

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-39)

CAPM RETURN

December 3, 2014

Puget Sound Energy

CAPM Return

<u>Line</u>	<u>Description</u>	<u>High Market Risk Premium (1)</u>	<u>Low Market Risk Premium (2)</u>
1	Risk-Free Rate ¹	4.10%	4.10%
2	Risk Premium ²	7.30%	6.20%
3	Beta ³	0.75	0.75
4	CAPM	9.59%	8.77%
5	Average		9.18%

Sources:

¹ *Blue Chip Financial Forecasts*; November 1, 2014, at 2.

² Morningstar, Inc. *Ibbotson S&P 500 2014 Classic Yearbook* at 91,92 and 152.

³ Exhibit MPG-15.