

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-29)

SUSTAINABLE GROWTH RATE

December 3, 2014

Puget Sound Energy

Sustainable Growth Rate

| Line | Company | 3 to 5 Year Projections | | | | | | | | | Sustainable | |
|------|--|-------------------------|---------------|----------------|--------------|---------------|-------------|---------------|---------------|---------------|--------------|--------------|
| | | Dividends | Earnings | Book Value | Book Value | | Adjustment | Adjusted | Payout | Retention | Internal | Growth |
| | | Per Share | Per Share | Per Share | Growth | ROE | Factor | ROE | Ratio | Rate | Growth Rate | Rate |
| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| 1 | Alliant Energy Corporation | \$2.40 | \$4.00 | \$34.65 | 3.21% | 11.54% | 1.02 | 11.73% | 60.00% | 40.00% | 4.69% | 5.39% |
| 2 | Ameren Corporation | \$1.80 | \$3.00 | \$32.00 | 3.48% | 9.38% | 1.02 | 9.54% | 60.00% | 40.00% | 3.81% | 4.17% |
| 3 | Avista Corporation | \$1.50 | \$2.25 | \$26.50 | 4.16% | 8.49% | 1.02 | 8.66% | 66.67% | 33.33% | 2.89% | 3.29% |
| 4 | Black Hills Corporation | \$1.90 | \$3.25 | \$35.50 | 3.85% | 9.15% | 1.02 | 9.33% | 58.46% | 41.54% | 3.87% | 4.29% |
| 5 | CenterPoint Energy, Inc. | \$1.30 | \$1.60 | \$11.25 | 2.20% | 14.22% | 1.01 | 14.38% | 81.25% | 18.75% | 2.70% | 3.02% |
| 6 | CMS Energy Corporation | \$1.35 | \$2.25 | \$17.25 | 5.85% | 13.04% | 1.03 | 13.41% | 60.00% | 40.00% | 5.37% | 7.04% |
| 7 | Consolidated Edison, Inc. | \$2.75 | \$4.25 | \$49.25 | 3.33% | 8.63% | 1.02 | 8.77% | 64.71% | 35.29% | 3.10% | 3.10% |
| 8 | Dominion Resources, Inc. | \$2.80 | \$4.00 | \$28.00 | 6.94% | 14.29% | 1.03 | 14.76% | 70.00% | 30.00% | 4.43% | 8.92% |
| 9 | DTE Energy Company | \$3.30 | \$5.50 | \$56.75 | 4.88% | 9.69% | 1.02 | 9.92% | 60.00% | 40.00% | 3.97% | 4.78% |
| 10 | MGE Energy, Inc. | \$1.30 | \$3.20 | \$23.60 | 5.79% | 13.56% | 1.03 | 13.94% | 40.63% | 59.38% | 8.28% | 9.23% |
| 11 | Northeast Utilities | \$2.00 | \$3.50 | \$36.50 | 3.66% | 9.59% | 1.02 | 9.76% | 57.14% | 42.86% | 4.18% | 4.50% |
| 12 | NorthWestern Corporation | \$1.90 | \$3.00 | \$32.25 | 3.93% | 9.30% | 1.02 | 9.48% | 63.33% | 36.67% | 3.48% | 3.88% |
| 13 | OGE Energy Corp. | \$1.35 | \$2.50 | \$20.75 | 6.28% | 12.05% | 1.03 | 12.42% | 54.00% | 46.00% | 5.71% | 6.47% |
| 14 | PG&E Corporation | \$2.10 | \$3.00 | \$36.50 | 3.05% | 8.22% | 1.02 | 8.34% | 70.00% | 30.00% | 2.50% | 3.37% |
| 15 | Public Service Enterprise Group Incorporated | \$1.65 | \$3.00 | \$29.00 | 4.79% | 10.34% | 1.02 | 10.59% | 55.00% | 45.00% | 4.76% | 4.77% |
| 16 | SCANA Corporation | \$2.35 | \$4.25 | \$43.50 | 5.63% | 9.77% | 1.03 | 10.04% | 55.29% | 44.71% | 4.49% | 5.71% |
| 17 | Sempra Energy | \$3.40 | \$6.50 | \$56.25 | 4.55% | 11.56% | 1.02 | 11.81% | 52.31% | 47.69% | 5.63% | 6.45% |
| 18 | TECO Energy, Inc. | \$0.95 | \$1.35 | \$12.25 | 2.67% | 11.02% | 1.01 | 11.17% | 70.37% | 29.63% | 3.31% | 4.30% |
| 19 | Vectren Corporation | \$1.55 | \$3.00 | \$21.50 | 2.65% | 13.95% | 1.01 | 14.14% | 51.67% | 48.33% | 6.83% | 7.86% |
| 20 | Xcel Energy Inc. | \$1.45 | \$2.50 | \$23.75 | 4.33% | 10.53% | 1.02 | 10.75% | 58.00% | 42.00% | 4.51% | 5.03% |
| 21 | Average | \$1.96 | \$3.30 | \$31.35 | 4.26% | 10.92% | 1.02 | 11.15% | 60.44% | 39.56% | 4.43% | 5.28% |

Sources and Notes:

Cols. (1), (2) and (3): *The Value Line Investment Survey*, August 22, September 19, and October 31, 2014.

