

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )  
Complainant, )  
v. )  
PUGET SOUND ENERGY, INC., )  
Respondent. )  
\_\_\_\_\_ )

Docket Nos. UE-111048/UG-111049  
(consolidated)

**EXHIBIT NO.\_\_(MPG-14)**

**EQUITY RISK PREMIUM – TREASURY BOND**

December 7, 2011

# Puget Sound Energy

## Equity Risk Premium - Treasury Bond

<u>Line</u>	<u>Year</u>	<u>Authorized Electric Returns<sup>1</sup></u> (1)	<u>Treasury Bond Yield<sup>2</sup></u> (2)	<u>Indicated Risk Premium</u> (3)
1	1986	13.93%	7.78%	6.15%
2	1987	12.99%	8.59%	4.40%
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%	6.59%	4.82%
9	1994	11.34%	7.37%	3.97%
10	1995	11.55%	6.88%	4.67%
11	1996	11.39%	6.71%	4.68%
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%	4.91%	5.45%
22	2007	10.36%	4.84%	5.52%
23	2008	10.46%	4.28%	6.18%
24	2009	10.48%	4.08%	6.40%
25	2010 <sup>3</sup>	10.34%	4.25%	6.09%
26	Q3 2011 <sup>3</sup>	10.18%	4.20%	5.98%
27	<b>Average</b>	<b>11.45%</b>	<b>6.23%</b>	<b>5.22%</b>

Sources:

<sup>1</sup> Regulatory Research Associates, Inc., *Regulatory Focus*, Jan. 85 - Dec. 06, and October 6, 2011.

<sup>2</sup> Economic Report of the President 2010: Table 73. The yields from 2002 to 2005 represent the 20-Year Treasury yields obtained from the Federal Reserve Bank.

<sup>3</sup> St. Louis Federal Reserve: Economic Research, <http://research.stlouisfed.org/>.