

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	Dockets UE-121697 and UG-121705
)	<i>(Consolidated)</i>
v.)	
)	Dockets UE-130137 and UG-130138
PUGET SOUND ENERGY, INC.,)	<i>(Consolidated)</i>
)	
Respondent.)	
_____)	

EXHIBIT NO.__(MPG-34)

EQUITY RISK PREMIUM – TREASURY BOND

December 3, 2014

Puget Sound Energy

Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Year</u>	<u>Authorized Electric Returns¹</u> (1)	<u>Treasury Bond Yield²</u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	13.93%	7.80%	6.13%
2	1987	12.99%	8.58%	4.41%
3	1988	12.79%	8.96%	3.83%
4	1989	12.97%	8.45%	4.52%
5	1990	12.70%	8.61%	4.09%
6	1991	12.55%	8.14%	4.41%
7	1992	12.09%	7.67%	4.42%
8	1993	11.41%	6.60%	4.81%
9	1994	11.34%	7.37%	3.97%
10	1995	11.55%	6.88%	4.67%
11	1996	11.39%	6.70%	4.69%
12	1997	11.40%	6.61%	4.79%
13	1998	11.66%	5.58%	6.08%
14	1999	10.77%	5.87%	4.90%
15	2000	11.43%	5.94%	5.49%
16	2001	11.09%	5.49%	5.60%
17	2002	11.16%	5.43%	5.73%
18	2003	10.97%	4.96%	6.01%
19	2004	10.75%	5.05%	5.70%
20	2005	10.54%	4.65%	5.89%
21	2006	10.36%	4.99%	5.37%
22	2007	10.36%	4.83%	5.53%
23	2008	10.46%	4.28%	6.18%
24	2009	10.48%	4.07%	6.41%
25	2010	10.24%	4.25%	5.99%
26	2011	10.07%	3.91%	6.16%
27	2012	10.01%	2.92%	7.09%
28	2013	9.79%	3.45%	6.34%
29	2014 ³	9.74%	3.46%	6.28%
30	Average	11.28%	5.91%	5.36%

Sources:

¹ Regulatory Research Associates, Inc., *Regulatory Focus*, Jan. 1985 - Dec. 1996, and October 10, 2014, excluding the Virginia cases, which are subject to an adjustment for certain generation assets up to 200 basis points.

² St. Louis Federal Reserve: Economic Research, <http://research.stlouisfed.org/>. The yields from 2002 to 2005 represent the 20-Year Treasury yields obtained from the Federal Reserve Bank.

³ The data includes the period Jan - Sep 2014.