

Exhibit No.\_\_\_\_(KGS-12)  
Docket UE-14\_\_\_\_  
Witness: Kurt G. Strunk

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT COMPANY,  
a division of PacifiCorp

Respondent.

Docket UE-14\_\_\_\_

**PACIFIC POWER & LIGHT COMPANY**

**EXHIBIT OF KURT G. STRUNK**

**S&P 500 Forward-Looking Market Risk of Premium**

**May 2014**

**Pacific Power & Light Company**  
**S&P 500 Forward-Looking Market Risk Premium**

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<u>Dividend Yield<sup>1</sup></u>	<u>Growth Rate<sup>2</sup></u>	<u>Risk Free Rate<sup>3</sup></u>	<u>Market Risk Premium</u>
(a)	(b)	(c)	(d) = (a)*[1 + (b)] + (b) - (c)
2.11%	9.74%	3.70%	8.36%

**Notes:**

<sup>1</sup> Dividend yield calculated as (total dividends) / (12 month average price), Feb. 13, 2014, Bloomberg Financial, L.P.

<sup>2</sup> Source: Bloomberg Financial, L.P., Composite of Long-Term EPS Analyst Estimates for the S&P 500, Feb. 13, 2014.

<sup>3</sup> Source: Federal Reserve, Constant Maturity 30-year Treasury Yield, Feb. 13, 2014.