1.40	\$29.50	\$25.20	\$26.00	0.50	4.8%	-0.4%	4.42%
10 Eversource Energy	ES	* 9.5%	\$2.20	\$38.75	\$32.50	\$33.60	0.40	3.9%	6.8%	10.69%
11 Great Plains Energy Incorporated	GXP	* 7.5%	\$1.30	\$27.50	\$23.68	\$24.40	0.37	2.8%	0.7%	3.50%
12 IDACORP, Inc.	IDA	* 8.5%	\$2.45	\$47.05	\$40.70	\$42.60	0.39	3.4%	0.2%	3.53%
13 NorthWestern Corporation	NWE	* 10.0%	\$2.25	\$38.25	\$33.20	\$34.35	0.41	4.2%	2.8%	6.96%
14 OGE Energy Corp.	OGE	* 11.5%	\$1.65	\$19.75	\$16.65	\$17.30	0.27	3.2%	0.2%	3.40%
15 Pinnacle West Capital Corporation	PNW	* 9.5%	\$2.95	\$47.00	\$40.85	\$42.25	0.34	3.3%	0.2%	3.45%
16 Portland General Electric Company	POR	* 9.0%	\$1.50	\$29.75	\$25.40	\$26.45	0.44	4.0%	1.2%	5.27%
17 Public Service Enterprise Group Incorporated	PEG	* 11.0%	\$2.00	\$32.75	\$25.70	\$27.00	0.44	5.0%	0.0%	5.01%
18 SCANA Corporation	SCG	* 10.0%	\$2.60	\$48.25	\$37.45	\$39.25	0.46	4.7%	1.1%	5.78%
19 Sempra Energy	SRE	* 12.5%	\$3.40	\$60.75	\$48.25	\$50.55	0.55	7.1%	0.4%	7.41%
20 The Empire District Electric Company	EDE	* 9.0%	\$1.20	\$19.75	\$18.20	\$18.45	0.32	2.9%	0.5%	3.46%
21 Vectren Corporation	VVC	* 1.3%	\$1.95	\$26.75	\$20.34	\$22.15	-4.83	-6.3%	0.2%	-6.14%
22 Westar Energy, Inc.	WR	* 10.5%	\$1.84	\$29.80	\$25.98	\$26.65	0.41	4.4%	2.2%	6.61%
23 Xcel Energy Inc.	XEL	* 10.5%	\$1.60	\$24.50	\$20.90	\$21.75	0.38	4.0%	0.5%	4.56%
Average		10.08%	\$2.21	\$35.60	\$29.63	\$30.90	0.16	3.59%	0.80%	4.39%

Notes:

¹ Estimated future return on common equity, dividends per share, and book value per share as reported in *The Value Line Investment Survey: Jan. 29, 2016, Feb. 19, 2016, Mar. 18, 2016.*

² $R_{av} = R * [(2 * V16) / (V15 + V16)]$. This formula transforms the end-of-year projected *Value Line* return on equity into a mid-year return on equity.

³ $B = I - (De / (R * Ve))$.

⁴ $B * R = B * Rav$.

⁵ S*V equals the five year average of S, multiplied by current V, where S = annual growth rate of common shares outstanding and V = fraction of new funds provided that accrues to original shareholders.

⁶ Estimated data for tickers marked with "*" is for 2019-2021.

