

**EXHIBIT NO. \_\_\_(CEO-8)**  
**DOCKET NO. UE-11\_\_\_/UG-11\_\_\_**  
**2011 PSE GENERAL RATE CASE**  
**WITNESS: DR. CHARLES E. OLSON**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-11\_\_\_**  
**Docket No. UG-11\_\_\_**

**SEVENTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF  
DR. CHARLES E. OLSON  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**JUNE 13, 2011**

## PUGET SOUND ENERGY, INC.

### Traditional CAPM Results

Market Return (1)	11.8 percent
Less:	
Government Bond Income Return <sup>(1)</sup>	<u>5.2 percent</u>
Market Risk Premium	6.6 percent
Beta, Comparable Utilities <sup>(2)</sup>	<u>0.74 percent</u>
Comparable Utilities Risk Premium	4.88 percent
Plus:	
Forecasted Treasury Bond Rate <sup>(3)</sup>	<u>5.75 percent</u>
CAPM Equity Cost Estimate	10.63 percent

(1) Ibbotson SBBI, 210 Classic Yearbook, p. 82

(2) Schedule No. 5

(3) Provided by Puget