

Exhibit No.____(KGS-13)
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

CAPM Results

May 2014

Pacific Power & Light Company
Proxy Group
Capital Asset Pricing Model (CAPM)

No. Company	Ticker	30-Year T-Bond Return (Rf) ¹	Beta Value Line ²	Forward Looking Market Risk Premium		CAPM Cost of Equity Based on Forward Looking Market Risk Premium (f) = (c) + (d)*(e)
				Top-Down DCF - 30 Yr T-Bond Return ^{3,4}	Risk Premium	
Electric Proxy Group						
1	Alliant Energy Corporation	LNT	3.70%	0.75	8.36%	9.97%
2	American Electric Power Company, Inc.	AEP	3.70%	0.70	8.36%	9.55%
3	Avista Corporation	AVA	3.70%	0.70	8.36%	9.55%
4	Black Hills Corporation	BKH	3.70%	0.85	8.36%	10.80%
5	CenterPoint Energy, Inc.	CNP	3.70%	0.80	8.36%	10.38%
6	Cleco Corporation	CNL	3.70%	0.70	8.36%	9.55%
7	Consolidated Edison, Inc.	ED	3.70%	0.60	8.36%	8.71%
8	Dominion Resources, Inc.	D	3.70%	0.70	8.36%	9.55%
9	DTE Energy Company	DTE	3.70%	0.80	8.36%	10.38%
10	Duke Energy Corporation	DUK	3.70%	0.65	8.36%	9.13%
11	EI Paso Electric Company	EE	3.70%	0.70	8.36%	9.55%
12	IDACORP, Inc.	IDA	3.70%	0.70	8.36%	9.55%
13	NextEra Energy, Inc.	NEE	3.70%	0.70	8.36%	9.55%
14	Northeast Utilities	NU	3.70%	0.75	8.36%	9.97%
15	NorthWestern Corporation	NWE	3.70%	0.70	8.36%	9.55%
16	OGE Energy Corp.	OGE	3.70%	0.85	8.36%	10.80%
17	Pepco Holdings, Inc.	POM	3.70%	0.75	8.36%	9.97%
18	Pinnacle West Capital Corporation	PNW	3.70%	0.70	8.36%	9.55%
19	Portland General Electric Company	POR	3.70%	0.75	8.36%	9.97%
20	SCANA Corporation	SCG	3.70%	0.70	8.36%	9.55%
21	The Southern Company	SO	3.70%	0.55	8.36%	8.30%
22	Westar Energy, Inc.	WR	3.70%	0.75	8.36%	9.97%
23	Wisconsin Energy Corporation	WEC	3.70%	0.65	8.36%	9.13%
24	Xcel Energy Inc.	XEL	3.70%	0.65	8.36%	9.13%
Average						9.67%

Notes:

- ¹ Source: Federal Reserve, Constant Maturity 30-year Treasury Yield, Feb. 13, 2014.
- ² Source: *The Value Line Investment Survey*: Dec. 20, 2013, Nov. 22, 2013, Nov. 11, 2013.
- ³ The formula used is Risk Premium = $[(Do*(1+g))^t] - Rf$. See Exhibit No. ____ (KGS-12).
- ⁴ Source: Bloomberg, S&P 12 month dividend yield; Analyst estimated CAGR of the operating EPS over the index's next 3-5 years, Feb. 13, 2014.