Pacific Power & Light Company
Proxy Group
S and V Estimation

Company	Ticker	Growth Rate of Common Shares Outstanding (S) ¹										2015 Book Value per Share ³	Adjusted Stock Price ⁴	V ⁵ (i) = 1 - (g)/(h)	S*V (j) = ((f)*(i))	
		2011 (a)	2012 (b)	2013 (c)	2014 (d)	2015 (e)	Average S ² (f)	2015 Book Value per Share ³ (g)	Adjusted Stock Price ⁴ (h)	V ⁵ (i) = 1 - (g)/(h)	S*V (j) = ((f)*(i))					
Electric Proxy Group																
1 Ameren Corporation	AEE	0.92%	0.01%	0.00%	0.00%	0.00%	0.19%	\$28.63	\$48.93	41.49%	0.077%					
2 American Electric Power Company, Inc.	AEP	0.54%	0.47%	0.43%	0.33%	0.33%	0.42%	\$36.45	\$64.55	43.53%	0.183%					
3 Avista Corporation	AVA	2.28%	2.38%	0.45%	3.60%	0.26%	1.79%	\$24.40	\$39.50	38.22%	0.685%					
4 CenterPoint Energy, Inc.	CNP	0.31%	0.33%	0.36%	0.00%	0.47%	0.30%	\$8.05	\$20.63	60.97%	0.180%					
5 Consolidated Edison, Inc.	ED	0.44%	-0.01%	0.00%	0.00%	0.04%	0.09%	\$44.25	\$74.99	40.99%	0.039%					
6 Dominion Resources, Inc.	D	-1.91%	1.12%	0.94%	0.65%	1.83%	0.53%	\$21.25	\$73.34	71.02%	0.374%					
7 DTE Energy Company	DTE	-0.11%	1.83%	2.75%	-0.06%	1.42%	1.17%	\$48.80	\$88.90	45.11%	0.527%					
8 Edison International	EIX	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	\$34.55	\$71.00	51.34%	0.000%					
9 El Paso Electric Company	EE	-6.13%	0.38%	0.40%	0.22%	0.35%	-0.96%	\$25.20	\$44.17	42.94%	-0.411%					
10 Eversource Energy	ES	0.40%	77.27%	0.39%	0.54%	0.32%	15.78%	\$32.50	\$57.10	43.08%	6.801%					
11 Great Plains Energy Incorporated	GXP	0.32%	12.77%	0.22%	0.19%	0.16%	2.73%	\$23.68	\$31.61	25.08%	0.685%					
12 IDACORP, Inc.	IDA	1.09%	0.42%	0.14%	0.08%	0.06%	0.36%	\$40.70	\$73.04	44.28%	0.159%					
13 NorthWestern Corporation	NWE	0.14%	2.59%	4.11%	21.06%	2.86%	6.15%	\$33.20	\$60.41	45.04%	2.771%					
14 OGE Energy Corp.	OGE	0.51%	0.71%	0.46%	0.45%	0.30%	0.49%	\$16.65	\$27.94	40.41%	0.197%					
15 Pinnacle West Capital Corporation	PNW	0.44%	0.45%	0.40%	0.35%	0.39%	0.41%	\$40.85	\$72.35	43.54%	0.177%					
16 Portland General Electric Company	POR	0.05%	0.27%	3.35%	0.18%	13.64%	3.50%	\$25.40	\$39.26	35.31%	1.235%					
17 Public Service Enterprise Group Incorporated	PEG	0.00%	-0.01%	-0.01%	0.00%	0.03%	0.00%	\$25.70	\$45.60	43.65%	0.001%					
18 SCANA Corporation	SCG	1.91%	1.64%	6.81%	1.21%	0.21%	2.35%	\$37.45	\$68.13	45.03%	1.060%					
19 Sempra Energy	SRE	-0.22%	1.02%	0.86%	0.76%	0.88%	0.66%	\$48.25	\$102.56	52.95%	0.350%					
20 The Empire District Electric Company	EDE	0.96%	1.19%	1.32%	1.02%	1.20%	1.14%	\$18.20	\$33.24	45.25%	0.515%					
21 Vectren Corporation	VVC	0.24%	0.37%	0.24%	0.24%	0.24%	0.27%	\$20.34	\$49.52	58.93%	0.158%					
22 Westar Energy, Inc.	WR	12.10%	0.64%	1.38%	2.68%	7.34%	4.83%	\$25.98	\$48.28	46.19%	2.230%					
23 Xcel Energy Inc.	XEL	0.86%	0.30%	2.05%	1.56%	0.45%	1.04%	\$20.90	\$41.03	49.07%	0.513%					
Total		0.66%	4.61%	1.18%	1.53%	1.42%	1.88%	\$29.63	\$55.48	45.80%	0.80%					

Notes:

¹ Source: *The Value Line Investment Survey: Jan. 29, 2016, Feb. 19, 2016, Mar. 18, 2016.*

² Average common shares outstanding growth rate for 2011-2015.

³ Source: *The Value Line Investment Survey: Jan. 29, 2016, Feb. 19, 2016, Mar. 18, 2016.*

⁴ Source: FactSet Research Systems, March 21, 2016.

⁵ V is the adjusted stock price relative to the book value. 1 - (Book Value per Share/Adjusted Stock Price).