Col. (4): [Col. (3) / Page 2 Col. (2)] ^ (1/5) - 1.

Col. (5): Col. (2) / Col. (3).

Col. (6): [2 * (1 + Col. (4))] / (2 + Col. (4)).

Col. (7): Col. (6) * Col. (5).

Col. (8): Col. (1) / Col. (2).

Col. (9): 1 - Col. (8).

Col. (10): Col. (9) * Col. (7).

Col. (11): Col. (10) + Page 2 Col. (9).

Puget Sound Energy

Sustainable Growth Rate

| Line | Company | 13-Week | 2013 | Market | Common Shares | | Growth | S Factor ³ | V Factor ⁴ | S * V |
|------|--|-------------------------------------|--------------------------------------|------------------|--|------------------|--------------|-----------------------|-----------------------|--------------|
| | | Average Stock Price ¹ | Book Value Per Share ² | to Book Ratio | Outstanding (in Millions) ² | | | | | |
| | | (1) | (2) | (3) | 2013 (4) | 3-5 Years (5) | (6) | (7) | (8) | (9) |
| 1 | Alliant Energy Corporation | \$58.06 | \$29.58 | 1.96 | 110.94 | 115.00 | 0.72% | 1.42% | 49.05% | 0.69% |
| 2 | Ameren Corporation | \$39.69 | \$26.97 | 1.47 | 242.63 | 252.00 | 0.76% | 1.12% | 32.05% | 0.36% |
| 3 | Avista Corporation | \$32.55 | \$21.61 | 1.51 | 60.08 | 62.50 | 0.79% | 1.19% | 33.62% | 0.40% |
| 4 | Black Hills Corporation | \$51.51 | \$29.39 | 1.75 | 44.50 | 45.75 | 0.56% | 0.97% | 42.94% | 0.42% |
| 5 | CenterPoint Energy, Inc. | \$24.30 | \$10.09 | 2.41 | 429.00 | 434.00 | 0.23% | 0.56% | 58.47% | 0.33% |
| 6 | CMS Energy Corporation | \$30.49 | \$12.98 | 2.35 | 266.10 | 283.00 | 1.24% | 2.91% | 57.42% | 1.67% |
| 7 | Consolidated Edison, Inc. | \$58.68 | \$41.81 | 1.40 | 292.87 | 293.00 | 0.01% | 0.01% | 28.75% | 0.00% |
| 8 | Dominion Resources, Inc. | \$69.71 | \$20.02 | 3.48 | 581.50 | 636.00 | 1.81% | 6.29% | 71.28% | 4.49% |
| 9 | DTE Energy Company | \$77.85 | \$44.73 | 1.74 | 177.09 | 187.00 | 1.09% | 1.91% | 42.55% | 0.81% |
| 10 | MGE Energy, Inc. | \$40.19 | \$17.81 | 2.26 | 34.67 | 36.00 | 0.76% | 1.71% | 55.68% | 0.95% |
| 11 | Northeast Utilities | \$46.18 | \$30.49 | 1.51 | 315.27 | 325.00 | 0.61% | 0.92% | 33.97% | 0.31% |
| 12 | NorthWestern Corporation | \$48.56 | \$26.60 | 1.83 | 38.75 | 39.70 | 0.49% | 0.89% | 45.22% | 0.40% |
| 13 | OGE Energy Corp. | \$36.51 | \$15.30 | 2.39 | 198.50 | 204.00 | 0.55% | 1.31% | 58.09% | 0.76% |
| 14 | PG&E Corporation | \$46.22 | \$31.41 | 1.47 | 456.67 | 500.00 | 1.83% | 2.69% | 32.04% | 0.86% |
| 15 | Public Service Enterprise Group Incorporated | \$37.75 | \$22.95 | 1.65 | 505.86 | 506.00 | 0.01% | 0.01% | 39.21% | 0.00% |
| 16 | SCANA Corporation | \$51.18 | \$33.08 | 1.55 | 141.00 | 157.50 | 2.24% | 3.46% | 35.37% | 1.22% |
| 17 | Sempra Energy | \$105.58 | \$45.03 | 2.34 | 244.46 | 252.00 | 0.61% | 1.43% | 57.35% | 0.82% |
| 18 | TECO Energy, Inc. | \$18.09 | \$10.74 | 1.68 | 217.30 | 233.50 | 1.45% | 2.44% | 40.64% | 0.99% |
| 19 | Vectren Corporation | \$41.37 | \$18.86 | 2.19 | 82.40 | 86.00 | 0.86% | 1.88% | 54.41% | 1.02% |
| 20 | Xcel Energy Inc. | \$31.70 | \$19.21 | 1.65 | 497.97 | 518.00 | 0.79% | 1.31% | 39.39% | 0.51% |
| 21 | Average | \$47.31 | \$25.43 | 1.93 | 246.88 | 258.30 | 0.87% | 1.72% | 45.38% | 0.85% |

Sources and Notes:

¹ SNL Financial, Downloaded on November 11, 2014.

² *The Value Line Investment Survey, August 22, September 19, and October 31, 2014.*

³ Expected Growth in the Number of Shares, Column (3) * Column (6).

⁴ Expected Profit of Stock Investment, [1 - 1 / Column (3)].